

SECTION 10

Financial Statements of

**THE SADBURY COMMUNITY
DEVELOPMENT CORPORATION**

Year ended March 31, 2008



FREELANDT CALDWELL REILLY LLP
CHARTERED ACCOUNTANTS



KPMG LLP
Chartered Accountants

AUDITORS' REPORT

To the Board of Directors of the **Sudbury Community Development Corporation**

We have audited the statement of financial position of the **Sudbury Community Development Corporation** as at **March 31, 2008** and the statement of operations and changes in net assets for the year then ended. These financial statements are the responsibility of the corporation's management. 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 plan and perform an audit to obtain reasonable assurance whether these financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at March 31, 2008 and the results of its operations and changes in net assets for the year then ended in accordance with Canadian generally accepted accounting principles.

Collins Barrow, Sudbury-Nipissing LLP

COLLINS BARROW, SUDBURY NIPISSING LLP

Chartered Accountants

Licensed Public Accountants

Freelandt Caldwell Reilly LLP

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Sudbury, Canada
December 16, 2008

SUDBURY COMMUNITY DEVELOPMENT CORPORATION
Statement of Financial Position**March 31, 2008 with comparative figures for 2007**

	2008	2007
Assets		
Current assets:		
Cash	\$ 16,030	\$ 15,107
Accounts receivable	207	49
	<u>16,237</u>	<u>15,156</u>
Capital assets (note 2)	277,657	622,624
	<u>\$ 293,894</u>	<u>\$ 637,780</u>
Liabilities and net assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 6,500	\$ 3,890
Advances from City of Greater Sudbury (note 3)	9,737	11,266
Current portion of loan payable	-	75,000
	<u>16,237</u>	<u>90,156</u>
Loan payable (note 4)	75,000	75,000
Deferred capital contributions (note 5)	202,657	472,624
	<u>293,894</u>	<u>637,780</u>
Net assets	-	-
Commitments and contingent liabilities (notes 6 and 7)		
	<u>\$ 293,894</u>	<u>\$ 637,780</u>

See accompanying notes to financial statements

SUDBURY COMMUNITY DEVELOPMENT CORPORATION
Statement of Operations and Changes in Net Assets**Year ended March 31, 2008 with comparative figures for 2007**

	2008	2007
Revenue:		
Amortization of deferred capital contributions	\$ 269,967	\$ 321,342
Equipment lease	75,000	75,750
City of Greater Sudbury contribution	5,420	9,091
Interest and other	1,080	585
	<hr/> 351,467	<hr/> 406,768
Expenditures:		
Amortization	344,967	344,967
Office and administration	6,500	13,425
	<hr/> 351,467	<hr/> 358,392
Excess of revenue over expenditures before under noted items	-	48,376
Loss on sale of computers	-	(48,376)
Excess of revenue over expenditures, being net assets, end of year	<hr/> \$ -	<hr/> \$ -

See accompanying notes to financial statements

SUDBURY COMMUNITY DEVELOPMENT CORPORATION

Notes to the Financial Statements

March 31, 2008

The corporation is principally involved in the promotion of community economic development in the City of Greater Sudbury by encouraging, facilitating and supporting community strategic planning and increasing self-reliance, investment and job creation within the community. The corporation was incorporated without share capital on August 10, 1998 under the laws of the Province of Ontario and qualifies as a non-profit organization which is exempt from income tax under the Income Tax Act (Canada).

1. Significant accounting policies:

(a) Revenue recognition:

The corporation follows the deferral method of accounting for contributions.

Unrestricted contributions are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions are deferred and recognized as revenue in the period in which the restrictive conditions are satisfied. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets.

(b) Capital assets:

Capital assets are stated at cost. Amortization is provided on assets placed in use on a straight-line basis over their estimated useful lives as follows:

Project development costs	10 years
Furniture and equipment	7 years
Computer equipment	4 years

Leasehold improvements are amortized over the remaining term of the lease plus the first renewal option (note 6(a)).

(c) Financial instruments:

Effective April 1, 2007, the organization has adopted the CICA Handbook Sections 3855 "Financial Instruments - Recognition and Measurement" and 3861 "Financial Instruments - Presentation and Disclosure". As provided under the standards, the comparative figures have not been restated. These new Handbook sections have lead to changes in the accounting for financial instruments. All relevant changes are outlined below.

SUDBURY COMMUNITY DEVELOPMENT CORPORATION

Notes to the Financial Statements

March 31, 2008

(c) Financial instruments (continued):

Section 3861 establishes standards for disclosure and presentation of financial instruments and non-financial derivatives, and identifies the information that should be disclosed about them.

Section 3855 prescribes when a financial asset, financial liability or non-financial derivative is to be recognized on the statement of financial position and at what amount, requiring fair value or cost-based measures under different circumstances. Under Section 3855, financial instruments must be classified into one of these five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments, including derivatives, are measured in the statement of financial position at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification, as follows: held-for-trading financial assets are measured at fair value and changes in fair value are recognized in the statement of operations; available-for-sale financial instruments are measured at fair value with changes in fair value recorded in the statement of changes in net assets.

Upon adoption of the new standards on April 1, 2007, the organization has selected the following balance sheet classifications with respect to its financial assets and financial liabilities:

- Cash is a financial asset classified as "held-for-trading", which is measured at "fair value".
- Accounts receivable are classified as loans and receivables, which are measured at amortized cost, which, upon initial recognition, is considered equivalent to fair value; subsequent measurements are recorded at amortized cost using the effective interest rate method; and
- Accounts payable and accrued liabilities, advances from City of Greater Sudbury and loan payable are financial liabilities classified as "other financial liabilities" and are initially measured at their fair value. Subsequent measurements are recorded at amortized cost using the effective interest rate method.

SUDBURY COMMUNITY DEVELOPMENT CORPORATION**Notes to the Financial Statements****March 31, 2008**

2. Capital assets:

	Cost	Accumulated Amortization	2008 Net Book Value	2007 Net Book Value
Project development costs	\$ 279,526	\$ 251,574	\$ 27,952	\$ 55,905
Leasehold improvements	2,832,417	2,582,712	249,705	566,719
Furniture and equipment	924,514	924,514	-	-
Computer equipment	-	-	-	-
	\$ 4,036,457	\$ 3,758,800	\$ 277,657	\$ 622,624

3. Advances from the City of Greater Sudbury:

Advances from the City of Greater Sudbury are unsecured, non-interest bearing and due on demand.

The corporation is related to the City of Greater Sudbury by virtue of common control.

4. Loan payable:

The loan payable represents the balance of an interest free loan from the Northern Ontario Heritage Fund Corporation to be repaid in ten annual instalments of \$75,000, originally maturing December 30, 2008. Repayment of this loan has been guaranteed by Teletech Holdings Inc. and Teletech Canada Inc. The final loan payment of \$75,000 has been deferred pursuant to a letter agreement dated August 27, 2008 until December 30, 2009. All other terms of the agreement remain the same.

5. Deferred capital contributions:

Deferred capital contributions represent the unamortized amount of contributions restricted for the purchase of capital assets. The amortization of deferred capital contributions is recorded as revenue in the statement of operations and matches the amortization method and rates of the capital assets to which it relates.

SUDBURY COMMUNITY DEVELOPMENT CORPORATION

Notes to the Financial Statements

March 31, 2008

6. Lease agreements:

- (a) The corporation entered into an agreement to lease approximately 40,000 square feet of office space in the City of Greater Sudbury for a guaranteed term of seven years commencing January 1, 1999.

Coincidental with this lease agreement, the corporation entered into a Flow Through Sublease Agreement with Teletech Holdings Inc. and Teletech Canada Inc. that upon the granting of the sublease, the landlord will look solely to Teletech Canada Inc. for the performance of the obligations under the lease. In no event will the landlord be entitled to proceed against any assets of the corporation.

Upon expiry of the initial lease term on December 31, 2005, the lease was renewed by The City of Greater Sudbury Community Development Corporation, a company related by virtue of common control, with a Flow Through sublease arrangement similar to the arrangement described above. -

- (b) The corporation has entered into an agreement to lease certain furniture, office equipment and computer equipment to Teletech Canada Inc. for a term of ten years at a rate of \$75,000 per annum expiring December 31, 2008.

7. Contingent liabilities:

The corporation has entered into accountable contribution agreements with government funding agencies. These agreements are subject to audit by the various governments, with possible repayable audit adjustments to the funding agency government. Any repayments, however, are guaranteed by Teletech Holdings Inc. and Teletech Canada Inc.

8. Financial instruments:

The company's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities, advances from City of Greater Sudbury and loan payable. It is management's opinion that the company is not exposed to significant interest, currency or credit risks and that the fair value of these items are not materially different from their carrying amounts as presented in the statement of financial position.

SUDBURY COMMUNITY DEVELOPMENT CORPORATION

Notes to the Financial Statements

March 31, 2008

9. Other information:

a) Human Resources Development Canada:

In 1999 the corporation entered into an agreement with Human Resources Development Canada (HRDC) whereby HRDC provided a contribution of \$2,980,000 to assist the corporation in establishing the appropriate infrastructure to create an inbound/outbound call centre of approximately 40,000 square feet.

b) Northern Ontario Heritage Fund:

In 1999 the corporation entered into an agreement with the Northern Ontario Heritage Fund Corporation (NOHFC) whereby NOHFC provided the corporation with an interest free repayable loan of \$750,000, the balance of which is \$75,000 (2007 - \$150,000), and a forgivable loan of \$1,907,960 to assist the corporation in establishing the appropriate infrastructure to create an inbound/outbound call centre of approximately 40,000 square feet.

Under the terms of this agreement the project was satisfactorily completed and in 2005 the \$1,907,960 loan was forgiven by NOHFC.

10. Cashflow statement:

A cashflow statement has not been presented as it would not provide any additional meaningful information.

11. Future changes to accounting standards

(a) General standard on financial statement presentation

Effective April 1, 2008, the company will be required to adopt the Canadian Institute of Chartered Accountants Handbook Section 1400 "General Standards on Financial Statement Presentation". The new standard amends the previous standard to include the requirement for management to assess the company's ability to continue as a going concern.

Management does not expect the standard to have a significant impact on the company's financial statements.