

# **Downtown Sudbury**

Financial Statements  
**December 31, 2012**



April 11, 2013

## **Independent Auditor's Report**

### **To the Members of Downtown Sudbury**

We have audited the accompanying financial statements of Downtown Sudbury, which comprise the statement of financial position as at December 31, 2012 and the statements of operations, change 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, 2012 and the results of its operations, change in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*PricewaterhouseCoopers LLP*

**Chartered Accountants, Licensed Public Accountants**

**Downtown Sudbury**  
Statement of Financial Position  
As at December 31, 2012

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	2012 \$	2011 \$
<b>Financial assets</b>		
Cash	64,265	51,944
Short-term investments (note 3)	400,000	550,000
Accounts receivable	10,375	58,465
	<hr/> 474,640	<hr/> 660,409
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	65,549	59,503
Payable and accruals to the City of Greater Sudbury	20,158	124,305
	<hr/> 85,707	<hr/> 183,808
<b>Net financial assets</b>	<hr/> 388,933	<hr/> 476,601
<b>Non-financial assets</b>		
Tangible capital assets (note 5)	11,115	4,200
Prepaid expenses	5,064	5,319
	<hr/> 16,179	<hr/> 9,519
<b>Accumulated surplus</b> (note 8)	<hr/> 405,112	<hr/> 486,120
<b>Commitments</b> (note 6)		

**Approved on behalf of the Board**

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

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

**Downtown Sudbury**  
**Statement of Operations**  
**For the year ended December 31, 2012**

	<b>Budget</b> \$ (Unaudited)	<b>2012</b> \$	<b>2011</b> \$
<b>Revenues</b>			
Tax levy on Central Business District Members collected by the City of Greater Sudbury	440,000	440,000	429,000
Tax levy adjustments	-	(18,528)	9,346
Ribfest (note 7)	50,000	114,722	99,823
Industry Canada-FedNor	-	-	24,245
Advertising partnerships	-	100	7,557
Human Resources and Skills Development Canada	5,000	5,533	5,528
Interest	3,000	5,165	6,245
Other community partnerships and other revenues	5,000	6,049	6,094
Contributions (note 4)	-	-	6,872
	<u>503,000</u>	<u>553,041</u>	<u>594,710</u>
<b>Expenses (note 9)</b>			
Marketing, special events, member/board development and services	249,500	261,482	262,484
Administration	187,225	188,822	194,280
Development	87,500	183,745	166,353
	<u>524,225</u>	<u>634,049</u>	<u>623,117</u>
<b>Deficiency of revenues over expenditures for the year</b>	(21,225)	(81,008)	(28,407)
<b>Accumulated surplus - Beginning of year</b>	-	486,120	514,527
<b>Accumulated surplus - End of year</b>	-	405,112	486,120

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

## Downtown Sudbury

### Statement of Change in Net Financial Assets

For the year ended December 31, 2012

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	2012 \$	2011 \$
<b>Deficiency of revenues over expenditures for the year</b>	(81,008)	(28,407)
Amortization of tangible capital assets	3,004	1,200
Addition of tangible capital assets	(9,919)	-
Change in prepaid expenses	255	90
	<hr/>	<hr/>
<b>Decrease in net financial assets</b>	(87,668)	(27,117)
<b>Net financial assets - Beginning of year</b>	476,601	503,718
	<hr/>	<hr/>
<b>Net financial assets - End of year</b>	388,933	476,601
	<hr/>	<hr/>

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

# Downtown Sudbury

## Statement of Cash Flows

For the year ended December 31, 2012

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	2012 \$	2011 \$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Deficiency of revenues over expenditures	(81,008)	(28,407)
Amortization of tangible capital assets	3,004	1,200
Change in non-cash assets and liabilities relating to operations		
Accounts receivable	48,090	(24,286)
Prepaid expenses	255	90
Accounts payable and accrued liabilities	6,046	(9,829)
Payable and accruals to the City of Greater Sudbury	(104,147)	124,305
Deferred contributions	-	(6,872)
	<hr/>	<hr/>
	(127,760)	56,201
<b>Investing activities</b>		
Decrease (increase) in short-term investments	150,000	(100,000)
Addition of tangible capital assets	(9,919)	-
	<hr/>	<hr/>
<b>Net change in cash for the year</b>	12,321	(43,799)
<b>Cash - Beginning of year</b>	<hr/>	<hr/>
	51,944	95,743
<b>Cash - End of year</b>	<hr/>	<hr/>
	64,265	51,944
<b>Supplementary information</b>		
Interest received	5,366	7,080

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

# Downtown Sudbury

## Notes to Financial Statements

December 31, 2012

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### 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, being owners of commercial properties, and shared by tenants through their rent. Downtown Sudbury 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 expenditures of the Organization and include all committees of the Organization.

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

#### Cash

Cash includes cash on hand that is readily convertible to 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 market 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 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:

Furniture and equipment	5 years
Computer equipment	3 years



# **Downtown Sudbury**

## **Notes to Financial Statements**

**December 31, 2012**

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Tangible capital assets are written down when conditions indicate that 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.

### **Prepaid expenses**

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

### **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 reserve  
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 that 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.

Contributions representing 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. Transfers received before these criteria have been met are recorded in the financial statements as deferred contributions and are recognized as revenue in the period in which all of these criteria are met.

# Downtown Sudbury

## Notes to Financial Statements

### December 31, 2012

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#### 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. The budget figures are unaudited.

#### 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 reporting amounts of assets and liabilities and 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 these 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 0.8% and 1.25%. The fair value of these investments is approximately equal to cost.

### 4 Contributions

Contributions consist of the following:

	2012	2011
	\$	\$
City of Greater Sudbury Development corporation	-	6,872

**Downtown Sudbury**  
Notes to Financial Statements  
December 31, 2012

**5 Tangible capital assets**

	<b>2012</b>		
	<b>Furniture and equipment \$</b>	<b>Computer equipment \$</b>	<b>Total \$</b>
<b>Cost</b>			
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
<b>Accumulated amortization</b>			
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
<b>Net book value</b>	<b>10,815</b>	<b>300</b>	<b>11,115</b>
			<b>2011</b>
	<b>Furniture and equipment \$</b>	<b>Computer equipment \$</b>	<b>Total \$</b>
<b>Cost</b>			
Balance - Beginning and end of year	12,000	4,900	16,900
<b>Accumulated amortization</b>			
Balance - Beginning and end of year	7,500	4,000	11,500
Amortization expense	900	300	1,200
Balance - End of year	8,400	4,300	12,700
<b>Net book value</b>	<b>3,600</b>	<b>600</b>	<b>4,200</b>

**6 Commitments**

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

**Downtown Sudbury**  
Notes to Financial Statements  
December 31, 2012

**7 Ribfest**

Ribfest revenues consist of:

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Event proceeds	81,916	69,578
Event registration	23,394	20,300
	<u>105,310</u>	<u>89,878</u>
Community partnerships		
Ontario Lottery and Gaming Corporation	5,000	5,000
City of Greater Sudbury	1,500	1,500
Labatt Breweries of Canada	1,500	1,500
Sudbury Credit Union	1,000	1,000
CTV Television Network	412	695
Niagara Inflatables	-	250
	<u>9,412</u>	<u>9,945</u>
Total revenues	<u>114,722</u>	<u>99,823</u>

**8 Accumulated surplus**

	<b>2012</b>				
	<b>Unrestricted operating accumulated surplus</b>	<b>Equity in tangible capital assets</b>	<b>Internally restricted special projects reserve</b>	<b>Internally restricted chargeback reserve</b>	<b>Total accumulated surplus</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Deficiency of revenues over expenses for the year	(81,008)	-	-	-	(81,008)
Allocation of amortization to tangible capital assets	3,004	(3,004)	-	-	-
Tangible 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)
<b>Balance - Beginning of year</b>	<u>195,453</u>	<u>4,200</u>	<u>203,571</u>	<u>82,896</u>	<u>486,120</u>
<b>Balance - End of year</b>	<u>183,002</u>	<u>11,115</u>	<u>145,873</u>	<u>65,122</u>	<u>405,112</u>

# Downtown Sudbury

## Notes to Financial Statements

December 31, 2012

	2011				
	Unrestricted operating accumulated surplus \$	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	(28,407)	-	-	-	(28,407)
Allocation of amortization to tangible capital assets	1,200	(1,200)	-	-	-
Allocation of interest earnings to reserves	(4,500)	-	3,720	780	-
Transfers	104,998	-	(119,998)	15,000	-
Net increase (decrease) for the year	73,291	(1,200)	(116,278)	15,780	(28,407)
<b>Balance - Beginning of year</b>	122,162	5,400	319,849	67,116	514,527
<b>Balance - End of year</b>	195,453	4,200	203,571	82,896	486,120

## 9 Expenses

	2012 \$	2011 \$
<b>Marketing, special events and member communications and services</b>		
Downtown advertising and partnerships	83,148	108,066
Special events		
Ribfest	102,317	90,455
Christmas	36,953	36,532
Hockey Night in Canada Play On	10,176	-
Blues for Food	7,252	9,249
Yard sale	6,548	8,245
Parking elves	2,216	3,977
Other	1,894	306
	167,356	148,764
Member communications and services	10,978	5,654
Total marketing, special events and member communications and services	261,482	262,484

**Downtown Sudbury**  
Notes to Financial Statements  
**December 31, 2012**

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	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<b>Administration</b>		
Salaries, wages and benefits	130,969	141,702
Rent and utilities	18,295	18,017
Office and general	16,321	11,062
Accounting	6,756	5,479
Board expenses	5,269	6,960
Telephone	5,199	5,713
Conferences and professional development	3,009	4,793
Amortization	3,004	1,200
Bad debts	-	(646)
	<hr/>	<hr/>
Total administration	188,822	194,280
<b>Development</b>		
Partnerships	32,500	-
Beautification	39,630	27,490
Streetscape	111,615	138,863
	<hr/>	<hr/>
	183,745	166,353
	<hr/>	<hr/>
<b>Total expenses</b>	<b>634,049</b>	<b>623,117</b>