

Financial Statements of

**DOWNTOWN SADBURY**

And Independent Auditor's Report thereon

Year ended December 31, 2022



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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, 2022
- the statement of operations and accumulated surplus for the year then ended
- the statement of statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and the 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, 2022, 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 responsibility 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 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.



### ***Responsibility 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 risk 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, internal omissions, misrepresentations, or the override of internal control.

- 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 purposes of expressing an opinion on the effectiveness of the Entity's internal control.



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- 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 the 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's 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' with a horizontal line underneath.

Chartered Professional Accountants, Licensed Public Accountants  
Sudbury, Canada  
May 4, 2023

# DOWNTOWN SUDBURY

## Statement of Financial Position

December 31, 2022, with comparative information for 2021

	2022	2021
<b>Financial assets</b>		
Cash	\$ 74,795	\$ 129,443
Investments (note 2)	859,267	802,138
Accounts receivable (note 3)	66,524	49,416
	<u>1,000,586</u>	<u>980,997</u>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities (note 4)	161,958	82,806
Payable and accruals to the City of Greater Sudbury	-	14,671
	<u>161,958</u>	<u>97,477</u>
Net financial assets	838,628	883,520
Non-financial assets:		
Tangible capital assets (note 6)	2,183	1,572
Prepaid expenses	5,566	3,447
	<u>7,749</u>	<u>5,019</u>
Commitments (note 5)		
Accumulated surplus (note 7)	\$ 846,377	\$ 888,539

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_ Board Member

\_\_\_\_\_ Board Member

# DOWNTOWN SUDBURY

## Statement of Operations and Accumulated Surplus

Year ended December 31, 2022, with comparative information for 2021

	Budget	Total	Total
	2022	2022	2021
	(note 1(i))		
Revenue:			
Tax levy on Central Business District Members collected by the City of Greater Sudbury	\$ 600,000	\$ 600,000	\$ 600,000
Tax levy adjustments	-	(4,090)	(14,671)
NOHFC	-	21,403	-
Interest	-	15,263	2,415
Other community partnerships and other revenues	-	317	683
	600,000	632,893	588,427
Expenses: (note 8)			
Marketing and promotion	150,000	134,646	128,317
Live and Outside	100,000	128,464	121,345
Propel Downtown	210,000	88,247	23,989
Administration	250,000	270,938	285,068
0 Vacancy Initiative	45,000	4,394	4,462
Enhancing and Beautifying the Commons	45,000	48,366	38,836
Partnership Programs	-	-	100,000
	800,000	675,055	702,017
Deficiency of revenue over expenses for the year	(200,000)	(42,162)	(113,590)
Accumulated surplus, beginning of year	888,539	888,539	1,002,129
Accumulated surplus, end of year	\$ 688,539	\$ 846,377	\$ 888,539

See accompanying notes to financial statements.

# DOWNTOWN SUDBURY

## Statement of Changes in Net Financial Assets

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Deficiency of revenue over expenses for the year	\$ (42,162)	\$ (113,590)
Amortization of tangible capital assets	2,085	12,521
Tangible capital asset additions	(2,696)	(1,159)
Change in prepaid expenses	(2,119)	6,884
Change in net financial assets	(44,892)	(95,344)
Net financial assets, beginning of year	883,520	978,864
Net financial assets, end of year	\$ 838,628	\$ 883,520

See accompanying notes to financial statements.

# DOWNTOWN SUDBURY

## Statement of Cash Flows

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operating activities:		
Deficiency of revenue over expenses for the year	\$ (42,162)	\$ (113,590)
Adjustments for:		
Amortization of tangible capital assets	2,085	12,521
	(40,077)	(101,069)
Changes in non-cash working capital items:		
Increase in accounts receivable	(17,108)	(31,790)
Decrease in receivable from the City of Greater Sudbury	-	1,066
Decrease (increase) in prepaid expenses	(2,119)	6,884
Increase in accounts payable and accrued liabilities	79,152	32,466
Increase (decrease) in payable and accruals to the City of Greater Sudbury	(14,671)	14,671
Net change in operating activities	5,177	(77,772)
Investing activities:		
Decrease (increase) in investments	(57,129)	104,596
Purchase of tangible capital assets	(2,696)	(1,159)
Net change in investing activities	(59,825)	103,437
Increase (decrease) in cash during the year	(54,648)	25,665
Cash, beginning of year	129,443	103,778
Cash, end of year	\$ 74,795	\$ 129,443
Supplementary information:		
Interest received	\$ 15,263	\$ 2,415

See accompanying notes to financial statements.

# DOWNTOWN SUDBURY

## Notes to Financial Statements

Year ended December 31, 2022

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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) Investments:

Investments are recorded at the lower of cost or fair value. Investments generally have a maturity of two years or less at acquisition and are cashable on demand and are held for the purpose of meeting future cash commitments.

(d) Prepaid expenses:

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

(e) 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.

# DOWNTOWN SUDBURY

Notes to Financial Statements

Year ended December 31, 2022

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## 1. Summary of significant accounting policies (continued):

### (f) 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
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.

### (g) 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.

### (h) Expenses:

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

# DOWNTOWN SUDBURY

Notes to Financial Statements

Year ended December 31, 2022

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## 1. Summary of significant accounting policies (continued):

### (i) Budget figures:

Budget figures have been provided for comparison purposes and have been derived from the budget approved by the Board of Directors.

### (j) 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.

## 2. Investments:

Investments comprise guaranteed investment certificates which are cashable on demand and have various maturities within a year and paying interest rates of 2.75% to 3.40%. The fair value of these investments is approximately equal to cost.

## 3. Accounts receivable:

Included in accounts receivable are government remittances receivable of \$19,731 (2021 - \$15,207), which includes amounts receivable for harmonized sales tax.

## 4. Accounts payable:

Included in accounts payable are government remittances payable of \$5,336 (2021 - \$4,441), which includes amounts payable for payroll related taxes.

## 5. Commitments:

The Organization rents office space under a lease that commenced on July 1, 2017 and expired on March 31, 2022. The maximum annual rent paid under the lease agreement is \$25,370 in years one and two, and \$26,780 in years three through five. The Organization has renewed the lease for an additional 2 years. The maximum annual rent paid under the lease extension is \$26,780 in year one and \$28,180 in year two.

# DOWNTOWN SUDBURY

Notes to Financial Statements

Year ended December 31, 2022

## 6. Tangible capital assets:

2022	Cost	Accumulated Amortization	Net Book Value
Furniture, equipment and other	\$ 25,338	\$ 25,338	\$ -
Computer equipment	7,510	5,327	2,183
Computer software	488	488	-
Leasehold improvements	53,586	53,586	-
	<u>\$ 86,922</u>	<u>\$ 84,739</u>	<u>\$ 2,183</u>

2021	Cost	Accumulated Amortization	Net Book Value
Furniture, equipment and other	\$ 25,338	\$ 25,338	\$ -
Computer equipment	9,295	7,723	1,572
Computer software	1,463	1,463	-
Leasehold improvements	53,586	53,586	-
	<u>\$ 89,682</u>	<u>\$ 88,110</u>	<u>\$ 1,572</u>

# DOWNTOWN SUDBURY

Notes to Financial Statements

Year ended December 31, 2022

## 7. Accumulated surplus:

2022	Unrestricted accumulated operating surplus	Unrestricted equity in tangible capital assets	Internally restricted special projects reserve	Internally restricted chargeback reserve	Total accumulated surplus
Excess of revenue over expenses for the year	\$ (42,162)	\$ -	\$ -	\$ -	(42,162)
Allocation of amortization to tangible capital assets	2,085	(2,085)	-	-	-
Tangible capital asset additions	(2,696)	2,696	-	-	-
Allocation of interest earnings to reserves	(4,569)	-	3,539	1,030	-
Net increase (decrease) for the year	(47,342)	611	3,539	1,030	(42,162)
Balance, beginning of year	574,589	1,572	241,985	70,393	888,539
Balance, end of year	\$ 527,247	\$ 2,183	\$ 245,524	\$ 71,423	\$ 846,377

2021	Unrestricted accumulated operating surplus	Unrestricted equity in tangible capital assets	Internally restricted special projects reserve	Internally restricted chargeback reserve	Total accumulated surplus
Excess of revenue over expenses for the year	\$ (113,590)	\$ -	\$ -	\$ -	(113,590)
Allocation of amortization to tangible capital assets	12,521	(12,521)	-	-	-
Tangible capital asset additions	(1,159)	1,159	-	-	-
Allocation of interest earnings to reserves	(647)	-	501	146	-
Net increase (decrease) for the year	(102,875)	(11,362)	501	146	(113,590)
Balance, beginning of year	677,464	12,934	241,484	70,247	1,002,129
Balance, end of year	\$ 574,589	\$ 1,572	\$ 241,985	\$ 70,393	\$ 888,539

# DOWNTOWN SUDBURY

## Notes to Financial Statements

Year ended December 31, 2022

### 8. Expenses:

	2022	2021
Marketing and Promotion		
Marketing "Downtown Sudbury"	\$ 56,421	\$ 39,919
Christmas	33,423	8,116
Sponsorships	24,000	52,036
Gift Card Program	20,802	28,246
Other events	-	-
Total Marketing and Promotion	134,646	128,317
Administration:		
Salaries, wages and benefits	190,583	196,065
Rent and utilities	29,655	29,388
Office and general	13,654	13,441
Audit and accountings	12,372	10,669
Member/board development communications and services	10,681	9,516
Legal	2,210	-
Telephone	6,381	7,424
Amortization	2,085	12,521
Conferences and professional development	3,317	6,044
Total administration	270,938	285,068
Enhancing and Beautifying Commons	48,366	38,836
Live and Outside		
Patio Program	105,143	121,345
Street Activation	23,321	-
Total Live & Outside	128,464	121,345
Propel Downtown		
Clean-up Program	87,774	23,989
Welcoming Streets initiative	473	-
Total Propel Downtown	88,247	23,989
0 Vacancy Initiative	4,394	4,462
Partnership Programs		
City Greater Sudbury Streetscape	-	100,000
Total Partnership Programs	-	100,000
Total expenses	\$ 675,055	\$ 702,017

# DOWNTOWN SUDBURY

Notes to Financial Statements

Year ended December 31, 2022

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## **9. Comparative information:**

Certain comparative information has 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.