



Financial Statements of  
Downtown Sudbury

## INDEPENDENT AUDITOR'S REPORT

To: The Members of  
**Downtown Sudbury**

### *Report on the Financial Statements*

We have audited the accompanying financial statements of **Downtown Sudbury**, which comprise the statement of financial position as at **December 31, 2010**, and the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and 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 generally accepted accounting principles, 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.

**INDEPENDENT AUDITOR'S REPORT, continued**

*Opinion*

In our opinion, these financial statements present fairly, in all material respects, the financial position of Downtown Sudbury as at December 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Basis of Accounting and Restriction on Use*

Our examination was made for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information included in Schedules 1 and 2 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the audited procedures applied in the examination of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

*Collins Barrow, Sudbury-Nipissing LLP*

**COLLINS BARROW, SUDBURY NIPISSING LLP**

**Chartered Accountants**

**Licensed Public Accountants**

*Freelandt Caldwell Reilly LLP*

**FREELANDT CALDWELL REILLY LLP**

**Chartered Accountants**

**Licensed Public Accountants**

*KPMG LLP*

**KPMG LLP**

**Chartered Accountants**

**Licensed Public Accountants**

**Sudbury, Ontario**

**February 23, 2011**

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**DOWNTOWN SUDBURY****Statement of Financial Position****December 31, 2010 with comparative figures for 2009**

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	2010	2009
<b>Financial assets</b>		
Cash	\$ 95,743	\$ 191,073
Short-term investments (note 2)	450,000	300,000
Accounts receivable	34,179	37,610
<b>Total financial assets</b>	<b>579,922</b>	<b>528,683</b>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	69,332	49,123
Payable to the Corporation of the City of Greater Sudbury	-	17,800
Deferred contributions (note 3)	6,872	10,386
<b>Total financial liabilities</b>	<b>76,204</b>	<b>77,309</b>
<b>Net financial assets</b>	<b>503,718</b>	<b>451,374</b>
<b>Non-financial assets (note 4)</b>		
Tangible capital assets (note 5)	5,400	5,400
Prepaid expenses	5,409	5,487
<b>Total non-financial assets</b>	<b>10,809</b>	<b>10,887</b>
<b>Accumulated surplus (note 6)</b>	<b>\$ 514,527</b>	<b>\$ 462,261</b>

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Commitments (note 7)

Approved on behalf of the board:

Board member \_\_\_\_\_

Board member \_\_\_\_\_

## DOWNTOWN SUDBURY

### Statement of Operations and Accumulated Surplus

Year ended December 31, 2010 with comparative figures for 2009

	Budget	2010	2009
<b>Revenues:</b>			
Tax levy on Central Business District Members collected by the City of Greater Sudbury	\$ 429,000	\$ 429,000	\$ 429,000
Tax levy adjustments (note 8)	(15,000)	169	(17,800)
Ribfest (note 9)	30,000	68,557	95,656
Industry Canada-FedNor	47,000	19,053	3,288
Advertising partnerships	-	13,680	731
Human Resources and Skills Development Canada	5,000	5,406	5,025
Interest	3,500	4,263	4,452
Parking stamps and tokens	2,000	70	2,820
Other community partnerships and other revenues	11,000	5,307	2,471
Deferred contributions, beginning of year	10,386	10,386	11,863
Deferred contributions, end of year	-	(6,872)	(10,386)
<b>Total Revenues</b>	<b>522,886</b>	<b>549,019</b>	<b>527,120</b>
<b>Expenditures (schedule 2):</b>			
Marketing, special events, and member communications and services	194,000	237,757	214,845
Administration	210,060	189,503	166,794
Development	197,386	66,563	70,040
Parking	6,000	2,930	5,763
<b>Total Expenditures</b>	<b>607,446</b>	<b>496,753</b>	<b>457,442</b>
<b>Excess (deficiency) of revenues over expenditures for the year</b>	<b>(84,560)</b>	<b>52,266</b>	<b>69,678</b>
<b>Accumulated surplus, beginning of year</b>		<b>462,261</b>	<b>392,583</b>
<b>Accumulated surplus, end of year</b>		<b>\$ 514,527</b>	<b>\$ 462,261</b>

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**DOWNTOWN SUDBURY****Statement of Change in Net Financial Assets****Year ended December 31, 2010 with comparative figures for 2009**

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	2010	2009
<b>Excess of revenues over expenditures for the year</b>	\$ 52,266	\$ 69,678
Change in prepaid expenses	78	2,559
<b>Increase in net financial assets for the year</b>	52,344	72,237
<b>Net financial assets, beginning of year</b>	451,374	379,137
<b>Net financial assets, end of year</b>	\$ 503,718	\$ 451,374

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**DOWNTOWN SUDBURY****Statement of Cash Flows****Year ended December 31, 2010 with comparative figures for 2009**

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	2010	2009
<b>Cash flows from operating activities:</b>		
Excess of revenues over expenditures for the year	\$ 52,266	\$ 69,678
Change in non-cash assets and liabilities relating to operations:		
Accounts receivable	3,431	13,851
Prepaid expenses	78	2,559
Accounts payable and accrued liabilities	20,209	5,602
Payable to the Corporation of the City of Greater Sudbury	(17,800)	(2,047)
Deferred contributions	(3,514)	(1,477)
Net change in cash from operating activities	54,670	88,166
<b>Cash flows from capital activities</b>	-	-
<b>Cash flows from financing activities</b>	-	-
<b>Cash flows from investing activities:</b>		
Increase in short-term investments	(150,000)	(21,631)
Net change in cash for the year	(95,330)	66,535
<b>Cash, beginning of year</b>	191,073	124,538
<b>Cash, end of year</b>	\$ 95,743	\$ 191,073
<b>Other information:</b>		
Interest received	4,158	6,963

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# **DOWNTOWN SUDBURY**

**Notes to Financial Statements**

**December 31, 2010**

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## **Nature of operations:**

Downtown Sudbury (“the Organization”) was established by laws of the former Corporation of The City of Sudbury. The Organization is responsible for the promotion of the Central Business District Improvement Area of the City of Greater Sudbury as a business and shopping area and also the improvement, beautification and maintenance of municipally owned lands, buildings and structures in the Improvement Area.

## **Name change:**

During the year the Organization changed its name from Sudbury Metro Centre to Downtown Sudbury.

## **1. Significant accounting policies:**

The financial statements of the Organization are the representations of management prepared in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants.

Significant aspects of the accounting policies adopted by the Organization are as follows:

(a) **Basis of accounting:**

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

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

(b) **Short-term investments:**

Short-term investments are recorded at cost.

(c) **Tangible capital assets:**

Tangible capital assets are recorded at cost. 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 and equipment	5 years
Computer equipment	3 years



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**DOWNTOWN SUDBURY**  
**Notes to Financial Statements**  
**December 31, 2010**

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**1. Significant accounting policies (Continued):**

(d) Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities at the date of the financial statements and reported amounts of certain revenues and expenditures during the reporting period. By their nature, these estimates are subject to measurement uncertainty. The effect of changes in such estimates on the financial statements in future periods could be significant. Accounts specifically affected by estimates in these financial statements are tax levy adjustments and certain accrued liabilities.

(e) Revenue recognition:

Tax levy revenue is earned and accrued for 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.

Revenues from government grants are recognized in the period that the events giving rise to the transfer have occurred as long as: the transfer is authorized; the eligibility criteria, if any, have been met; and the amount can be reasonably estimated. Government transfers received before these criteria have been met are recorded in the accounts as deferred contributions and are recognized as revenue in the period in which all of these criteria are met.

Other revenues are recorded on the accrual basis when earned.

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**DOWNTOWN SUDBURY**  
**Notes to Financial Statements**  
**December 31, 2010**

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**2. Short-term investments:**

Short-term investments are comprised of term deposits, and guaranteed investment certificates with various maturities within one year and paying various interest rates between 0.5% and 1.35%. The fair market values of these investments are approximately equal to cost.

**3. Deferred contributions:**

The deferred contributions consist of the following:

	2010	2009
City of Greater Sudbury Development Corporation	\$ 6,872	\$ 10,386

**4. Non-financial assets:**

Tangible capital assets and other non-financial assets are accounted for as assets by the Organization because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the Organization unless they are sold.

**DOWNTOWN SUDBURY**  
**Notes to Financial Statements**  
**December 31, 2010**

5. **Tangible capital assets:**

<b>2010</b>			
	<b>Furniture, Equipment and Other</b>	<b>Computer Equipment</b>	<b>Total</b>
<b>Cost</b>			
Balance, beginning of year	\$ 12,000	\$ 4,900	\$ 16,900
Additions	-	-	-
Disposals	-	-	-
Balance, end of year	12,000	4,900	16,900
<b>Accumulated Amortization</b>			
Balance, beginning of year	\$ 7,500	\$ 4,000	\$ 11,500
Disposals	-	-	-
Amortization expense	-	-	-
Balance, end of year	7,500	4,000	11,500
<b>Net book value</b>	<b>\$ 4,500</b>	<b>\$ 900</b>	<b>\$ 5,400</b>
<b>2009</b>			
	<b>Furniture, Equipment and Other</b>	<b>Computer Equipment</b>	<b>Total</b>
<b>Cost</b>			
Balance, beginning of year	\$ 12,000	\$ 4,900	\$ 16,900
Additions	-	-	-
Disposals	-	-	-
Balance, end of year	12,000	4,900	16,900
<b>Accumulated Amortization</b>			
Balance, beginning of year	\$ 7,500	\$ 4,000	\$ 11,500
Disposals	-	-	-
Amortization expense	-	-	-
Balance, end of year	7,500	4,000	11,500
<b>Net book value</b>	<b>\$ 4,500</b>	<b>\$ 900</b>	<b>\$ 5,400</b>

For the fiscal years ended December 31, 2010 and 2009 all the organization's capital assets are being presented at their fully amortized residual values. No amortization has been recorded for 2010 and 2009.

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**DOWNTOWN SUDBURY**  
**Notes to Financial Statements**  
**December 31, 2010**

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**6. Accumulated surplus:**

Accumulated surplus consists of the following:

	2010	2009
Unrestricted accumulated operating surplus	\$ 122,162	\$ 89,159
Unrestricted equity in tangible capital assets	5,400	5,400
Internally restricted special projects reserve	319,849	316,253
Internally restricted chargeback reserve	67,116	51,449
	<u>\$ 514,527</u>	<u>\$ 462,261</u>

**7. Commitments:**

**(a) Downtown beautification improvement project contributions**

The Organization has, by way of Board resolution, committed \$100,000 of funding for beautification improvement projects. The projects are expected to take place in future years.

**(b) Northern Ontario School of Architecture contributions**

The Organization has, by way of Board resolution, committed \$50,000 of funding towards the establishment of a Northern Ontario School of Architecture, subject to certain conditions including the realization of the initiative and its location being within the Downtown Sudbury Business Improvement Area boundaries.

**(c) Lease office space**

The Organization rents office space under a lease which expires February 28, 2012. The maximum annual rent to be paid under the lease agreement is \$17,600.

**8. Tax levy adjustments:**

Tax levy adjustments result from municipal tax appeals and write-offs of uncollectable taxes. These adjustments are recorded in the year they are determined.

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**DOWNTOWN SUDBURY**

Notes to Financial Statements

December 31, 2010

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**9. Ribfest:**

Ribfest revenues consist of:

	2010	2009
Event proceeds	\$ 42,046	\$ 49,110
Event registration	20,700	13,096
	<u>62,746</u>	<u>62,206</u>
Community Partnerships:		
City of Greater Sudbury	2,500	2,500
Labatt Breweries of Canada	1,500	700
Sudbury Credit Union	1,000	-
CTV Television	811	1,000
Province of Ontario	-	18,750
Vale Inco	-	7,500
Greater Sudbury Development Corporation	-	2,500
Atlas Copco Construction and Mining Canada	-	500
	<u>5,811</u>	<u>33,450</u>
Total revenues	\$ 68,557	\$ 95,656

**10. Comparative figures:**

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted in the current year. These changes have no effect on excess of revenues over expenditures previously reported in the prior period.

**DOWNTOWN SUDBURY****Schedule of Accumulated Surplus Detail****Schedule 1**

Year ended December 31, 2010 with comparative figures for 2009

Year ended December 31, 2010:

	Unrestricted Operating Accumulated Surplus	Equity in Tangible Capital Assets	Internally Restricted Special Projects Reserve	Internally Restricted Chargeback Reserve	Total Accumulated Surplus 2010
Excess of revenues over expenditures for the year	\$ 52,266	\$ -	\$ -	\$ -	\$ 52,266
Allocation of interest earnings to reserves	(4,263)	-	3,596	667	-
Transfers	(15,000)	-	-	15,000	-
Net increase (decrease) for the year	33,003	-	3,596	15,667	52,266
<b>Balances, beginning of year</b>	89,159	5,400	316,253	51,449	462,261
<b>Balances, end of year</b>	\$ 122,162	\$ 5,400	\$ 319,849	\$ 67,116	\$ 514,527

Year ended December 31, 2009:

	Unrestricted Operating Accumulated Surplus	Equity in Tangible Capital Assets	Internally Restricted Special Projects Reserve	Internally Restricted Chargeback Reserve	Total Accumulated Surplus 2009
Excess of revenues over expenditures for the year	\$ 69,678	\$ -	\$ -	\$ -	\$ 69,678
Allocation of interest earnings to reserves	(3,484)	-	3,484	-	-
Transfers	(41,194)	-	41,194	-	-
Net increase (decrease) for the year	25,000	-	44,678	-	69,678
<b>Balances, beginning of year</b>	64,159	5,400	271,575	51,449	392,583
<b>Balances, end of year</b>	\$ 89,159	\$ 5,400	\$ 316,253	\$ 51,449	\$ 462,261

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**DOWNTOWN SUDBURY**

## Schedule of Expenditures

## Schedule 2

Year ended December 31, 2010 with comparative figures for 2009

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	2010	2009
<b>Marketing, special events, and member communications and services</b>		
Downtown advertising and partnerships	\$ 87,253	\$ 42,723
Ambassador program	-	17,615
Special events:		
Rib Fest	87,599	90,906
Christmas	38,999	43,367
Blues for Food	8,027	6,100
Yard Sale	7,096	7,742
Sunset Hour	4,472	-
Meet your Neighbour	-	2,433
Other	602	659
Total special events	146,795	151,207
Member communications and services	3,709	3,300
Total marketing, special events, and member Communications and services	237,757	214,845

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**Administration**

Salaries, wages and benefits	\$ 137,963	\$ 119,549
Rent and utilities	17,630	17,748
Office and general	12,632	10,416
Board expenses	7,434	7,861
Telephone	4,990	4,813
Accounting	4,743	4,675
Conferences and professional development	2,769	1,732
Bad debts	1,342	-
Total administration	\$ 189,503	\$ 166,794

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**DOWNTOWN SUDBURY****Schedule of Expenditures**

Schedule 2- continued

Year ended December 31, 2010 with comparative figures for 2009

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	2010	2009
<b>Development</b>		
Partnerships	\$ 32,500	\$ 32,500
Beautification	23,130	30,193
Streetscape	10,933	7,347
Total development	\$ 66,563	\$ 70,040
<b>Parking</b>		
Free parking program and other parking initiatives	\$ 2,689	\$ 3,103
Parking stamps and tokens	241	2,660
Total parking	\$ 2,930	\$ 5,763
<b>Total expenditures</b>	<b>\$ 496,753</b>	<b>\$ 457,442</b>

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