

Financial Statements of

DOWNTOWN SADBURY

And Independent Auditor's Report thereon

Year ended December 31, 2023



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Downtown Sudbury

Opinion

We have audited the financial statements of Downtown Sudbury (the Entity), which comprise:

- the statement of financial position as at December 31, 2023
- the statement of operations and accumulated surplus for the year then ended
- the statement of statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and the notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”)

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2023, and its results of operations, its changes in net financial assets 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. Our responsibility under those standards are further described in the “***Auditor's Responsibilities for the Audit of the Financial Statements***” section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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.



Responsibility 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 Entity'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 Entity or to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 generally accepted auditing standards 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 the financial statements.

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

- Identify and assess the risk 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, internal 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 purposes of expressing an opinion on the effectiveness of the Entity's internal control.



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- 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 the events or conditions that may cast significant doubt on the Entity'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 Entity's 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.
- 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. A horizontal line is drawn underneath the signature.

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

July 12, 2024

DOWNTOWN SUDBURY

Statement of Financial Position

December 31, 2023, with comparative information for 2022

	2023	2022
Financial assets		
Cash	\$ 133,219	\$ 74,795
Investments (note 2)	821,057	859,267
Accounts receivable (note 3)	35,401	66,524
Accounts receivable from the City of Greater Sudbury	3,236	-
	<u>992,913</u>	<u>1,000,586</u>
Financial liabilities		
Accounts payable and accrued liabilities (note 4)	111,351	161,958
Payable and accruals to the City of Greater Sudbury	996	-
	<u>112,347</u>	<u>161,958</u>
Net financial assets	880,566	838,628
Non-financial assets:		
Tangible capital assets (note 6)	898	2,183
Prepaid expenses	5,171	5,566
	<u>6,069</u>	<u>7,749</u>
Commitments (note 5)		
Accumulated surplus (note 7)	\$ 886,635	\$ 846,377

See accompanying notes to financial statements.

On behalf of the Board:

_____ Board Member

_____ Board Member

DOWNTOWN SUDBURY

Statement of Operations and Accumulated Surplus

Year ended December 31, 2023, with comparative information for 2022

	Budget	Total	Total
	2023	2023	2022
	(note 1(i))		
Revenue:			
Tax levy on Central Business District Members collected by the City of Greater Sudbury	\$ 630,000	\$ 630,000	\$ 600,000
Tax levy adjustments	-	3,236	(4,090)
Human Resources and Skills Development Canada NOHFC	-	9,648	-
Interest	-	18,069	21,403
City of Greater Sudbury Partnership	-	37,040	15,263
Other community partnerships and other revenues	-	8,000	-
	-	12,935	317
	630,000	718,928	632,893
Expenses: (note 8)			
Marketing and promotion	150,000	204,544	134,646
Live and Outside	90,000	55,678	128,464
Propel Downtown	150,000	131,875	88,247
Administration	250,000	247,284	270,938
0 Vacancy Initiative	10,000	3,150	4,394
Enhancing and Beautifying the Commons	50,000	36,139	48,366
	700,000	678,670	675,055
Excess (deficiency) of revenue over expenses for the year	(70,000)	40,258	(42,162)
Accumulated surplus, beginning of year	846,377	846,377	888,539
Accumulated surplus, end of year	\$ 776,377	\$ 886,635	\$ 846,377

See accompanying notes to financial statements.

DOWNTOWN SADBURY

Statement of Changes in Net Financial Assets

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Excess (deficiency) of revenue over expenses for the year	\$ 40,258	\$ (42,162)
Amortization of tangible capital assets	1,285	2,085
Tangible capital asset additions	-	(2,696)
Change in prepaid expenses	395	(2,119)
Change in net financial assets	41,938	(44,892)
Net financial assets, beginning of year	838,628	883,520
Net financial assets, end of year	\$ 880,566	\$ 838,628

See accompanying notes to financial statements.

DOWNTOWN SUDBURY

Statement of Cash Flows

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses for the year	\$ 40,258	\$ (42,162)
Adjustments for:		
Amortization of tangible capital assets	1,285	2,085
	<u>41,543</u>	<u>(40,077)</u>
Changes in non-cash working capital items:		
Decrease (increase) in accounts receivable	31,123	(17,108)
Increase in receivable from the City of Greater Sudbury	(3,236)	-
Decrease (increase) in prepaid expenses	395	(2,119)
Increase (decrease) in accounts payable and accrued liabilities	(50,607)	79,152
Increase (decrease) in payable and accruals to the City of Greater Sudbury	996	(14,671)
Net change in operating activities	<u>20,214</u>	<u>5,177</u>
Investing activities:		
Decrease (increase) in investments	38,210	(57,129)
Purchase of tangible capital assets	-	(2,696)
Net change in investing activities	<u>38,210</u>	<u>(59,825)</u>
Increase (decrease) in cash during the year	58,424	(54,648)
Cash, beginning of year	74,795	129,443
Cash, end of year	<u>\$ 133,219</u>	<u>\$ 74,795</u>
Supplementary information:		
Interest received	\$ 37,040	\$ 15,263

See accompanying notes to financial statements.

DOWNTOWN SUDBURY

Notes to Financial Statements

Year ended December 31, 2023

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.

1. Summary of significant accounting policies:

These financial statements are prepared by management in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board. The principal accounting policies applied in the preparation of these financial statements are set out below.

(a) 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.

(b) 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.

(c) Investments:

Investments are recorded at fair value. Investments generally have a maturity of two years or less at acquisition and are cashable on demand and are held for the purpose of meeting future cash commitments.

(d) Prepaid expenses:

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

(e) 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.

DOWNTOWN SUDBURY

Notes to Financial Statements

Year ended December 31, 2023

1. Summary of significant accounting policies (continued):

(f) Tangible capital assets:

Tangible capital assets are recorded at cost, and include 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:

Asset	Basis	Rate
Leasehold improvements	Straight-line	Lease term
Furniture, equipment and other	Straight-line	5 years
Computer equipment	Straight-line	3 years
Computer software	Straight-line	2 years

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 write-downs are accounted for as expenses in the statement of operations and accumulated surplus.

(g) 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.

(h) Expenses:

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

DOWNTOWN SUDBURY

Notes to Financial Statements

Year ended December 31, 2023

1. Summary of significant accounting policies (continued):

(i) Budget figures:

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

(j) 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.

(k) Financial instruments:

All financial instruments are initially recorded on the statement of financial position at fair value.

All investments held in equity instruments that trade in an active market would be recorded at fair value. Management has elected to record investments at fair value as they are managed and evaluated on a fair value basis.

Unrealized changes in fair value would be recognized in the statement of remeasurement gains and losses until they are realized, when they would be transferred to the statement of operations. As there have been no unrealized changes in fair value to note, a statement of remeasurement gains and losses has not been presented.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

Where a decline in fair value is determined to be other than temporary, the amount of the loss is removed from accumulated remeasurement gains and losses and recognized in the statement of operations. On sale, the amount held in accumulated remeasurement gains and losses associated with that instrument is removed from net assets and recognized in the statement of operations.

DOWNTOWN SUDBURY

Notes to Financial Statements

Year ended December 31, 2023

1. Summary of significant accounting policies (continued):

(k) Financial instruments (continued):

Financial instruments are classified into fair value hierarchy Levels 1, 2 or 3 for the purposes of describing the basis of the inputs used to determine the fair market value of those amounts recorded a fair value, as described below:

Level 1	Fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2	Fair value measurements are those derived market-based inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly
Level 3	Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data

(l) Asset retirement obligation:

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- (i) There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- (ii) The past transaction or event giving rise to the liability has occurred;
- (iii) It is expected that the future economic benefits will be given up; and
- (iv) A reasonable estimate of the amount can be made.

A liability for asset retirement obligations has not been recorded in these financial statements.

2. Investments:

Investments comprise guaranteed investment certificates which are cashable on demand and have various maturities within a year and paying interest rates of 4.0% to 5.35%. The fair value of these investments is approximately equal to cost.

DOWNTOWN SUDBURY

Notes to Financial Statements

Year ended December 31, 2023

3. Accounts receivable:

Included in accounts receivable are government remittances receivable of \$25,560 (2022 - \$19,731), which includes amounts receivable for harmonized sales tax.

4. Accounts payable:

Included in accounts payable are government remittances payable of \$8,240 (2022 - \$5,336), which includes amounts payable for payroll related taxes.

5. Commitments:

- (a) The Organization rents office space under a lease that commenced on July 1, 2017 and expired on March 31, 2022. The maximum annual rent paid under the lease agreement is \$25,370 in years one and two, and \$26,780 in years three through five. The Organization has renewed the lease for an additional 2 years. The maximum annual rent paid under the lease extension is \$26,780 in year one and \$28,180 in year two.
- (b) The Organization has signed a memorandum of understanding with the Go-Give Project. The agreement commences January 1, 2024 and expires December 31, 2024, with an annual sum of \$95,000 to be paid in quarterly installments of \$23,750.

DOWNTOWN SUDBURY

Notes to Financial Statements

Year ended December 31, 2023

6. Tangible capital assets:

2023	Cost	Accumulated Amortization	Net Book Value
Furniture, equipment and other	\$ 25,338	\$ 25,338	\$ -
Computer equipment	6,254	5,356	898
Computer software	488	488	-
Leasehold improvements	53,586	53,586	-
	<hr/>	<hr/>	<hr/>
	\$ 85,666	\$ 84,768	\$ 898

2022	Cost	Accumulated Amortization	Net Book Value
Furniture, equipment and other	\$ 25,338	\$ 25,338	\$ -
Computer equipment	7,510	5,327	2,183
Computer software	488	488	-
Leasehold improvements	53,586	53,586	-
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	\$ 86,922	\$ 84,739	\$ 2,183

DOWNTOWN SUDBURY

Notes to Financial Statements

Year ended December 31, 2023

7. Accumulated surplus:

	Unrestricted accumulated operating surplus	Unrestricted equity in tangible capital assets	Internally restricted special projects reserve	Internally restricted chargeback reserve	Total accumulated surplus
2023					
Excess of revenue over expenses for the year	\$ 40,258	\$ -	\$ -	\$ -	40,258
Allocation of amortization to tangible capital assets	1,285	(1,285)	-	-	-
Tangible capital asset additions	-	-	-	-	-
Allocation of interest earnings to reserves	(14,304)	-	11,641	2,663	-
Transfer to special projects	(200,000)	-	200,000	-	-
Net increase (decrease) for the year	(172,761)	(1,285)	211,641	2,663	40,258
Balance, beginning of year	527,247	2,183	245,524	71,423	846,377
Balance, end of year	\$ 354,486	\$ 898	\$ 457,165	\$ 74,086	\$ 886,635

	Unrestricted accumulated operating surplus	Unrestricted equity in tangible capital assets	Internally restricted special projects reserve	Internally restricted chargeback reserve	Total accumulated surplus
2022					
Excess of revenue over expenses for the year	\$ (42,162)	\$ -	\$ -	\$ -	(42,162)
Allocation of amortization to tangible capital assets	2,085	(2,085)	-	-	-
Tangible capital asset additions	(2,696)	2,696	-	-	-
Allocation of interest earnings to reserves	(4,569)	-	3,539	1,030	-
Net increase (decrease) for the year	(47,342)	611	3,539	1,030	(42,162)
Balance, beginning of year	574,589	1,572	241,985	70,393	888,539
Balance, end of year	\$ 527,247	\$ 2,183	\$ 245,524	\$ 71,423	\$ 846,377

DOWNTOWN SUDBURY

Notes to Financial Statements

Year ended December 31, 2023

8. Expenses:

	2023	2022
Marketing and promotion:		
Marketing "Downtown Sudbury"	\$ 104,558	\$ 56,421
Christmas	26,066	33,423
Sponsorships	43,701	24,000
Gift Card Program	30,219	20,802
Total marketing and promotion	204,544	134,646
Administration:		
Salaries, wages and benefits	158,784	190,583
Rent and utilities	31,085	29,655
Office and general	16,259	13,654
Audit and accounting	13,891	12,372
Member/board development communications and services	13,730	10,681
Legal	301	2,210
Telephone	6,171	6,381
Amortization of tangible capital assets	1,285	2,085
Conferences and professional development	5,778	3,317
Total administration	247,284	270,938
Enhancing and Beautifying Commons	36,139	48,366
Live and Outside:		
Patio Program	52,360	105,143
Street Activation	3,318	23,321
Total Live & Outside	55,678	128,464
Propel Downtown:		
Clean-up Program	131,875	87,774
Welcoming Streets initiative	-	473
Total Propel Downtown	131,875	88,247
0 Vacancy Initiative	3,150	4,394
Total expenses	\$ 678,670	\$ 675,055

9. Comparative information:

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