

SECTION 7

Financial Statements of

SUDBURY METRO CENTRE

Year ended December 31, 2007

Financial Statements of

SUDBURY METRO CENTRE

Year ended December 31, 2007

AUDITORS' REPORT

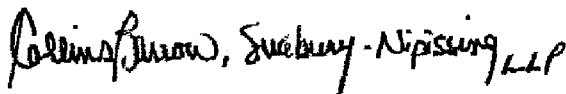
To the Members of the Sudbury Metro Centre

We have audited the statement of financial position of **Sudbury Metro Centre** as at **December 31, 2007** 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, 2007 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

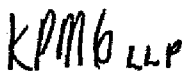
Our examination was made for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information included in Schedules 1 through 4 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been 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, 2008

SUDBURY METRO CENTRE**Statement of Financial Position****December 31, 2007 with comparative figures for 2006**

| | 2007 | 2006 |
|---|-------------------|-------------------|
| Financial Assets | | |
| Cash | \$ 40,523 | \$ 32,586 |
| Short-term investments, at cost (note 2) | 323,008 | 317,096 |
| Accounts receivable | 17,571 | 12,784 |
| Receivable from the City of Greater Sudbury | - | 115 |
| Prepaid expenses and deposits | 6,628 | 14,041 |
| Total financial assets | 387,730 | 376,622 |
| Liabilities | | |
| Accounts payable and accrued liabilities | 53,725 | 74,133 |
| Payable to the City of Greater Sudbury | 10,345 | - |
| Deposits | - | 3,375 |
| Total financial liabilities | 64,070 | 77,508 |
| Net Financial Assets | \$ 323,660 | \$ 299,114 |
| Municipal Position: | | |
| Fund Balances | | |
| Reserve funds (note 3) | \$ 275,325 | \$ 285,312 |
| Operating fund | 48,335 | 13,802 |
| | 323,660 | 299,114 |
| Commitments (note 4) | | |
| Total Municipal Position | \$ 323,660 | \$ 299,114 |

SUDBURY METRO CENTRE
Statement of Financial Activities

Year ended December 31, 2007 with comparative figures for 2006

| | 2007 | 2006 |
|--|-------------------|-------------------|
| Revenues: | | |
| Tax levy on Central Business District members collected by the City of Greater Sudbury | \$ 400,000 | \$ 400,000 |
| Tax levy adjustments (note 5) | 980 | (24,644) |
| Advertising partnerships | 29,386 | - |
| Interest | 13,555 | 10,389 |
| Human Resources and Skills Development Canada | 9,467 | 2,790 |
| Parking stamps and tokens | 5,460 | 7,808 |
| Farmers' Market | 2,372 | 88,862 |
| Other | 4,108 | 4,647 |
| Total Revenues | 465,328 | 489,852 |
| Expenditures: | | |
| Administration | 180,809 | 184,477 |
| Marketing, special events and member communications and services | 137,895 | 143,926 |
| Farmers' Market | 67,732 | 147,428 |
| Development | 46,604 | 29,791 |
| Parking | 7,742 | 31,623 |
| Total expenditures | 440,782 | 537,245 |
| Excess (deficiency) of revenues over expenditures | 24,546 | (47,393) |
| Fund balances, beginning of year | 299,114 | 346,507 |
| Fund balances, end of year | \$ 323,660 | \$ 299,114 |

SUDBURY METRO CENTRE**Cash Flows Statement****Year ended December 31, 2007 with comparative figures for 2006**

| | 2007 | 2006 |
|--|-------------------|-------------------|
| Cashflows from operating activities: | | |
| Excess (deficiency) of revenues over expenditures | \$ 24,546 | \$ (47,393) |
| Change in non-cash operating working capital: | | |
| Accounts receivable | (4,787) | (223) |
| Receivable/payable City of Greater Sudbury | 10,460 | 476 |
| Prepaid expenses and deposits | 7,413 | 1,529 |
| Accounts payable and accrued liabilities | (20,408) | 14,531 |
| Deposits | (3,375) | 3,375 |
| Net increase in cash and cash equivalents | 13,849 | (27,705) |
| Cash and cash equivalents, beginning of year | 349,682 | 377,387 |
| Cash and cash equivalents, end of year | \$ 363,531 | \$ 349,682 |
| Cash and cash equivalents are comprised of: | | |
| Cash | \$ 40,523 | \$ 32,586 |
| Short-term investments | 323,008 | 317,096 |
| | \$ 363,531 | \$349,682 |
| Other information: | | |
| Interest received | \$ 13,555 | \$ 11,289 |

SUDBURY METRO CENTRE

Notes to Financial Statements

December 31, 2007

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, 2007

(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.

(e) Financial instruments:

The organization's financial instruments consist of cash, short-term investments, accounts receivable, accounts payable and accrued liabilities and payable to the City of Greater Sudbury. Unless otherwise noted, it is management's opinion that the organization 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.

(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.

SUDBURY METRO CENTRE
Notes to Financial Statements

December 31, 2007

(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.

Farmers' market vendor stall rentals and other user fee revenues are calculated and accrued for on a monthly basis when earned.

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

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 2.65% and 3.75%. The market values of these investments are approximately equal to cost.

3. Reserve funds:

Reserve funds consist of the following:

| | 2007 | 2006 |
|--|-----------------|-----------------|
| Funds set aside by the Sudbury Metro Centre for: | | |
| Special projects | \$223,876 | \$234,081 |
| Chargeback | 51,449 | 17,849 |
| Farmers' Market capital improvements | - | 33,382 |
| | <hr/> \$275,325 | <hr/> \$285,312 |

SUDBURY METRO CENTRE

Notes to Financial Statements

December 31, 2007

4. Commitments:

(a) Downtown beautification improvement project contributions

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

(b) Lease office space

The Sudbury Metro 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.

5. 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.

6. Comparative figures:

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

7. Tangible capital assets:

The organization manages tangible capital assets comprised of furniture, computers and other office equipment, and street decorations.

During the year, the organization acquired tangible capital assets comprised of the following items:

| | |
|--------------------|----------|
| Computer equipment | \$ 1,080 |
| Street decorations | 31,278 |

8. Other information:

During the year, effective April 30, 2007, the responsibility for the operation of the Farmers' Market was transferred to the City of Greater Sudbury. The Farmers' Market capital improvements reserve was also transferred to the City of Greater Sudbury.

SUDBURY METRO CENTRE
Schedule of Operating Fund Activities

Schedule 1

Year ended December 31, 2007 with comparative figures for 2006

| | Budget | 2007 | 2006 |
|--|-----------------|------------------|------------------|
| Revenues: | | | |
| Tax levy on Central Business District members collected by the City of Greater Sudbury | \$ 400,000 | \$ 400,000 | \$ 400,000 |
| Tax levy adjustments | - | 980 | (24,644) |
| Advertising partnerships | - | 29,386 | - |
| Human Resources and Skills Development Canada | - | 9,467 | 2,790 |
| Parking stamps and tokens | - | 5,460 | 7,808 |
| Interest | - | 5,260 | 3,791 |
| Farmers' Market | - | 2,372 | 88,862 |
| Other | - | 4,108 | 4,647 |
| Total Revenues | 400,000 | 457,033 | 483,254 |
| Expenditures: | | | |
| Administration | 183,000 | 180,809 | 184,477 |
| Marketing, special events and member communications and services | 142,000 | 137,895 | 143,926 |
| Development: | | | |
| General | 27,000 | 28,108 | 29,791 |
| Christmas decorations purchases | 20,000 | 18,496 | - |
| Streetscape | 20,000 | - | - |
| | 67,000 | 46,604 | 29,791 |
| Farmers' Market | 20,000 | 34,350 | 147,428 |
| Parking | 3,000 | 7,742 | 31,623 |
| Total expenditures | 415,000 | 407,400 | 537,245 |
| Excess (deficiency) of revenue over expenditures before transfers | (15,000) | 49,633 | (53,991) |
| Transfers from (to) reserve funds: | | | |
| Transfers to reserve funds | (25,000) | (33,600) | (3,449) |
| Transfers from reserve funds | 40,000 | 18,500 | 24,600 |
| Net transfers | 15,000 | (15,100) | 21,151 |
| Change in operating fund | - | 34,533 | (32,840) |
| Operating fund, beginning of year | | 13,802 | 46,642 |
| Operating fund, end of year | | \$ 48,335 | \$ 13,802 |

SUDBURY METRO CENTRE
Schedule of Reserve Funds Activities

Schedule 2

Year ended December 31, 2007 with comparative figures for 2006

| | 2007 | 2006 |
|--|-------------------|-------------------|
| Revenues: | | |
| Interest | \$ 8,295 | \$ 6,598 |
| Net transfers from (to) other funds: | | |
| Transfer from operating fund | 33,600 | 3,449 |
| Transfer to operating fund | (18,500) | (24,600) |
| Net transfers from (to) other funds | 15,100 | (21,151) |
| Transfer of Farmers' Market capital improvements reserve to City of Greater Sudbury | (33,382) | - |
| Change in reserve funds | (9,987) | (14,553) |
| Reserve funds, beginning of year | 285,312 | 299,865 |
| Reserve funds, end of year | \$ 275,325 | \$ 285,312 |

SUDBURY METRO CENTRE
Schedule of Expenditures**Schedule 3****Year ended December 31, 2007 with comparative figures for 2006**

| | 2007 | 2006 |
|---|-------------------|-------------------|
| Administration | | |
| Salaries, wages and benefits | \$ 125,864 | \$ 122,037 |
| Rent and utilities | 18,313 | 20,433 |
| Office and general | 11,501 | 11,127 |
| Board expenses | 6,350 | 10,300 |
| Equipment | 5,619 | 5,856 |
| Telephone | 5,282 | 4,589 |
| Accounting | 5,115 | 5,962 |
| Conferences and professional development | 2,765 | 4,173 |
| Administration total | \$ 180,809 | \$ 184,477 |
| Marketing, special events and member communications and services | | |
| Downtown advertising and advertising partnerships | \$ 69,827 | \$ 62,380 |
| Special events: | | |
| Christmas | 32,968 | 29,482 |
| Yard Sale | 7,818 | - |
| Blues for Food | 6,452 | 5,243 |
| Fall Street Fest | 5,631 | 7,353 |
| Rib Fest | 4,845 | 7,759 |
| Cinefest/Arts | 4,321 | - |
| Winter Daze | - | 10,351 |
| Hoedown | - | 5,745 |
| Good Old Daze | - | 4,925 |
| Other | 2,677 | 1,341 |
| | 64,712 | 72,199 |
| Member communications and services | 3,356 | 9,347 |
| Marketing, special events and member communications and services total | \$ 137,895 | \$ 143,926 |

SUDBURY METRO CENTRE
Schedule of Expenditures, page 2

Schedule 3-1

Year ended December 31, 2007 with comparative figures for 2006

| | 2007 | 2006 |
|--|-------------------|-------------------|
| Farmers' Market | | |
| Salaries and benefits | \$ 11,621 | \$ 32,826 |
| Utilities and insurance | 5,373 | 25,057 |
| Office and general | 2,808 | 6,401 |
| Repairs and maintenance | 649 | 9,534 |
| Advertising and promotion | 399 | 42,056 |
| Equipment, furnishings and capital improvements | - | 27,289 |
| Development, studies and surveys | - | 3,077 |
| Other operating costs | - | 1,188 |
| Contribution to the City of Greater Sudbury for 2007 Farmers' Market operating costs | 13,500 | - |
| Transfer of Farmers' Market capital improvements reserve to the City of Greater Sudbury | 33,382 | - |
| Farmers' Market total | \$ 67,732 | \$ 147,428 |
| Development | | |
| General development initiatives | \$ 28,108 | \$ 29,791 |
| Christmas decorations purchases | 18,496 | - |
| Development total | \$ 46,604 | \$ 29,791 |
| Parking | | |
| Free parking program and other parking initiatives | \$ 2,282 | \$ 23,815 |
| Parking stamps and tokens | 5,460 | 7,808 |
| Parking total | \$ 7,742 | \$ 31,623 |
| Total expenditures | \$ 440,782 | \$ 537,245 |

SUDBURY METRO CENTRE
Schedule of Farmers' Market Activities

Schedule 4

Year ended December 31, 2007 with comparative figures for 2006

| | 2007 | 2006 |
|---|--------------------|--------------------|
| Farmers' Market Operating Activities: | | |
| Revenues: | | |
| Stall fees and other tenant charges | \$ - | \$ 56,204 |
| Other revenue | 2,372 | 1,920 |
| | 2,372 | 58,124 |
| Expenditures: | | |
| Contribution to the City of Greater Sudbury for 2007 Farmers' Market operating costs | 13,500 | - |
| Salaries and benefits | 11,621 | 32,826 |
| Utilities and insurance | 5,373 | 25,057 |
| Office and general | 2,808 | 6,401 |
| Repairs and maintenance | 649 | 9,534 |
| Advertising and promotion | 399 | 42,056 |
| Development, studies and surveys | - | 3,077 |
| Other operating costs | - | 1,188 |
| | 34,350 | 120,139 |
| Deficiency of revenues over expenditures from Farmers' Market operating activities | \$ (31,978) | \$ (62,015) |
| Farmers' Market Capital Improvements Activities: | | |
| Revenues: | | |
| Contribution from the Corporation of the City of Greater Sudbury | \$ - | \$ 29,838 |
| Other revenue | - | 900 |
| | - | 30,738 |
| Expenditures: | | |
| Equipment, furnishings and capital improvements | - | 27,289 |
| Excess of capital improvement funding over expenditures being transfers to Farmers' Market Capital Improvements Reserve fund | - | 3,449 |
| Farmers' Market Capital Improvements Reserve fund at the beginning of the year | 33,382 | 29,933 |
| Transfer of Farmers' Market capital improvements Reserve to the City of Greater Sudbury | (33,382) | - |
| Farmers' Market Capital Improvements Reserve fund at the end of the year | \$ - | \$ 33,382 |