

Financial Statements of

DOWNTOWN SADBURY

And Independent Auditor's Report thereon

Year ended December 31, 2025



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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, 2025
- the statement of operations and accumulated surplus for the year then ended
- the statement of changes in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- and 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, 2025, 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 responsibilities 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 ethical 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.



Responsibilities 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 risks 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, intentional omissions, misrepresentations, or the override of internal control.



Page 3

- 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 purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- 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 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 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, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

June 4, 2026

DOWNTOWN SUDBURY

Statement of Financial Position

December 31, 2025, with comparative information for 2024

	2025	2024
Financial assets		
Cash	\$ 197,166	\$ 64,050
Investments (note 2)	393,702	733,454
Loan receivable (note 3)	30,000	45,000
Accounts receivable (note 4)	43,093	105,922
Accounts receivable from the City of Greater Sudbury	-	1,695
	663,961	950,121
Financial liabilities		
Accounts payable and accrued liabilities (note 5)	69,197	66,452
Payable and accruals to the City of Greater Sudbury	5,186	37,419
	74,383	103,871
Net financial assets	589,578	846,250
Non-financial assets:		
Tangible capital assets (note 7)	10,342	2,801
Prepaid expenses	5,201	6,281
	15,543	9,082
Commitments (note 6)		
Accumulated surplus (note 8)	\$ 605,121	\$ 855,332

See accompanying notes to financial statements.

On behalf of the Board:

_____ Board Member

_____ Board Member

DOWNTOWN SUDBURY

Statement of Operations and Accumulated Surplus

December 31, 2025, with comparative information for 2024

	Budget	Total	Total
	2025	2025	2024
	(note 1(h))		
Revenue:			
Tax levy on Central Business District Members collected by the City of Greater Sudbury	\$ 653,000	\$ 653,000	\$ 630,000
Tax levy adjustments	-	(50,710)	(47,047)
Human Resources and Skills Development Canada	-	12,423	-
Northern Ontario Heritage Fund	-	673	69,327
Northern Ontario Development Fund	-	7,067	-
Interest	-	19,545	40,794
City of Greater Sudbury partnership	-	13,312	110,556
Other community partnerships and other revenues	-	8,800	7,951
	653,000	664,110	811,581
Expenses: (note 9)			
Marketing and promotion	192,000	215,189	311,986
Administration	269,900	331,708	308,776
Beautification and design	173,600	344,177	221,787
Economic development	17,500	23,247	335
	653,000	914,321	842,884
Deficiency of revenue over expenses for the year	-	(250,211)	(31,303)
Accumulated surplus, beginning of year	855,332	855,332	886,635
Accumulated surplus, end of year	\$ 855,332	\$ 605,121	\$ 855,332

See accompanying notes to financial statements.

DOWNTOWN SUDBURY

Statement of Changes in Net Financial Assets

December 31, 2025, with comparative information for 2024

	2025	2024
Deficiency of revenue over expenses for the year	\$ (250,211)	\$ (31,303)
Amortization of tangible capital assets	5,108	2,299
Tangible capital asset additions	(12,649)	(4,202)
Change in prepaid expenses	1,080	(1,110)
Change in net financial assets	(256,672)	(34,316)
Net financial assets, beginning of year	846,250	880,566
Net financial assets, end of year	\$ 589,578	\$ 846,250

See accompanying notes to financial statements.

DOWNTOWN SUDBURY

Statement of Cash Flows

December 31, 2025, with comparative information for 2024

	2025	2024
Cash provided by (used in):		
Operating activities:		
Deficiency of revenue over expenses for the year	\$ (250,211)	\$ (31,303)
Adjustments for:		
Amortization of tangible capital assets	5,108	2,299
	(245,103)	(29,004)
Changes in non-cash working capital items:		
Decrease (increase) in accounts receivable	62,829	(70,521)
Decrease (increase) in loan receivable	15,000	(45,000)
Decrease in accounts receivable from the City of Greater Sudbury	1,695	1,541
Decrease (increase) in prepaid expenses	1,080	(1,110)
Increase (decrease) in accounts payable and accrued liabilities	2,745	(44,899)
Increase (decrease) in payable and accruals to the City of Greater Sudbury	(32,233)	36,423
Net change in operating activities	(193,987)	(152,570)
Investing activities:		
Decrease in investments	339,752	87,603
Purchase of tangible capital assets	(12,649)	(4,202)
Net change in investing activities	327,103	83,401
Increase (decrease) in cash during the year	133,116	(69,169)
Cash, beginning of year	64,050	133,219
Cash, end of year	\$ 197,166	\$ 64,050
Supplementary information:		
Interest received	\$ 19,545	\$ 40,794

See accompanying notes to financial statements.

DOWNTOWN SUDBURY

Notes to Financial Statements

Year ended December 31, 2025

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) Prepaid expenses:

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

(d) 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.

Government transfers 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 accounts as deferred revenue and are recognized as revenue in the period in which all of these criteria are met.

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, 2025

1. Summary of significant accounting policies (continued):

(d) Revenues (continued):

Other revenues from transactions with performance obligations are recognized as the Organization satisfies a performance obligation by providing the promised goods or services to the payor. Other revenue from transactions with no performance obligations, are recognized when the Organization has the authority to claim or retain an inflow of economic resources and when a past transaction or event is an asset. Amounts received prior to the end of the year that will be recognized in subsequent fiscal year are deferred and reported as a liability.

(e) 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
Audio equipment	Straight-line	3 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.

(f) 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.

DOWNTOWN SUDBURY

Notes to Financial Statements

Year ended December 31, 2025

1. Summary of significant accounting policies (continued):

(f) Accumulated surplus (continued):

- 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.

(g) Expenses:

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

(h) 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.

(i) 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.

(j) Financial instruments:

Financial instruments are classified into three categories: fair value, amortized cost or cost. The following chart shows the measurement method for each type of financial instrument:

Financial instrument	Measurement method
Cash and cash equivalents	Cost
Investments	Amortized cost
Accounts receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

DOWNTOWN SUDBURY

Notes to Financial Statements

Year ended December 31, 2025

1. Summary of significant accounting policies (continued):

(j) Financial instruments (continued):

Amortized cost

Amounts are measured using an effective interest rate method. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period, based on the effective interest rate. It is applied to financial assets or financial liabilities that are not in the fair value category and is now the method that must be used to calculate amortized cost.

Cost

Amounts are measured at cost less any amount for valuation allowance. Valuation allowances are made when collection is in doubt.

Fair value

The Organization manages and reports performance for groups of financial assets on a fair-value basis. Investments traded in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment.

At the time of derecognition, the related realized gains and losses are recognized in the Statement of Operations and Accumulated Surplus and related balances reversed from the Statement of Remeasurement Gains and Losses. A statement of remeasurement gains and losses has not been included as there are no matters to report therein.

Establishing fair value

The fair value of guarantees and letters of credit are based on fees currently charged for similar agreements or on the estimated cost to terminate them or otherwise settle the obligations with the counterparties at the reported borrowing date. In situations in which there is no market for these guarantees, and they were issued without explicit costs, it is not practicable to determine their fair value with sufficient reliability (if applicable).

DOWNTOWN SUDBURY

Notes to Financial Statements

Year ended December 31, 2025

1. Summary of significant accounting policies (continued):

(j) Financial instruments (continued):

Fair value hierarchy

The following provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

- 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 from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 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 (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

(k) 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 1.80% to 3.65%. The fair value of these investments is approximately equal to cost.

DOWNTOWN SUDBURY

Notes to Financial Statements

Year ended December 31, 2025

3. Loan receivable:

On February 27, 2024, the Organization entered into a loan agreement with the YES Theater to provide a loan in the amount of \$45,000, to facilitate the purchase of sound equipment necessary for the theater's operations. No interest will be charged on the principal of the loan. A payment of \$15,000 was received in 2025. Annual repayments in the amount of \$15,000 are due by June 1, 2026, and June 1, 2027. In the event of default, a Title Sponsorship will be provided for the year for the same amount.

4. Accounts receivable:

Included in accounts receivable are government remittances receivable of \$32,902 (2024 - \$28,715), which includes amounts receivable for harmonized sales tax.

5. Accounts payable:

Included in accounts payable are government remittances payable of \$3,878 (2024 - \$8,437), which includes amounts payable for payroll related taxes.

6. Commitments:

- (a) The Organization rents office space under a lease that commenced on April 1, 2024 and expires on March 31, 2026. The maximum annual rent paid under the lease agreement is \$29,589 in year one and \$30,998 in year two. On March 26, 2026, the Organization renewed the lease for an additional 2 years. The maximum annual rent paid under the lease extension is \$32,407 in year one and \$33,816 in year two.

DOWNTOWN SUDBURY

Notes to Financial Statements

December 31, 2025, with comparative information for 2024

7. Tangible capital assets:

2025	Cost	Accumulated Amortization	Net Book Value
Furniture, equipment and other	\$ 20,256	\$ 13,077	\$ 7,179
Computer equipment	13,100	9,937	3,163
Leasehold improvements	53,586	53,586	-
	\$ 86,942	\$ 76,600	\$ 10,342

2024	Cost	Accumulated Amortization	Net Book Value
Furniture, equipment and other	\$ 25,338	\$ 25,338	-
Computer equipment	10,456	7,655	2,801
Computer software	488	488	-
Leasehold improvements	53,586	53,586	-
	\$ 89,868	\$ 87,067	\$ 2,801

DOWNTOWN SUDBURY

Notes to Financial Statements

December 31, 2025, with comparative information for 2024

8. Accumulated surplus:

	Unrestricted accumulated operating surplus	Unrestricted equity in tangible capital assets	Internally restricted special projects reserve	Internally restricted chargeback reserve	Total accumulated surplus
2025					
Deficiency of revenue over expenses for the year	\$ (250,211)	\$ -	\$ -	\$ -	(250,211)
Allocation of amortization to tangible capital assets	5,108	(5,108)	-	-	-
Tangible capital asset additions	(12,649)	12,649	-	-	-
Allocation of interest earnings to reserves	(10,131)	-	9,251	880	-
Transfer from special projects	42,000	-	(42,000)	-	-
Transfer from chargeback reserve	46,561	-	-	(46,561)	-
Net increase (decrease) for the year	(179,322)	7,541	(32,749)	(45,681)	(250,211)
Balance, beginning of year	331,887	2,801	474,963	45,681	855,332
Balance, end of year	\$ 152,565	\$ 10,342	\$ 442,214	\$ -	\$ 605,121

	Unrestricted accumulated operating surplus	Unrestricted equity in tangible capital assets	Internally restricted special projects reserve	Internally restricted chargeback reserve	Total accumulated surplus
2024					
Excess of revenue over expenses for the year	\$ (31,303)	\$ -	\$ -	\$ -	(31,303)
Allocation of amortization to tangible capital assets	2,299	(2,299)	-	-	-
Tangible capital asset additions	(4,202)	4,202	-	-	-
Allocation of interest earnings to reserves	(20,696)	-	17,798	2,898	-
Transfer from special projects	31,303	-	-	(31,303)	-
Net increase (decrease) for the year	(22,599)	1,903	17,798	(28,405)	(31,303)
Balance, beginning of year	354,486	898	457,165	74,086	886,635
Balance, end of year	\$ 331,887	\$ 2,801	\$ 474,963	\$ 45,681	\$ 855,332

DOWNTOWN SUDBURY

Notes to Financial Statements

December 31, 2025, with comparative information for 2024

9. Expenses:

	2025	2024
Marketing and promotion:		
Marketing "Downtown Sudbury"	\$ 116,941	\$ 156,830
Sponsorships	39,800	53,707
Christmas	18,959	42,191
Patio Program	16,250	27,529
Gift Card Program	16,173	22,758
Events	7,066	8,971
Total marketing and promotion	215,189	311,986
Administration:		
Salaries, wages and benefits	226,999	172,285
Rent and utilities	34,169	35,459
Office and general	24,250	23,344
Audit and accounting	23,608	16,426
Conferences and professional development	6,616	12,764
Telephone	6,042	9,428
Amortization of tangible capital assets	5,108	2,299
Member/board development communications and services	4,693	21,838
Advertising	223	14,933
Total administration	331,708	308,776
Beautification and design:		
Welcoming Streets initiative	240,519	96,215
Beautification elements	60,063	43,199
Clean-Up Program	43,595	82,373
Total beautification and design	344,177	221,787
Economic development	23,247	335
Total expenses	\$ 914,321	\$ 842,884

DOWNTOWN SUDBURY

Notes to Financial Statements

Year ended December 31, 2025

10. Financial risks and concentration of credit risk:

The Organization is exposed to various risks through its financial instruments. The following analysis provides information about the Organization's risk exposure and concentration as of December 31, 2025.

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in financial loss. The Organization is exposed to credit risk with respect to the accounts receivable and loan receivable. The Organization assesses amounts receivable on a continuous basis and provides for any amounts that are not collectible in the allowance for doubtful accounts.

(b) Liquidity risk:

Liquidity risk is the risk that the Organization will not be able to meet its financial obligations as they become due. The Organization is exposed to this risk with respect to its accounts payable and accrued liabilities. The Organization maintains sufficient cash balances to meet its obligations and does not believe it is subject to significant liquidity risk.

(c) Market risk:

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of market factors. Market factors include three types of risk: currency risk, interest rate risk and equity risk. The Organization is not exposed to significant currency or equity risk as it does not transact materially in foreign currency or hold equity financial instruments. It is primarily exposed to interest rate risk.

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization is exposed to interest rate risk on its interest-bearing investments. Fixed-rate instruments subject the Organization to a fair value risk.

There have been no significant changes from the prior year in exposure to market risk or the policies, procedures and methods used to measure the risk.