



Burlington Economic Development Corporation

Financial Statements
for the year ended

Draft Subject to Audit

Contents

December 31, 2021

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Independent Auditor's Report

To the Members of Burlington Economic Development Corporation and Members of Council of the Corporation of the City of Burlington

Opinion

We have audited the financial statements of Burlington Economic Development Corporation (the "BEDC"), which comprise the statement of financial position as at December 31, 2021, and the statements of operations, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the BEDC as at December 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the BEDC in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and those charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the BEDC's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the BEDC or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the BEDC's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the BEDC's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the BEDC's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the BEDC to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants
Licensed Public Accountants
March XX, 2022

Burlington Economic Development Corporation**Statement of financial position**

As at December 31, 2021

	Notes	2021 \$	2020 \$
Financial assets			
Due from City of Burlington	6	1,074,812	927,901
Accounts receivable			
Other receivables	3	30,222	16,378
		1,105,034	944,279
Liabilities			
Accounts payable and accrued liabilities	5	65,060	107,027
Deferred revenue	6	40,757	22,083
		105,817	129,110
Net financial assets		999,217	815,169
Non-financial assets			
Tangible capital assets	2	84,543	100,626
Prepaid expenses		33,549	25,422
		118,092	126,048
Accumulated surplus	7	1,117,309	941,217

The accompanying notes are an integral part of the financial statements

Approved by the Board

Director_____
Director

Burlington Economic Development Corporation**Statement of operations**

Year ended December 31, 2021

	Notes	Budget	Actual 2021	Actual 2020
		\$	\$	\$
Revenue				
City of Burlington contribution	6, 9	1,516,350	1,486,350	1,641,990
Grants				
Canada		58,031	91,444	38,860
Ontario		10,000	36,087	—
FCM		—	12,690	—
Digital Main Street		20,000	—	—
Other - TechPlace	3	56,747	67,221	80,117
Interest		—	20,453	21,557
Other income		6,000	—	40
		1,667,128	1,714,245	1,782,564
Expenses				
Amortization of tangible capital assets		22,787	28,222	25,743
Business travel		5,000	210	3,721
Corporate memberships		2,987	3,138	3,138
Communication services		16,884	15,943	15,091
Marketing projects expenses		151,000	69,768	152,310
Small business safe restart program	9	—	—	250,000
Meeting expenses		10,000	11,588	9,869
Office rent		327,632	324,621	323,360
Office supplies		13,000	15,907	11,892
Advertising & promotion		24,000	5,393	1,112
Professional services		5,000	5,176	5,746
Contracted services		10,000	6,459	4,921
Salaries and benefits	5	1,075,426	1,019,014	942,060
Board of Directors expenses		10,000	6,131	7,656
Website		18,000	26,583	18,302
		1,691,716	1,538,153	1,774,921
Annual (deficit) surplus		(24,588)	176,092	7,643
Accumulated surplus, beginning of year		941,217	941,217	933,574
Accumulated surplus, end of year	7	916,629	1,117,309	941,217

The accompanying notes are an integral part of the financial statements

Burlington Economic Development Corporation**Statement of changes in net financial assets**

Year ended December 31, 2021

	Actual 2021	Actual 2020
	\$	\$
Annual surplus	176,092	7,643
Acquisition of tangible capital assets	(12,139)	(625)
Amortization of tangible capital assets	28,222	25,743
Change in prepaid expenses	(8,127)	(462)
	7,956	24,656
Change in net financial assets	184,048	32,299
Net financial assets, beginning of year	815,169	782,870
Net financial assets, end of year	999,217	815,169

The accompanying notes are an integral part of the financial statements

Burlington Economic Development Corporation**Statement of cash flows**

Year ended December 31, 2021

	Actual 2021	Actual 2020
	\$	\$
Operating activities		
Annual surplus	176,092	7,643
Items not affecting cash		
Amortization of tangible capital assets	28,222	25,743
Changes in non-cash operating working capital items		
Due from City of Burlington	(146,911)	34,335
Accounts receivable	(13,844)	(11,378)
Accounts payable and accrued liabilities	(41,967)	(45,239)
Deferred revenue	18,674	(10,017)
Prepaid expenses	(8,127)	(462)
	12,139	625
Capital transactions		
Acquisition of tangible capital assets	(12,139)	(625)
Cash, end of year	—	—

The accompanying notes are an integral part of the financial statements

Burlington Economic Development Corporation

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

The Burlington Economic Development Corporation ("BEDC") is a non-profit organization incorporated under the Community Development Corporation Act. The mission of the BEDC is "to promote a healthy and prosperous community by facilitating opportunities for economic growth." The BEDC is exempt from tax under section 149(1)(d) of the Canadian Income Tax Act.

1. Summary of significant accounting policies

Basis of accounting

The financial statements are prepared in accordance with Canadian public sector accounting standards for local government entities, as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

Revenue recognition

Revenues are reported on the accrual basis of accounting which recognizes revenues as they become available and measurable. Expenditures are reported on the accrual basis of accounting which recognizes expenditures as they are incurred and measurable as a result of a receipt of goods or services and the creation of a legal obligation to pay.

Where funding has been received in advance of expenditures for a specific program, the amount has been recorded as deferred revenue and will be recognized as revenue in a future period when the related expenses are incurred.

Non-cash contributions

Non-cash contributions donated as materials and services that would otherwise be paid for by the BEDC are recorded at fair market value when provided.

Tangible capital assets

Purchased capital assets are recorded at cost. Amortization for furniture and equipment assets estimated is calculated on a straight line basis over the useful lives of 5 years to 10 years.

Government transfers

Government transfers are recognized as revenues by the city in the period during which the transfer is authorized and any eligibility criteria are met. Government transfers are deferred if they are restricted through stipulations that require specific actions or programs to be carried out in order to keep the transfer. For such transfers, revenue is recognized when the stipulation has been met.

Reserve funds

The Strategic Initiatives Reserve Fund represents funds that are designated for the marketing and promotion of Burlington as a place for businesses to locate and expand. All funds received and expended for this purpose are recorded through the Strategic Initiatives Reserve Fund that is an internally restricted reserve fund.

On an annual basis, the Board approves a marketing plan for the year which directs how the funds will be collected and disbursed.

Use of estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Items requiring the use of significant estimates include the useful lives of tangible capital assets. Actual results could differ from those estimates.

Burlington Economic Development Corporation

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

2. Tangible capital assets

Details of the furniture and equipment capital assets include:

	2021	2020
Cost		
Balance, beginning of year	\$ 217,242	\$ 217,280
Additions and betterments during the year	12,139	625
Disposals	-	(663)
Balance, end of year	\$ 229,381	\$ 217,242
Accumulated amortization		
Balance, beginning of year	\$ 116,616	\$ 91,536
Amortization for the year	28,222	25,743
Disposals	-	(663)
Balance, end of year	\$ 144,838	\$ 116,616
Net book value	\$ 84,543	\$ 100,626

3. Change in operating model

During 2017, the BEDC undertook to support the City's strategic plan in the strategic objective of Promoting Economic Growth. This was accomplished through the opening of an innovation centre designed to help technology, talent and ideation come together under one roof. The centre known as TechPlace opened in June 2017. The operations are consolidated in the Statement of Operations as follows:

	2021 Budget	2021 Actual	2020 Actual
TechPlace			
Revenue			
City of Burlington contribution	\$ -	\$ -	\$ 18,333
Launchpad Rental & Corporate Sponsorships	56,747	67,221	\$ 61,784
	56,747	67,221	80,117
Expenses			
Salaries	150,000	99,775	166,123
Office rent	282,532	279,537	278,276
Office supplies	5,000	8,889	6,050
Communication services	14,000	10,533	10,564
Contracted services	-	-	341
Advertising & promotion	24,000	5,393	720
	475,532	404,127	462,074
Total deficit - TechPlace	\$ (418,785)	\$ (336,906)	\$ (381,957)

Burlington Economic Development Corporation

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

4. Scholarships

At December 31, 2021 the Burlington Foundation is holding a fund balance of \$53,769 (2020- \$48,044) in perpetuity for the Burlington Economic Development Corporation to earn income to support future entrepreneurial scholarships. Included in the above fund balance is net earned income in the amount of \$16,787 (2020 - \$11,858) of which \$12,462 (2020 - \$6,489) is available to the BEDC.

5. Accounts payable and accrued liabilities

Included in "Accounts payable and accrued liabilities" on the Statement of Financial Position is an amount of \$19,164 (2020 - \$20,585) in respect of outstanding vacation that would be payable to salaried employees in the event that they terminated employment from BEDC at December 31, 2021. This amount is also included in "Salaries and benefits" on the Statement of Operations.

Also included in "Accounts payable and accrued liabilities" on the Statement of Financial Position is an amount of \$34,035 (2020 - \$59,562) relating to deferred lease inducement received from the landlord for the TechPlace location. This amount will be amortized and included as part of "Office rent" on the Statement of Operations over the term of the lease.

6. Related party transactions

The City of Burlington and the BEDC have established a partnership agreement to encourage economic growth within the Burlington community. The City treats the BEDC as a local board for budgetary and administrative purposes. In 2021, the City of Burlington also provided funds of \$70,000 (original budget \$100,000) to BEDC in support of its role in the Burlington Lands Partnership project. The contribution was adjusted at year end to reflect the project starting part way through 2021.

Burlington Economic Development Corporation
Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

7. Accumulated surplus

Accumulated surplus consists of the following:

	2021	2020
Surplus		
Invested in tangible capital assets	\$ 84,543	\$ 100,626
Total surplus	84,543	100,626
Reserve funds		
Operating	587,393	405,787
Strategic Initiatives	294,900	287,901
Innovation Centre	150,473	146,903
Total reserve funds	1,032,766	840,591
Accumulated surplus	\$ 1,117,309	\$ 941,217

8. Continuity of reserve funds

In the 2018 strategic plan for BEDC, partnering with the City in strategic marketing objectives was identified as a key initiative. To this end, a number of projects were identified to achieve the objectives. Funds allocated for these projects have been supported by the marketing reserve fund.

	2021 Actual	2020 Actual
Operating reserve fund		
Balance beginning of year	\$ 405,787	\$ 394,073
Interest earned	9,882	10,510
Annual surplus	171,724	11,204
Transfers from operating reserve fund	-	(10,000)
Operating reserve fund, end of year	587,393	405,787
Strategic Initiatives reserve fund		
Balance beginning of year	287,901	280,414
Interest earned	6,999	7,487
Strategic Initiatives reserve fund, end of year	294,900	287,901
Innovation Centre reserve fund		
Balance beginning of year	146,903	133,343
Interest earned	3,570	3,560
Transfers from operating reserve fund	-	10,000
Innovation Centre reserve fund, end of year	150,473	146,903
Total reserve funds, end of year	\$ 1,032,766	\$ 840,591

Burlington Economic Development Corporation
Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

9. Small Business Safe Restart Program

In 2020, in response to the Covid pandemic, the BEDC, in partnership with Team Burlington (BEDC, Burlington Chamber of Commerce, Burlington Downtown Business Association, Aldershot Village BIA and Tourism Burlington), in partnership with the City of Burlington and Post Promise undertook a program to offer grants of up to \$2,500 to be used towards related Covid 19 costs. Costs included PPE and renovations to physical space to allow businesses to properly adhere to public health guidelines. A total of \$250,000 was provided by the City of Burlington to BEDC. The Burlington Chamber of Commerce administered the payments.

10. Comparative figures

Certain comparative figures have been reclassified to conform to current year financial statement presentation.

Draft