

SECTION 7

Financial Statements of

SUDBURY METRO CENTRE

Year ended December 31, 2006

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, 2006** 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, 2006 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 15, 2007

SUDBURY METRO CENTRE
Statement of Financial Position

December 31, 2006 with comparative figures for 2005

	2006	2005
Financial Assets		
Cash	\$ 32,586	\$ 63,542
Short-term investments, at cost (note 2)	317,096	313,845
Accounts receivable	12,784	12,561
Receivable from the City of Greater Sudbury	115	591
Prepaid expenses and deposits	14,041	15,570
Total financial assets	376,622	406,109
Liabilities		
Accounts payable and accrued liabilities	74,133	59,602
Deposits	3,375	-
Total financial liabilities	77,508	59,602
Net Financial Assets	\$299,114	\$346,507
Municipal Position:		
Fund Balances		
Reserve funds (note 3)	\$285,312	\$299,865
Operating fund	13,802	46,642
	299,114	346,507
Commitments (note 4)		
Total Municipal Position	\$299,114	\$ 346,507

SUDBURY METRO CENTRE**Statement of Financial Activities****Year ended December 31, 2006 with comparative figures for 2005**

	Budget	2006	2005
Revenues:			
Tax levy on Central Business District members collected by the City of Greater Sudbury	\$400,000	\$400,000	\$ 400,000
Tax levy adjustments (note 5)		(24,644)	(23,854)
Farmers Market	60,000	88,862	99,418
Interest		10,389	7,888
Parking stamps and tokens		7,808	7,540
Human Resources and Skills Development Canada		2,790	2,682
Other	12,500	4,647	3,370
Total Revenues	472,500	489,852	497,044
Expenditures:			
Administration	207,000	184,477	178,857
Farmers Market	127,000	147,428	143,725
Marketing, special events and member communications and services	90,000	143,926	109,406
Parking	30,000	31,623	29,262
Development	48,500	29,791	16,355
Total expenditures	502,500	537,245	477,605
Excess (deficiency) of revenues over expenditures	(30,000)	(47,393)	19,439
Fund balances, beginning of year		346,507	327,068
Fund balances, end of year		\$299,114	\$ 346,507

SUDBURY METRO CENTRE**Cash Flows Statement****Year ended December 31, 2006 with comparative figures for 2005**

	2006	2005
Cashflows from operating activities:		
Excess (deficiency) of revenues over expenditures	\$ (47,393)	\$ 19,439
Change in non-cash operating working capital:		
Accounts receivable	(223)	1,247
Receivable from the City of Greater Sudbury	476	12,058
Prepaid expenses and deposits	1,529	(4,171)
Accounts payable and accrued liabilities	14,531	10,326
Deposits	3,375	-
Deferred revenue	-	(4,273)
Net increase in cash and cash equivalents	(27,705)	34,626
Cash and cash equivalents, beginning of year	377,387	342,761
Cash and cash equivalents, end of year	\$ 349,682	\$ 377,387
Cash and cash equivalents is comprised of:		
Cash	\$ 32,586	\$ 63,542
Short-term investments	317,096	313,845
	\$349,682	\$ 377,387
Other information:		
Interest received	\$ 11,289	\$ 7,864

SUDBURY METRO CENTRE

Notes to Financial Statements

December 31, 2006

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, 2006

(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, receivable from the City of Greater Sudbury, accounts payable and accrued liabilities and deposits. 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 effect 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, 2006

(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 2.55% and 3.75%. The market values of these investments are approximately equal to cost.

3. Reserve funds:

Reserve funds consist of the following:

	2006	2005
Funds set aside by the Sudbury Metro Centre for:		
Special projects	\$234,081	\$ 227,483
Chargeback	17,849	42,449
Farmer's Market capital improvements	33,382	29,933
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	\$285,312	\$ 299,865

SUDBURY METRO CENTRE
Notes to Financial Statements

December 31, 2006

4. Commitments:

(a) Downtown beautification improvement project contributions

The Sudbury Metro Centre has, by way of Board resolution, committed funding for beautification improvement projects which are to be undertaken jointly with the Corporation of the City of Greater Sudbury and are expected to take place during 2007. The projects are as follows:

- Centre for Life Laneway - \$6,000 maximum contribution
- Notre Dame planters - \$10,000 maximum contribution

(b) Lease office space

The Sudbury Metro Centre rented office space under a lease which expired June 30, 2006. Subsequent to the organizations December 31, 2006 year end, the organization entered into a new lease agreement expiring February 28, 2012. The annual rent to be paid under the new lease agreement is \$17,600.

5. Tax levy adjustments:

Tax levy adjustments result from municipal tax appeals and writeoffs 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.

SUDBURY METRO CENTRE
Schedule of Operating Fund Activities

Schedule 1

Year ended December 31, 2006 with comparative figures for 2005

	2006	2005
Revenues:		
Tax levy on Central Business District members collected by the City of Greater Sudbury	\$ 400,000	\$ 400,000
Tax levy adjustments	(24,644)	(23,854)
Farmers Market	88,862	99,418
Parking stamps and tokens	7,808	7,540
Interest	3,791	2,047
Human Resources and Skills Development Canada	2,790	2,682
Other	4,647	3,370
Total Revenues	483,254	491,203
Expenditures:		
Administration	184,477	178,857
Farmers Market	147,428	143,725
Marketing, special events and member communications and services	143,926	109,406
Parking	31,623	29,262
Development	29,791	16,355
Total expenditures	537,245	477,605
Excess (deficiency) of revenue over expenditures before transfers	(53,991)	13,598
Transfers from (to) reserve funds:		
Transfers to reserve funds	(3,449)	(13,565)
Transfers from reserve funds	24,600	-
Net transfers	21,151	(13,565)
Change in operating fund	(32,840)	33
Operating fund, beginning of year	46,642	46,609
Operating fund, end of year	\$ 13,802	\$ 46,642

SUDBURY METRO CENTRE
Schedule of Reserve Funds Activities**Schedule 2****Year ended December 31, 2006 with comparative figures for 2005**

	2006	2005
Revenues:		
Interest	\$ 6,598	\$ 5,841
Net transfers from (to) other funds:		
Transfer from operating fund	3,449	13,565
Transfer to operating fund	(24,600)	-
Net transfers	(21,151)	13,565
Change in reserve funds	(14,553)	19,406
Reserve funds, beginning of year	299,865	280,459
Reserve funds, end of year	\$ 285,312	\$ 299,865

SUDBURY METRO CENTRE**Schedule of Expenditures****Schedule 3****Year ended December 31, 2006 with comparative figures for 2005**

	2006	2005
Administration		
Salaries, wages and benefits	\$ 122,037	\$ 124,314
Rent and utilities	20,433	20,250
Office and general	11,127	8,654
Board expenses	10,300	11,556
Accounting	5,962	2,828
Equipment	5,856	4,718
Telephone	4,589	4,502
Conferences and professional development	4,173	2,035
Administration total	\$184,477	\$ 178,857
Farmers Market		
Advertising and promotion	\$ 42,056	\$ 49,760
Salaries and benefits	32,826	33,761
Equipment, furnishings and capital improvements	27,289	11,435
Utilities	19,221	17,056
Repairs and maintenance	9,534	12,127
Office and general	6,401	6,460
Insurance	5,836	5,400
Development, studies and surveys	3,077	6,057
Other operating costs	1,188	1,669
Farmers Market total	\$147,428	\$ 143,725

SUDBURY METRO CENTRE

Schedule of Expenditures, page 2

Schedule 3-1

Year ended December 31, 2006 with comparative figures for 2005

	2006	2005
Marketing, special events and member communications and services		
Downtown advertising	\$62,380	\$ 49,222
Special events		
Christmas	29,482	20,554
Winter Daze	10,351	10,576
Rib Fest	7,759	-
Fall fair	7,353	6,961
Hoedown	5,745	3,814
Blues for Food	5,243	4,371
Good Old Daze	4,925	5,660
Other	1,341	238
	72,199	52,174
Member communications and services	9,347	8,010
Marketing, special events and member communications and services total	\$143,926	\$ 109,406
Parking		
Free parking program	\$ 23,815	\$ 21,722
Parking stamps and tokens	7,808	7,540
Parking total	\$ 31,623	\$ 29,262
Development		
Physical image	\$ 29,791	\$ 15,718
Other	-	637
Development total	\$ 29,791	\$ 16,355
Total expenditures	\$537,245	\$ 477,605

SUDBURY METRO CENTRE
Schedule of Farmers Market Activities

Schedule 4

Year ended December 31, 2006 with comparative figures for 2005

	2006	2005
Farmers Market Operating Activities:		
Revenues:		
Stall fees and other tenant charges	\$ 56,204	\$ 55,297
Industry Canada - FedNor	-	13,990
Other revenue	1,920	5,131
	58,124	74,418
Expenditures:		
Advertising and promotion	42,056	49,760
Salaries and benefits	32,826	33,761
Utilities	19,221	17,056
Repairs and maintenance	9,534	12,127
Office and general	6,401	6,460
Insurance	5,836	5,400
Development, studies and surveys	3,077	6,057
Other operating costs	1,188	1,669
	120,139	132,290
Deficiency of revenues over expenditures from Farmers Market operating activities	\$ (62,015)	\$ (57,872)
Farmers Market Capital Improvements Activities:		
Revenues:		
Contribution from the Corporation of the City of Greater Sudbury	\$ 29,838	\$ 25,000
Other revenue - interest	900	-
	30,738	25,000
Expenditures:		
Equipment, furnishings and capital improvements	27,289	11,435
Excess of capital improvement funding over expenditures being transferred to Farmers Market Capital Improvements Reserve fund	3,449	13,565
Farmers Market Capital Improvements Reserve fund at the beginning of the year	29,933	16,368
Farmers Market Capital Improvements Reserve fund at the end of the year	\$ 33,382	\$ 29,933