

SECTION 10

Financial Statements of

**THE SUDBURY COMMUNITY
DEVELOPMENT CORPORATION**

Year ended March 31, 2006

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, 2006** and the statement of operations and 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, 2006 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
Chartered Accountants
Licensed Public Accountants



FREELANDT CALDWELL REILLY LLP
Chartered Accountants
Licensed Public Accountants



KPMG LLP
Chartered Accountants
Licensed Public Accountants

Sudbury, Canada
May 29, 2006

SUDBURY COMMUNITY DEVELOPMENT CORPORATION**Statement of Financial Position****March 31, 2006 with comparative figures for 2005**

	2006	2005
Assets		
Current assets:		
Cash	\$ 24,132	\$ 30,322
Accounts receivable	215	68
Advances to City of Greater Sudbury (note 3)	2,189	-
	<u>26,536</u>	<u>30,390</u>
Capital assets (note 2)	1,018,966	1,547,382
	<u>\$ 1,045,502</u>	<u>\$ 1,577,772</u>
Liabilities and net assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 26,536	\$ 15,330
Advances from City of Greater Sudbury (note 3)	-	15,060
Current portion of loan payable	75,000	75,000
	<u>101,536</u>	<u>105,390</u>
Loan payable (note 4)	150,000	225,000
Deferred capital contributions (note 5)	793,966	1,247,382
	<u>1,045,502</u>	<u>1,577,772</u>
Net assets	-	-
Commitments and contingent liabilities (notes 6 and 7)		
	<u>\$ 1,045,502</u>	<u>\$ 1,577,772</u>

See accompanying notes to financial statements

SUDBURY COMMUNITY DEVELOPMENT CORPORATION**Statement of Operations and Net Assets****Year ended March 31, 2006 with comparative figures for 2005**

	2006	2005
Revenue:		
Amortization of deferred capital contributions	\$ 453,416	\$ 453,416
Equipment lease	75,000	75,000
City of Greater Sudbury	20,872	-
Interest and other	1,007	8,673
	<hr/> 550,295	<hr/> 537,089
Expenditures:		
Amortization	528,416	528,416
Office and administration	21,879	8,673
	<hr/> 550,295	<hr/> 537,089
<hr/>		
Excess of revenue over expenditures, being net assets, end of year	\$ -	\$ -

See accompanying notes to financial statements

SUDBURY COMMUNITY DEVELOPMENT CORPORATION

Notes to the Financial Statements

March 31, 2006

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) and (c)).

(c) Financial instruments:

The company's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities, advances to/from City of Greater Sudbury and loan payable. Unless otherwise noted it is management's opinion that the company is not exposed to significant 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, 2006**

2. Capital assets:

	Cost	Accumulated Amortization	2006 Net Book Value	2005 Net Book Value
Project development costs	\$ 279,526	\$ 195,668	\$ 83,858	\$ 111,810
Leasehold improvements	2,832,417	1,948,684	883,733	1,200,747
Furniture and equipment	924,514	924,514	-	132,074
Computer equipment	205,502	154,127	51,375	102,751
	<u>\$ 4,241,959</u>	<u>\$ 3,222,993</u>	<u>\$ 1,018,966</u>	<u>\$ 1,547,382</u>

3. Advances to/from the City of Greater Sudbury:

Advances to/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, maturing December 31, 2008. Repayment of this loan has been guaranteed by Teletech Holdings Inc. and Teletech Canada Inc.

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, 2006

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. 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.

SUDBURY COMMUNITY DEVELOPMENT CORPORATION
Notes to the Financial Statements

March 31, 2006

8. Other information (continued):

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 \$225,000 (2005 - \$300,000), 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.

9. Cashflow statement:

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