

## **SECTION 11**

Financial Statements of

**THE CITY OF GREATER SUDBURY  
COMMUNITY DEVELOPMENT  
CORPORATION**

Year ended December 31, 2005

## AUDITORS' REPORT

To the Board of Directors of  
The City of Greater Sudbury  
Community Development Corporation

We have audited the statement of financial position of **The City of Greater Sudbury Community Development Corporation** as at December 31, 2005. This financial statement is the responsibility of the Corporation's management. Our responsibility is to express an opinion on this financial statement 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, this financial statement presents fairly, in all material respects, the financial position of the Corporation as at December 31, 2005 in accordance with Canadian generally accepted accounting principles.



**COLLINS BARROW, SUDBURY - NIPISSING LLP**  
Chartered Accountants



**KPMG LLP**  
Chartered Accountants



**FREELANDT CALDWELL REILLY LLP**  
Chartered Accountants

Sudbury, Canada  
April 28, 2006

# THE CITY OF GREATER SUDBURY COMMUNITY DEVELOPMENT CORPORATION

Statement of Financial Position

December 31, 2005, with comparative figures for 2004

	2005	2004
<b>Assets</b>		
Loans receivable (note 2)	\$ 1,741,043	1,350,000
Investment (note 3)	1,000,020	600,020
	<u>\$ 2,741,063</u>	<u>1,950,020</u>

## Liabilities

Accounts payable	\$ 20	20
Loans payable (note 4)	2,741,043	1,950,000
Commitment (note 5)		
	<u>\$ 2,741,063</u>	<u>1,950,020</u>

See accompanying notes to financial statement.

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# THE CITY OF GREATER SUDBURY COMMUNITY DEVELOPMENT CORPORATION

Notes to Financial Statement

Year ended December 31, 2005

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The Corporation is principally involved in the promotion of community economic development in the City of Greater Sudbury with the participation of the community 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 January 3, 2001 under the laws of the Province of Ontario.

## 1. Basis of presentation:

This financial statement is prepared by management in accordance with Canadian generally accepted accounting principles for non-profit organizations.

## 2. Loans receivable:

- (a) The loan receivable from Chilly Beach II Productions Inc. is due in annual installments of \$500,000 commencing in 2008, bears interest at the rate of prime plus 2% per annum only in the event of default of the borrower and is secured by the general assets of the borrower subject to a postponement to a third party.
- (b) The loan receivable from Maple Shorts 1 Productions Inc. is due in annual installments of \$50,000 together with interest commencing on the earlier of (i) the last day of the thirty-six month following the last disbursement and (ii) October 31, 2008 bears interest at the rate 5% per annum and is secured by specified accounts receivable and revenues subject to a postponement to a third party.

## 3. Investment:

The investment consists of the following shares of Northern Hits Productions Inc.:

	2005	2004
1,000,000 (2004 - 600,000) Class A, non-voting, non-participating, redeemable preference shares	\$ 1,000,000	\$ 600,000
2,000 Class C, non-voting participating shares	20	20
	<u>\$ 1,000,020</u>	<u>\$ 600,020</u>

# THE CITY OF GREATER SUDBURY COMMUNITY DEVELOPMENT CORPORATION

Notes to Financial Statement

Year ended December 31, 2005

## 4. Loans payable:

The loans payable to Northern Ontario Heritage Fund Corporation (the "NOHFC") are as follows:

	2005	2004
Loan #1 non-interest bearing, due in annual amounts of \$500,000 commencing on the earlier of the last day of the thirty-sixth month following the last advance and April 30, 2008	\$ 1,500,000	\$ 1,350,000
Loan #2 non-interest bearing, due in annual amounts of \$200,000 commencing April 1, 2008	1,000,000	600,000
Loan #3 bearing interest at the rate of 5% per annum, due in annual amounts of \$50,000 plus interest commencing on the earlier of the last day of the thirty-sixth month following the last advance and October 31, 2008 and due on October 31, 2012	241,043	—
	<u>\$ 2,741,043</u>	<u>\$ 1,950,000</u>

Loan #1 is secured by an assignment of the loan receivable described in note 2(a).

Loan #2 is secured by an assignment of the investment described in note 3.

Loan #3 is secured by an assignment of the loan receivable described in note 2(b).

## 5. Commitments:

The Corporation has entered into an agreement to lease approximately 52,000 square feet of office space in the City of Greater Sudbury for a term of three years commencing January 1, 2006. The Corporation can, at its option, extend the lease for an additional five years.

Coincidental with this lease agreement, the Corporation entered into a Flow Through Sublease Agreement with Teletech Holdings Inc. that upon granting of the sublease, the landlord will look solely to Teletech Holdings Inc. for the performance of the obligation under the lease.