

Downtown Sudbury

Financial Statements
December 31, 2015



April 14, 2016

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, 2015 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, 2015 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, 2015

	2015 \$	2014 \$
Financial assets		
Cash	40,986	41,315
Investments (note 3)	453,512	452,961
Accounts receivable	23,450	20,954
	<hr/> 517,948	<hr/> 515,230
Financial liabilities		
Accounts payable and accrued liabilities	53,994	52,125
Payable and accruals to the City of Greater Sudbury	2,655	98,628
	<hr/> 56,649	<hr/> 150,753
Net financial assets	<hr/> 461,299	<hr/> 364,477
Non-financial assets		
Tangible capital assets (note 5)	7,986	13,860
Prepaid expenses	8,956	9,783
	<hr/> 16,942	<hr/> 23,643
Accumulated surplus (note 7)	<hr/> 478,241	<hr/> 388,120
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, 2015

	Budget \$	2015 \$	2014 \$
Revenues			
Tax levy on Central Business District Members collected by the City of Greater Sudbury	502,605	502,605	457,288
Tax levy adjustments	-	(13,145)	(24,755)
Ribfest (note 6)	60,000	126,863	112,000
Human Resources and Skills Development Canada	-	-	5,060
Interest	3,000	3,300	5,418
Other community partnerships and other revenues	5,000	11,968	13,849
	<u>570,605</u>	<u>631,591</u>	<u>568,860</u>
Expenses (note 8)			
Marketing, special events, member/board development and services	262,605	272,872	264,035
Administration	230,000	220,756	230,788
Development	78,000	47,842	176,639
	<u>570,605</u>	<u>541,470</u>	<u>671,462</u>
Excess (deficiency) of revenues over expenses for the year	<u>-</u>	90,121	(102,602)
Accumulated surplus - Beginning of year		<u>388,120</u>	490,722
Accumulated surplus - End of year		<u>478,241</u>	<u>388,120</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, 2015

	2015	2014
	\$	\$
Excess (deficiency) of revenues over expenses for the year	90,121	(102,602)
Amortization of tangible capital assets	5,874	5,874
Tangible capital asset additions	-	(2,125)
Change in prepaid expenses	827	(4,311)
Increase (decrease) in net financial assets for the year	96,822	(103,164)
Net financial assets - Beginning of year	364,477	467,641
Net financial assets - End of year	<u>461,299</u>	<u>364,477</u>

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

Downtown Sudbury

Statement of Cash Flows

For the year ended December 31, 2015

	2015 \$	2014 \$
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenues over expenses for the year	90,121	(102,602)
Amortization of tangible capital assets	5,874	5,874
Change in non-cash assets and liabilities relating to operations		
Accounts receivable	(2,496)	(12,668)
Prepaid expenses	827	(4,311)
Accounts payable and accrued liabilities	1,869	11,710
Payable and accruals to the City of Greater Sudbury	(95,973)	71,216
	<hr/> 222	<hr/> (30,781)
Investing activities		
(Increase) decrease in investments	(551)	47,039
Addition of tangible capital assets	-	(2,125)
	<hr/> (551)	<hr/> 44,914
Change in cash for the year	(329)	14,133
Cash - Beginning of year	<hr/> 41,315	<hr/> 27,182
Cash - End of year	<hr/> 40,986	<hr/> 41,315
Supplementary information		
Interest received	3,300	7,019

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

Downtown Sudbury

Notes to Financial Statements

December 31, 2015

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 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.

Investments

Investments are recorded at the lower of cost or fair value. Investments generally have a maturity of three year or less at acquisition and are cashable on demand 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, 2015

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, 2015

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 Investments

Investments comprise guaranteed investment certificates which are cashable on demand and have various maturities up to three years and paying interest rates of between .60% and .95%. 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. At December 31, 2015, \$95,362 of this commitment had been incurred with \$nil (2014 - \$95,362) being recorded in development expenses during the year. The remaining commitment at December 31, 2015 is \$29,638.

Downtown Sudbury
Notes to Financial Statements
December 31, 2015

5 Tangible capital assets

				2015
	Furniture, equipment and other \$	Computer equipment \$	Computer software \$	Total \$
Cost				
Balance – Beginning and end of year	25,017	6,050	975	32,042
Accumulated amortization				
Balance - Beginning of year	12,711	4,983	488	18,182
Amortization expense	5,004	383	487	5,874
Balance - End of year	17,715	5,366	975	24,056
Net book value	7,302	684	-	7,986
				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

Downtown Sudbury
Notes to Financial Statements
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6 Ribfest

Ribfest revenues consist of:

	2015	2014
	\$	\$
Event proceeds	88,463	62,500
Event registration	30,400	28,000
	<u>118,863</u>	<u>90,500</u>
Community partnerships		
Ontario Lottery and Gaming Corporation	4,500	5,000
City of Greater Sudbury	1,500	1,500
Sudbury Credit Union	1,000	1,000
Bell Media - CTV Television Network	500	500
Niagara Inflatables & Games	500	-
Labatt Breweries of Canada	-	1,500
Fountain Tire	-	12,000
	<u>8,000</u>	<u>21,500</u>
Total revenues	<u>126,863</u>	<u>112,000</u>

7 Accumulated surplus

	2015				
	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	90,121	-	-	-	90,121
Allocation of amortization to tangible capital assets	5,874	(5,874)	-	-	-
Allocation of interest earnings to reserves	(1,467)	-	969	498	-
Net increase (decrease) for the year	94,528	(5,874)	969	498	90,121
Balance - Beginning of year	178,440	13,860	129,324	66,496	388,120
Balance - End of year	<u>272,968</u>	<u>7,986</u>	<u>130,293</u>	<u>66,994</u>	<u>478,241</u>

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	2014				
	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	(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)	-	-
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
Balance - End of year	178,440	13,860	129,324	66,496	388,120

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Notes to Financial Statements

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8 Expenses

	2015 \$	2014 \$
Marketing, special events, member/board development and services		
Downtown advertising	44,388	71,885
Special events		
Ribfest	129,479	109,971
Christmas	39,726	29,304
UP Fest	12,500	-
Yard Sale	9,169	9,400
Blues for Food	7,268	7,320
Movie Night	5,538	1,726
The Tale of a Town	5,088	-
Other	3,066	230
Parking Elves	2,599	2,848
Hockey Night in Canada Play On	-	12,720
	214,433	173,519
Member/board development communications and services	14,051	18,631
Total marketing, special events, member/board development and services	272,872	264,035
Administration		
Salaries, wages and benefits	164,548	172,773
Rent and utilities	19,818	19,654
Audit and accounting	11,269	10,620
Office and general	10,121	12,432
Telephone	6,006	5,622
Amortization	5,874	5,874
Conferences and professional development	3,120	3,813
Total administration	220,756	230,788
Development		
Beautification	41,737	81,277
Partnerships	6,105	-
Streetscape	-	95,362
Total development	47,842	176,639
Total expenses	541,470	671,462

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 expenditures previously reported in the prior year.