

Downtown Sudbury

Financial Statements
December 31, 2014



April 9, 2015

Independent Auditor's Report

To the Board of Directors of Downtown Sudbury

We have audited the accompanying financial statements of Downtown Sudbury, which comprise the statement of financial position as at December 31, 2014 and the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Downtown Sudbury as at December 31, 2014 and the results of its operations, changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Downtown Sudbury
Statement of Financial Position
As at December 31, 2014

	2014	2013
	\$	\$
Financial assets		
Cash	41,315	27,182
Short-term investments (note 3)	452,961	500,000
Accounts receivable	20,954	8,286
	<hr/> 515,230	<hr/> 535,468
Financial liabilities		
Accounts payable and accrued liabilities	52,125	40,415
Payable and accruals to the City of Greater Sudbury	98,628	27,412
	<hr/> 150,753	<hr/> 67,827
Net financial assets	<hr/> 364,477	<hr/> 467,641
Non-financial assets		
Tangible capital assets (note 5)	13,860	17,609
Prepaid expenses	9,783	5,472
	<hr/> 23,643	<hr/> 23,081
Accumulated surplus (note 7)	<hr/> 388,120	<hr/> 490,722
Commitments (note 4)		

Approved on Behalf of the Board of Directors

_____ Board member _____ Board member

The accompanying notes and are an integral part of these financial statements.

Downtown Sudbury
Statement of Operations and Accumulated Surplus
For the year ended December 31, 2014

	Budget \$	2014 \$	2013 \$
Revenues			
Tax levy on Central Business District Members collected by the City of Greater Sudbury	457,288	457,288	452,760
Tax levy adjustments		(24,755)	(25,070)
Ribfest (note 6)	50,000	112,000	125,362
Human Resources and Skills Development Canada	5,000	5,060	5,491
Interest	3,000	5,418	5,281
Other community partnerships and other revenues	5,000	13,849	6,646
	<u>520,288</u>	<u>568,860</u>	<u>570,470</u>
Expenses (note 8)			
Marketing, special events, member/board development and services	254,300	264,035	245,531
Administration	225,450	230,788	193,571
Development	76,000	176,639	45,758
	<u>555,750</u>	<u>671,462</u>	<u>484,860</u>
(Deficiency) excess of revenues over expenses for the year	<u>(35,462)</u>	(102,602)	85,610
Accumulated surplus - Beginning of year		<u>490,722</u>	405,112
Accumulated surplus - End of year		<u>388,120</u>	<u>490,722</u>

The accompanying notes are an integral part of these financial statements.

Downtown Sudbury

Statement of Changes in Net Financial Assets

For the year ended December 31, 2014

	2014	2013
	\$	\$
(Deficiency) excess of revenues over expenses for the year	(102,602)	85,610
Amortization of tangible capital assets	5,874	5,004
Tangible capital asset additions	(2,125)	(11,498)
Change in prepaid expenses	(4,311)	(408)
(Decrease) increase in net financial assets for the year	(103,164)	78,708
Net financial assets - Beginning of year	467,641	388,933
Net financial assets - End of year	<u>364,477</u>	<u>467,641</u>

The accompanying notes are an integral part of these financial statements.

Downtown Sudbury

Statement of Cash Flows

For the year ended December 31, 2014

	2014 \$	2013 \$
Cash provided by (used in)		
Operating activities		
(Deficiency) excess of revenues over expenses for the year	(102,602)	85,610
Amortization of tangible capital assets	5,874	5,004
Change in non-cash assets and liabilities relating to operations		
Accounts receivable	(12,668)	2,089
Prepaid expenses	(4,311)	(408)
Accounts payable and accrued liabilities	11,710	(25,134)
Payable and accruals to the City of Greater Sudbury	71,216	7,254
	<hr/>	<hr/>
	(30,781)	74,415
Investing activities		
Decrease (increase) in short-term investments	47,039	(100,000)
Addition of tangible capital assets	(2,125)	(11,498)
	<hr/>	<hr/>
	44,914	(111,498)
Change in cash for the year	14,133	(37,083)
Cash - Beginning of year	27,182	64,265
	<hr/>	<hr/>
Cash - End of year	41,315	27,182
	<hr/>	<hr/>
Supplementary information		
Interest received	7,019	3,750

The accompanying notes are an integral part of these financial statements.

Downtown Sudbury

Notes to Financial Statements

December 31, 2014

1 Nature of operations

Downtown Sudbury (the Organization) is a business improvement area (BIA) established in 1977 pursuant to the Ontario Municipal Act and through a bylaw of the City of Greater Sudbury. As a BIA, the Organization is funded through a levy that is paid by its members from the private sector, who are owners of commercial properties, and shared by tenants through their rent. The Organization is a private sector organization representing local businesses that is dedicated to the growth and development of downtown Sudbury through policy development, advocacy, special events and economic development.

The Organization is exempt from income taxes under the Income Tax Act.

2 Summary of significant accounting policies

The financial statements of the Organization are prepared by management in accordance with Canadian public sector accounting standards for local governments established by the Public Sector Accounting Board.

The principal accounting policies applied in the preparation of these financial statements are set out below.

Basis of accounting

These financial statements reflect the assets, liabilities, revenues and expenses of the Organization and include all committees of the Organization.

Revenues and expenses are reported using the accrual basis of accounting.

Cash

Cash includes cash on hand and demand deposits that are readily convertible into known amounts of cash and subject to insignificant risk of change in value.

Short-term investments

Short-term investments are recorded at the lower of cost or fair value. Short-term investments generally have a maturity of one year or less at acquisition and are held for the purpose of meeting future cash commitments.

Tangible capital assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition of the assets. The Organization provides for amortization using the straight-line method designed to amortize the cost, less any residual value, of the tangible capital assets over their estimated useful lives. The annual amortization rates are as follows:

Furniture, equipment and other	5 years
Computer equipment	3 years
Computer software	2 years

Downtown Sudbury

Notes to Financial Statements

December 31, 2014

Tangible capital assets are written down when conditions indicate they no longer contribute to the Organization's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net writedowns are accounted for as expenses in the statement of operations and accumulated surplus.

Prepaid expenses

Prepaid expenses are charged to expenses over the periods expected to benefit from them.

Accumulated surplus

Certain amounts, as approved by the Board of Directors, are set aside in accumulated surplus for future operating and capital purposes. Transfers to/from funds and reserves are an adjustment to the respective fund when approved.

The accumulated surplus consists of the following:

- Unrestricted accumulated operating surplus
This reserve is not restricted and is utilized for the operating activities of the Organization.
- Unrestricted equity in tangible capital assets
This represents the net book value of the tangible capital assets the Organization has on hand.
- Internally restricted special projects reserve
This reserve is restricted and can only be used for projects that have been approved by the Board of Directors.
- Internally restricted chargeback reserve
This reserve is restricted and can only be used for tax levy adjustments.

Revenues

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Tax levy revenue is earned and accrued on a calendar year basis. Assessments and the related tax levy are subject to appeal. Tax levy adjustments as a result of appeals are recorded in the year the results of the appeal process are known.

Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is expensed.

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Notes to Financial Statements

December 31, 2014

Budget figures

Budget figures have been provided for comparison purposes and have been derived from the budget approved by the Board of Directors.

Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of the revenues and expenses during the period. Items requiring the use of significant estimates include tax levy adjustments and certain accrued liabilities.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from those estimates.

3 Short-term investments

Short-term investments comprise term deposits and guaranteed investment certificates with various maturities within one year and paying an interest rate of 1.20%. The fair value of these investments is approximately equal to cost.

4 Commitments

The Organization rents office space under a lease that commenced on March 1, 2012 and expires on February 28, 2017. The maximum annual rent to be paid under the lease agreement is \$17,600 in years one and two, \$19,200 in years three and four and \$20,800 in year five.

The Organization made a commitment of \$125,000 for the second phase of the new Downtown Sudbury street lighting program initiated in 2011. This is a 50/50 funding partnership with the City of Greater Sudbury. \$95,362 has been incurred in relation to the second phase of this program as at December 31, 2014.

Downtown Sudbury
Notes to Financial Statements
December 31, 2014

5 Tangible capital assets

	2014			
	Furniture, equipment and other \$	Computer equipment \$	Computer software \$	Total \$
Cost				
Balance - Beginning of year	25,017	4,900	-	29,917
Additions	-	1,150	975	2,125
Balance - End of year	25,017	6,050	975	32,042
Accumulated amortization				
Balance - Beginning of year	7,708	4,600	-	12,308
Amortization expense	5,003	383	488	5,874
Balance - End of year	12,711	4,983	488	18,182
Net book value	12,306	1,067	487	13,860
				2013
		Furniture, equipment and other \$	Computer equipment \$	Total \$
Cost				
Balance - Beginning of year		13,519	4,900	18,419
Additions		11,498	-	11,498
Balance - End of year		25,017	4,900	29,917
Accumulated amortization				
Balance - Beginning of year		2,704	4,600	7,304
Amortization expense		5,004	-	5,004
Balance - End of year		7,708	4,600	12,308
Net book value		17,309	300	17,609

Downtown Sudbury
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6 Ribfest

Ribfest revenues consist of:

	2014	2013
	\$	\$
Event proceeds	62,500	87,160
Event registration	28,000	27,342
	<hr/>	<hr/>
	90,500	114,502
Community partnerships		
Fountain Tire	12,000	-
Ontario Lottery and Gaming Corporation	5,000	5,000
City of Greater Sudbury	1,500	1,500
Labatt Breweries of Canada	1,500	1,360
Sudbury Credit Union	1,000	1,000
CTV Television Network	500	500
Sudbury Hyundai	-	1,500
	<hr/>	<hr/>
	21,500	10,860
	<hr/>	<hr/>
Total revenues	112,000	125,362

7 Accumulated surplus

	2014				
	Unrestricted accumulated operating surplus \$	Unrestricted equity in tangible capital assets \$	Internally restricted special projects reserve \$	Internally restricted chargeback reserve \$	Total accumulated surplus \$
Deficiency of revenues over expenses for the year	(102,602)	-	-	-	(102,602)
Allocation of amortization to tangible capital assets	5,874	(5,874)	-	-	-
Tangible capital asset additions	(2,125)	2,125	-	-	-
Allocation of interest earnings to reserves	(2,807)	-	2,166	641	-
Transfers	95,362	-	(95,362)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net increase for the year	(6,298)	(3,749)	(93,196)	641	(102,602)
Balance - Beginning of year	184,738	17,609	222,520	65,855	490,722
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance - End of year	178,440	13,860	129,324	66,496	388,120

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	2013				
	Unrestricted accumulated operating surplus \$	Unrestricted equity in tangible capital assets \$	Internally restricted special projects reserve \$	Internally restricted chargeback reserve \$	Total accumulated surplus \$
Excess of revenues over expenses for the year	85,610	-	-	-	85,610
Allocation of amortization to tangible capital assets	5,004	(5,004)	-	-	-
Tangible capital asset additions	(11,498)	11,498	-	-	-
Allocation of interest earnings to reserves	(2,380)	-	1,647	733	-
Transfers	(75,000)	-	75,000	-	-
Net increase for the year	1,736	6,494	76,647	733	85,610
Balance - Beginning of year	183,002	11,115	145,873	65,122	405,112
Balance - End of year	184,738	17,609	222,520	65,855	490,722

Downtown Sudbury

Notes to Financial Statements

December 31, 2014

8 Expenses

	2014 \$	2013 \$
Marketing, special events, member/board development and services		
Downtown advertising and partnerships	71,885	48,921
Special events		
Ribfest	109,971	115,205
Christmas	29,304	37,777
Hockey Night in Canada Play On	12,720	12,720
Blues for Food	7,320	9,293
Yard sale	9,400	7,300
Parking elves	2,848	3,098
Other	1,956	1,327
	173,519	186,720
Member/board development communications and services	18,631	9,890
Total marketing, special events, member/board development and services	264,035	245,531
Administration		
Salaries, wages and benefits	172,773	139,567
Rent and utilities	19,654	18,438
Office and general	12,432	12,131
Audit and accounting	10,620	11,022
Telephone	5,622	5,795
Amortization	3,813	5,004
Conferences and professional development	5,874	1,614
Total administration	230,788	193,571
Development		
Beautification	81,277	35,758
Streetscape	95,362	10,000
Total development	176,639	45,758
Total expenses	671,462	484,860