

Downtown Sudbury

Financial Statements
December 31, 2013



April 2, 2014

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, 2013 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, 2013 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, 2013

	2013 \$	2012 \$
Financial assets		
Cash	27,182	64,265
Short-term investments (note 3)	500,000	400,000
Accounts receivable	8,286	10,375
	535,468	474,640
Financial liabilities		
Accounts payable and accrued liabilities	40,415	65,549
Payable and accruals to the City of Greater Sudbury	27,412	20,158
	67,827	85,707
Net financial assets	467,641	388,933
Non-financial assets		
Tangible capital assets (note 5)	17,609	11,115
Prepaid expenses	5,472	5,064
	23,081	16,179
Accumulated surplus (note 7)	490,722	405,112
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, 2013

	Budget \$	2013 \$	2012 \$
Revenues			
Tax levy on Central Business District Members collected by the City of Greater Sudbury	452,760	452,760	440,000
Tax levy adjustments	-	(25,070)	(18,528)
Ribfest (note 6)	50,000	125,362	114,722
Advertising partnerships		-	100
Human Resources and Skills Development Canada	5,000	5,491	5,533
Interest	3,000	5,281	5,165
Other community partnerships and other revenues	5,000	6,646	6,049
	<u>515,760</u>	<u>570,470</u>	<u>553,041</u>
Expenses (note 8)			
Marketing, special events, member/board development and services	259,000	245,531	261,482
Administration	190,000	193,571	188,822
Development	88,600	45,758	183,745
	<u>537,600</u>	<u>484,860</u>	<u>634,049</u>
Excess (deficiency) of revenues over expenses for the year	<u>(21,840)</u>	85,610	(81,008)
Accumulated surplus - Beginning of year		<u>405,112</u>	486,120
Accumulated surplus - End of year		<u>490,722</u>	<u>405,112</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, 2013

	2013	2012
	\$	\$
Excess (deficiency) of revenues over expenses for the year	85,610	(81,008)
Amortization of tangible capital assets	5,004	3,004
Tangible capital asset additions	(11,498)	(9,919)
Change in prepaid expenses	(408)	255
Increase (decrease) in net financial assets for the year	78,708	(87,668)
Net financial assets - Beginning of year	388,933	476,601
Net financial assets - End of year	<u>467,641</u>	<u>388,933</u>

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

Downtown Sudbury

Statement of Cash Flows

For the year ended December 31, 2013

	2013 \$	2012 \$
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenues over expenses for the year	85,610	(81,008)
Amortization of tangible capital assets	5,004	3,004
Change in non-cash assets and liabilities relating to operations		
Accounts receivable	2,089	48,090
Prepaid expenses	(408)	255
Accounts payable and accrued liabilities	(25,134)	6,046
Payable and accruals to the City of Greater Sudbury	7,254	(104,147)
	<hr/> 74,415	<hr/> (127,760)
Investing activities		
(Increase) decrease in short-term investments	(100,000)	150,000
Addition of tangible capital assets	(11,498)	(9,919)
	<hr/> (111,498)	<hr/> 140,081
Change in cash for the year	(37,083)	12,321
Cash - Beginning of year	64,265	51,944
Cash - End of year	<hr/> 27,182	<hr/> 64,265
Supplementary information		
Interest received	3,750	5,366

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

Downtown Sudbury

Notes to Financial Statements

December 31, 2013

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 by-law 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

Downtown Sudbury

Notes to Financial Statements

December 31, 2013

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.

Other revenues are recorded on the accrual basis when earned.

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Notes to Financial Statements

December 31, 2013

Expenses

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

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 between 1.0% and 1.6%. 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 has 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. No amounts have been paid in relation to the second phase of this program as at December 31, 2013.

Downtown Sudbury
Notes to Financial Statements
December 31, 2013

5 Tangible capital assets

	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
			2012
	Furniture, equipment and other \$	Computer equipment \$	Total \$
Cost			
Balance - Beginning of year	12,000	4,900	16,900
Additions	9,919	-	9,919
Disposals	(8,400)	-	(8,400)
Balance - End of year	13,519	4,900	18,419
Accumulated amortization			
Balance - Beginning of year	8,400	4,300	12,700
Disposals	(8,400)	-	(8,400)
Amortization expense	2,704	300	3,004
Balance - End of year	2,704	4,600	7,304
Net book value	10,815	300	11,115

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6 Ribfest

Ribfest revenues consist of:

	2013	2012
	\$	\$
Event proceeds	87,160	81,916
Event registration	27,342	23,394
	<u>114,502</u>	<u>105,310</u>
Community partnerships		
Ontario Lottery and Gaming Corporation	5,000	5,000
City of Greater Sudbury	1,500	1,500
Sudbury Hyundai	1,500	-
Labatt Breweries of Canada	1,360	1,500
Sudbury Credit Union	1,000	1,000
CTV Television Network	500	412
	<u>10,860</u>	<u>9,412</u>
Total revenues	<u>125,362</u>	<u>114,722</u>

7 Accumulated surplus

	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	<u>184,738</u>	<u>17,609</u>	<u>222,520</u>	<u>65,855</u>	<u>490,722</u>

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	2012				
	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	(81,008)	-	-	-	(81,008)
Allocation of amortization to tangible capital assets	3,004	(3,004)	-	-	-
Tangible capital asset additions	(9,919)	9,919	-	-	-
Allocation of interest earnings to reserves	(2,605)	-	1,851	754	-
Transfers	78,077	-	(59,549)	(18,528)	-
Net increase (decrease) for the year	(12,451)	6,915	(57,698)	(17,774)	(81,008)
Balance - Beginning of year	195,453	4,200	203,571	82,896	486,120
Balance - End of year	183,002	11,115	145,873	65,122	405,112

8 Expenses

	2013 \$	2012 \$
Marketing, special events, member/board development and services		
Downtown advertising and partnerships	48,921	83,148
Special events		
Ribfest	115,205	102,317
Christmas	37,777	36,953
Hockey Night in Canada Play On	12,720	10,176
Blues for Food	9,293	7,252
Yard sale	7,300	6,548
Parking elves	3,098	2,216
Other	1,327	1,894
	186,720	167,356
Member/board development communications and services	9,890	10,978
Total marketing, special events, member/board development and services	245,531	261,482

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Notes to Financial Statements
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	2013 \$	2012 \$
Administration		
Salaries, wages and benefits	139,567	130,969
Rent and utilities	18,438	18,295
Office and general	12,131	17,623
Audit and accounting	11,022	10,723
Telephone	5,795	5,199
Amortization	5,004	3,004
Conferences and professional development	1,614	3,009
	<hr/>	<hr/>
Total administration	193,571	188,822
Development		
Beautification	35,758	39,630
Streetscape	10,000	111,615
Partnerships	-	32,500
	<hr/>	<hr/>
Total development	45,758	183,745
	<hr/>	<hr/>
Total expenses	484,860	634,049

9 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 expenses previously reported in the prior year.