

Downtown Sudbury

Financial Statements
December 31, 2011



April 18, 2012

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, 2011 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.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Downtown Sudbury as at December 31, 2011 and the results of its operations 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, 2011

	2011 \$	2010 \$
Financial assets		
Cash	51,944	95,743
Short-term investments (note 3)	550,000	450,000
Accounts receivable	58,465	34,179
	660,409	579,922
Financial liabilities		
Accounts payable and accrued liabilities	59,503	69,332
Payable to the City of Greater Sudbury	124,305	-
Deferred contributions (note 4)	-	6,872
	183,808	76,204
Net financial assets	476,601	503,718
Non-financial assets		
Tangible capital assets (note 5)	4,200	5,400
Prepaid expenses	5,319	5,409
	9,519	10,809
Accumulated surplus (note 8)	486,120	514,527
Commitments (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, 2011

	Budget \$ (Unaudited)	2011 \$	2010 \$
Revenues			
Tax levy on Central Business District Members collected by the City of Greater Sudbury	429,000	429,000	429,000
Tax levy adjustments	(15,000)	9,346	169
Ribfest (note 7)	40,000	99,823	68,557
Industry Canada-FedNor	27,599	24,245	19,053
Advertising partnerships	-	7,557	13,680
Human Resources and Skills Development Canada	5,000	5,528	5,406
Interest	3,000	6,245	4,263
Other community partnerships and other revenues	11,000	6,094	5,377
Contributions (note 4)	3,514	6,872	3,514
	<hr/> 504,113	<hr/> 594,710	<hr/> 549,019
Expenses (note 9)			
Marketing, special events, member communications and services	217,500	262,484	240,687
Administration	207,365	194,280	189,503
Development	260,748	166,353	66,563
	<hr/> 685,613	<hr/> 623,117	<hr/> 496,753
Excess (deficiency) of revenues over expenses for the year	(181,500)	(28,407)	52,266
Accumulated surplus - Beginning of year		<hr/> 514,527	<hr/> 462,261
Accumulated surplus - End of year		<hr/> <hr/> 486,120	<hr/> <hr/> 514,527

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, 2011

	2011	2010
	\$	\$
Excess (deficiency) of revenues over expenses for the year	(28,407)	52,266
Amortization of tangible capital assets	1,200	-
Change in prepaid expenses	90	78
	<hr/>	<hr/>
(Decrease) increase in net financial assets	(27,117)	52,344
Net financial assets - Beginning of year	503,718	451,374
	<hr/>	<hr/>
Net financial assets - End of year	476,601	503,718
	<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, 2011

	2011 \$	2010 \$
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenues over expenditures	(28,407)	52,266
Amortization of tangible capital assets	1,200	-
Change in non-cash assets and liabilities relating to operations		
Accounts receivable	(24,286)	3,431
Prepaid expenses	90	78
Accounts payable and accrued liabilities	(9,829)	20,209
Payable to the City of Greater Sudbury	124,305	(17,800)
Deferred contributions	(6,872)	(3,514)
	56,201	54,670
Investing activities		
Increase in short-term investments	(100,000)	(150,000)
Net change in cash for the year	(43,799)	(95,330)
Cash - Beginning of year	95,743	191,073
Cash - End of year	51,944	95,743
Supplementary information		
Interest received	7,080	4,158

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

Downtown Sudbury

Notes to Financial Statements

December 31, 2011

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 and demand deposits that are 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, 2011

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.

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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 financial statements as deferred contributions and are recognized as revenue in the period in which all of these criteria are met.

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 1.20%. The fair value of these investments is approximately equal to cost.

4 Deferred contributions

The deferred contributions consist of the following:

	2011	2010
	\$	\$
City of Greater Sudbury Development corporation	-	6,872

Downtown Sudbury
Notes to Financial Statements
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5 Tangible capital assets

	2011		
	Furniture and equipment \$	Computer equipment \$	Total \$
Cost			
Balance - Beginning and end of year	12,000	4,900	16,900
Accumulated amortization			
Balance - Beginning of year	7,500	4,000	11,500
Amortization expense	900	300	1,200
Balance - End of year	8,400	4,300	12,700
Net book value	3,600	600	4,200
			2010
	Furniture and equipment \$	Computer equipment \$	Total \$
Cost			
Balance - Beginning and end of year	12,000	4,900	16,900
Accumulated amortization			
Balance - Beginning and end of year	7,500	4,000	11,500
Net book value	4,500	900	5,400

6 Commitments

Downtown beautification improvement project contributions

The Organization has, by way of Board resolution, committed \$55,000 of funding for beautification improvement projects. The projects are expected to take place in future years.

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.

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Lease office space

The Organization rents office space under a lease which expired on February 28, 2012. On December 5, 2011, the Organization renewed its lease until 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.

7 Ribfest

Ribfest revenues consist of:

	2011	2010
	\$	\$
Event proceeds	69,578	42,046
Event registration	20,300	20,700
	<hr/>	<hr/>
	89,878	62,746
	<hr/>	<hr/>
Community partnerships		
Ontario Lottery and Gaming Corporation	5,000	-
City of Greater Sudbury	1,500	2,500
Labatt Breweries of Canada	1,500	1,500
Sudbury Credit Union	1,000	1,000
CTV Television Network	695	811
Niagara Inflatables	250	-
	<hr/>	<hr/>
	9,945	5,811
	<hr/>	<hr/>
Total revenues	99,823	68,557
	<hr/>	<hr/>

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8 Accumulated surplus

	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)
Balance - Beginning of year	122,162	5,400	319,849	67,116	514,527
Balance - End of year	195,453	4,200	203,571	82,896	486,120
	2010				
	Unrestricted operating accumulated surplus \$	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	52,266	-	-	-	52,266
Allocation of interest earnings to reserves	(4,263)	-	3,596	667	-
Transfers	(15,000)	-	-	15,000	-
Net increase for the year	33,003	-	3,596	15,667	52,266
Balance - Beginning of year	89,159	5,400	316,253	51,449	462,261
Balance - End of year	122,162	5,400	319,849	67,116	514,527

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Notes to Financial Statements
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9 Expenses

	2011 \$	2010 \$
Marketing, special events and member communications and services		
Downtown advertising and partnerships	108,066	87,253
Special events		
Ribfest	90,455	87,599
Christmas	36,532	38,999
Blues for Food	9,249	8,027
Yard sale	8,245	7,096
Parking elves	3,977	2,930
Sunset hour	-	4,472
Other	306	602
	<u>148,764</u>	<u>149,725</u>
Member communications and services	<u>5,654</u>	<u>3,709</u>
Total marketing, special events and member communications and services	<u>262,484</u>	<u>240,687</u>
Administration		
Salaries, wages and benefits	141,702	137,963
Rent and utilities	18,017	17,630
Office and general	11,062	12,632
Board expenses	6,960	7,434
Telephone	5,713	4,990
Accounting	5,479	4,743
Conferences and professional development	4,793	2,769
Amortization	1,200	-
Bad debts	(646)	1,342
Total administration	<u>194,280</u>	<u>189,503</u>
Development		
Partnerships	-	32,500
Beautification	27,490	23,130
Streetscape	138,863	10,933
	<u>166,353</u>	<u>66,563</u>
Total expenses	<u><u>623,117</u></u>	<u><u>496,753</u></u>

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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 year.