

SECTION 7

Financial Statements of

SUDBURY METRO CENTRE

Year ended December 31, 2008

AUDITORS' REPORT

To the Members of the Sudbury Metro Centre

We have audited the statement of financial position of **Sudbury Metro Centre** as at **December 31, 2008** and the statement of financial activities and cash flows for the year then ended. These financial statements are the responsibility of the Centre'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 the 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 Sudbury Metro Centre as at December 31, 2008 and the results of its financial activities and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Our examination was made for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information included in Schedules 1 through 3 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the examination of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.



COLLINS BARROW, SUDBURY NIPISSING LLP
Chartered Accountants
Licensed Public Accountants



FREELANDT CALDWELL REILLY LLP
Chartered Accountants
Licensed Public Accountants



KPMG LLP
Chartered Accountants
Licensed Public Accountants

Sudbury, Canada
February 12, 2009

SUDBURY METRO CENTRE**Statement of Financial Position****December 31, 2008 with comparative figures for 2007**

	2008	2007
Financial Assets		
Cash	\$ 124,538	\$ 40,523
Short-term investments, at cost (note 2)	278,369	323,008
Accounts receivable	51,461	17,571
Prepaid expenses and deposits	8,046	6,628
Total financial assets	462,414	387,730
Financial Liabilities		
Accounts payable and accrued liabilities	43,521	53,725
Payable to the Corporation of the City of Greater Sudbury	19,847	10,345
Deferred revenue (note 3)	11,863	-
Total financial liabilities	75,231	64,070
Net Financial Assets	\$ 387,183	\$ 323,660
Municipal Position:		
Fund Balances		
Reserve funds (note 4)	\$ 323,024	\$ 275,325
Operating fund	64,159	48,335
	387,183	323,660
Commitments (note 5)		
Total Municipal Position	\$ 387,183	\$ 323,660

SUDBURY METRO CENTRE
Statement of Financial Activities

Year ended December 31, 2008 with comparative figures for 2007

	2008	2007
Revenues:		
Tax levy on Central Business District		
Members collected by the City of Greater Sudbury	\$ 400,000	\$ 400,000
Tax levy adjustments (note 7)	(18,396)	980
Events	34,606	-
Industry Canada - FedNor	25,212	-
City of Greater Sudbury Development Corporation	23,500	-
Advertising partnerships	16,232	29,386
Interest	12,196	13,555
Other community partnerships and event sponsors	10,090	-
Corporation of the City of Greater Sudbury partnerships	8,500	4,000
Parking stamps and tokens	5,950	5,460
Human Resources and Skills Development Canada	4,607	9,467
Farmers' Market	-	2,372
Other	14,881	108
Deferred revenue, end of year	(11,863)	-
Total Revenues	525,515	465,328
Expenditures:		
Marketing, special events, and member communications and services	186,230	137,895
Administration	168,766	180,809
Development	98,574	46,604
Parking	8,422	7,742
Farmers' Market	-	67,732
Total expenditures	461,992	440,782
Excess of revenues over expenditures	63,523	24,546
Fund balances, beginning of year	323,660	299,114
Fund balances, end of year	\$ 387,183	\$ 323,660

SUDBURY METRO CENTRE**Cash Flows Statement****Year ended December 31, 2008 with comparative figures for 2007**

	2008	2007
Cashflows from operating activities:		
Excess of revenues over expenditures	\$ 63,523	\$ 24,546
Change in non-cash operating working capital:		
Accounts receivable	(33,890)	(4,787)
Receivable/payable City of Greater Sudbury	9,502	10,460
Prepaid expenses and deposits	(1,418)	7,413
Accounts payable and accrued liabilities	(10,204)	(20,408)
Farmers' Market deposits	-	(3,375)
Deferred revenue	11,863	-
Net increase in cash and cash equivalents	39,376	13,849
Cash and cash equivalents, beginning of year	363,531	349,682
Cash and cash equivalents, end of year	\$ 402,907	\$ 363,531
Cash and cash equivalents are comprised of:		
Cash	\$ 124,538	\$ 40,523
Short-term investments	278,369	323,008
	\$ 402,907	\$363,531
Other information:		
Interest received	\$ 11,392	\$ 14,296

SUDBURY METRO CENTRE

Notes to Financial Statements

December 31, 2008

Sudbury Metro Centre was established by laws of the former Corporation of The City of Sudbury. The Centre is responsible for the promotion of the Central Business District Improvement Area of the City of Greater Sudbury as a business and shopping area and also the improvement, beautification and maintenance of municipally owned lands, buildings and structures in the Improvement Area.

1. Accounting policies:

The financial statements of the Sudbury Metro Centre (the "Centre") are the representations of management prepared in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations.

The focus of PSAB financial statements is on the financial position of the Centre and changes thereto. The Statement of Financial Position includes all the assets and liabilities of the Centre. Financial assets are those assets which could provide resources to discharge existing liabilities or finance future operations. Municipal position represents the financial position and is the difference between assets and liabilities. This statement provides information about the Centre's overall future revenue requirements and its ability to finance activities and meet its obligations.

Significant aspects of the accounting policies adopted by the Centre are as follows:

(a) Fund accounting:

Funds within the financial statement consist of operating and reserve funds. Transfers between funds are recorded as adjustments to the appropriate fund balance.

(b) Basis of accounting:

These financial statements reflect the assets, liabilities, revenues, expenditures, and fund balances of the reporting entity and include the activities of all committees of the board.

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

SUDBURY METRO CENTRE

Notes to Financial Statements

December 31, 2008

(c) Capital assets:

The historical cost and accumulated amortization of capital assets are not reported for local government purposes. Expenditures on capital assets are charged to operations in the year of acquisition.

(d) Deferred revenue:

Funding received under funding arrangements which relate to a subsequent fiscal year are recorded as deferred revenue and are recognized as revenue in the year to which they relate. Unexpended portions of grants received for specific purposes are reflected as deferred revenue and are recognized as revenue in the year they are expended.

(f) Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principals requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities at the date of the financial statements and reported amounts of certain revenues and expenditures during the reporting period. By their nature, these estimates are subject to measurement uncertainty. The effect of changes in such estimates on the financial statements in future periods could be significant. Accounts specifically affected by estimates in these financial statements are tax levy adjustments and certain accrued liabilities.

(g) Revenue recognition:

Tax levy revenue is earned and accrued for 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 when the results of the appeal process is known.

Revenues from government grants are earned and accrued on the basis of their related funding agreements which generally include specific expenditure requirements.

Other revenues are recorded on the accrual basis when earned.

SUDBURY METRO CENTRE

Notes to Financial Statements

December 31, 2008

2. Short-term investments:

Short-term investments are recorded at cost and are comprised of term deposits, and guaranteed investment certificates with various maturities within one year and paying various interest rates between 1.5% and 3.4%. The market values of these investments are approximately equal to cost.

3. Deferred revenue

The deferred revenue consists of the following:

	2008	2007
City of Greater Sudbury Development Corporation	\$ 11,863	\$ -

4. Reserve funds:

Reserve funds consist of the following:

	2008	2007
Funds set aside by the Centre for:		
Special projects	\$271,575	\$223,876
Chargeback	51,449	51,449
	\$323,024	\$275,325

SUDBURY METRO CENTRE

Notes to Financial Statements

December 31, 2008

5. Commitments:

(a) Downtown beautification improvement project contributions

The Centre has, by way of Board resolution, committed \$100,000 of funding for beautification improvement projects. The projects are expected to take place in future years.

(b) Northern Ontario School of Architecture contributions

The Centre has, by way of Board resolution, committed \$50,000 of funding for towards the establishment of a Northern Ontario School of Architecture subject to certain conditions including the realization of the initiative and its location being within the Sudbury Metro Centre Business Improvement Area boundaries.

(c) Lease office space

The Centre rents office space under a lease which expires February 28, 2012. The maximum annual rent to be paid under the lease agreement is \$17,600.

6. Financial instruments:

The Centre's financial instruments consists of cash, short-term investments, accounts receivable, accounts payable and accrued liabilities and payable to the Corporation of the City of Greater Sudbury. Unless otherwise noted, it is management's opinion that the Centre is not exposed to significant interest, currency or credit risks and that the fair value of these items are not materially different from the carrying amounts as presented in the balance sheet.

7. Tax levy adjustments:

Tax levy adjustments result from municipal tax appeals and write-offs of uncollectable taxes. These adjustments are recorded in the year they are determined.

8. Comparative figures:

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted in the current year.

SUDBURY METRO CENTRE

Notes to Financial Statements

December 31, 2008

9. Tangible capital assets:

The Centre manages tangible capital assets comprised of furniture, computers and other office equipment.

During the year the Centre did not acquire any additional tangible capital assets.

The Centre has begun an administrative process to identify its tangible capital assets for financial reporting purposes. This process includes preparing capitalization and capital asset amortization policies, determining an inventory of tangible capital assets, determining the original capital cost of the assets, their residual values, accumulated amortization and net book values. This information is to be included in the Centre's December 31, 2009 financial statements.

SUDBURY METRO CENTRE
Schedule of Operating Fund Activities

Schedule 1

Year ended December 31, 2008 with comparative figures for 2007

	Budget	2008	2007
Revenues:			
Tax levy on Central Business District members collected by the City of Greater Sudbury	\$ 400,000	\$ 400,000	\$ 400,000
Tax levy adjustments	-	(18,396)	980
Events	-	34,606	-
Industry Canada - FedNor	48,000	25,212	-
City of Greater Sudbury Development Corporation	22,000	23,500	-
Advertising partnerships	-	16,232	29,386
Other community partnerships and event sponsors	-	10,090	-
Corporation of the City of Greater Sudbury	-	8,500	4,000
Parking stamps and tokens	5,500	5,950	5,460
HRDC	5,000	4,607	9,467
Interest	6,000	3,284	5,260
Farmers' Market	-	-	2,372
Other	3,000	14,881	108
Deferred revenue, end of the year	-	(11,863)	-
Total revenues	489,500	516,603	457,033
Expenditures:			
Marketing, special events, and member communications and services	156,500	186,230	137,895
Administration	179,000	168,766	180,809
Development:			
Streetscape	170,000	54,303	-
Christmas decorations purchases	-	26,291	18,496
General	64,500	17,980	28,108
	234,500	98,574	46,604
Parking	5,500	8,422	7,742
Farmers' Market	-	-	34,350
Contingency	23,500	-	-
Total expenditures	599,000	461,992	407,400
Excess (deficiency) of revenue over expenditures before transfers	(109,500)	54,611	49,633
Transfers from (to) reserve funds:			
Transfers to reserve funds	(25,000)	(38,787)	(33,600)
Transfers from reserve funds	100,000	-	18,500
Net transfers	75,000	(38,787)	(15,100)
Change in operating fund	(34,500)	15,824	34,533
Operating fund, beginning of year	48,335	48,335	13,802
Operating fund, end of year	\$ 13,835	\$ 64,159	\$ 48,335

SUDBURY METRO CENTRE
Schedule of Reserve Funds Activities**Schedule 2****Year ended December 31, 2008 with comparative figures for 2007**

	2008	2007
Revenues:		
Interest	\$ 8,912	\$ 8,295
Net transfers from (to) reserve funds:		
Transfer from operating fund	38,787	33,600
Transfer to operating fund	-	(18,500)
Net transfers to reserve funds	38,787	15,100
Transfer of Farmers' Market capital improvements reserve to City of Greater Sudbury	-	(33,382)
Change in reserve funds	47,699	(9,987)
Reserve funds, beginning of year	275,325	285,312
Reserve funds, end of year	\$ 323,024	\$ 275,325

SUDBURY METRO CENTRE**Schedule of Expenditures****Schedule 3**

Year ended December 31, 2008 with comparative figures for 2007

	2008	2007
Marketing, special events, and member communications and services		
Downtown advertising and advertising partnerships	\$ 78,372	\$ 69,827
Special events:		
Rib Fest	43,654	4,845
Christmas	38,089	32,968
Yard Sale	6,551	7,818
125 Celebration	6,399	-
Blues for Food	6,010	6,452
British Antiques	3,939	-
Fall Street Fest	-	5,631
Cinefest	-	4,321
Other	459	2,677
	105,101	64,712
Member communications and services	2,757	3,356
Total marketing, special events, and member Communications and services	\$ 186,230	\$ 137,895

Administration

Salaries, wages and benefits	\$ 119,850	\$ 125,864
Rent and utilities	17,738	18,313
Office and general	7,276	11,501
Board expenses	7,245	6,350
Telephone	5,171	5,282
Accounting	5,099	5,115
Equipment	3,970	5,619
Conferences and professional development	2,417	2,765
Total administration	\$ 168,766	\$ 180,809

SUDBURY METRO CENTRE

Schedule of Expenditures, page 2

Schedule 3-1

Year ended December 31, 2008 with comparative figures for 2007

	2008	2007
Development		
Streetscape	\$ 54,303	\$ -
Christmas decorations purchases	26,291	18,496
General development initiatives	17,980	28,108
Total development	\$ 98,574	\$ 46,604
Parking		
Parking stamps and tokens	\$ 5,779	\$ 5,460
Free parking program and other parking initiatives	2,643	2,282
Total parking	\$ 8,422	\$ 7,742
Farmers' Market		
Salaries and benefits	\$ -	\$ 11,621
Utilities and insurance	-	5,373
Office general and other	-	3,856
Contribution to the City of Greater Sudbury for 2007 Farmers' Market operating costs	-	13,500
Total Farmer's Market operating expenditures	-	34,350
Transfer of Farmers' Market capital improvements reserve to the City of Greater Sudbury	-	33,382
Total Farmers' Market	\$ -	\$ 67,732
Total expenditures	\$ 461,992	\$ 440,782