

SECTION 9

Financial Statement of

THE CITY OF GREATER SUDBURY COMMUNITY DEVELOPMENT CORPORATION

Year ended December 31, 2004

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, 2004. 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, 2004 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
May 16, 2005

THE CITY OF GREATER SUDBURY COMMUNITY DEVELOPMENT CORPORATION

Statement of Financial Position

December 31, 2004

Assets

Financial assets:

Loan receivable (note 2)	\$ 1,350,000
Investment (note 3)	600,020

\$ 1,950,020

Liabilities

Accounts payable	\$ 20
Loans payable (note 4)	1,950,000

\$ 1,950,020

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

December 31, 2004

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 government organizations as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants.

2. Loan receivable:

The loan receivable from Chilly Beach II Productions Inc. is due in annual installments \$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.

3. Investment:

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

600,000 Class A, non-voting, non-participating, redeemable preference shares	\$ 600,000
2,000 Class C, non-voting participating shares	20

THE CITY OF GREATER SUDBURY COMMUNITY DEVELOPMENT CORPORATION

Notes to Financial Statement

December 31, 2004

4. Loans payable:

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

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	\$ 1,350,000
Loan #2 non-interest bearing, due in annual amounts of \$200,000 commencing April 1, 2008	600,000

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

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

5. Subsequent events:

Subsequent to December 31, the Corporation borrowed from the NOHFC an additional \$150,000 and \$400,000 under the terms of loans #1 and #2 respectively. Advances in the amount of \$150,000 were made to Chilly Breach II Productions Inc. and an additional 400,000 preference shares of Northern Hits Productions Inc. were acquired for a total consideration of \$400,000.

6. Comparative figures:

Since the Corporation has no financial activity prior to January 1, 2004 there are no comparative figures to present.