



Financial Statements
of the City of Greater Sudbury
Community Development Corporation

INDEPENDENT AUDITORS' REPORT

To the Board of Directors

We have audited the accompanying financial statements of **The City of Greater Sudbury Community Development Corporation**, which comprise the statement of financial position as at December 31, 2010, the statements of operations and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosure in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects the financial position of The City of Greater Sudbury Community Development Corporation as at December 31, 2010, and its results of operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Collins Barrow, Sudbury - Nipissing LLP

COLLINS BARROW, SUDBURY - NIPISSING LLP
Chartered Accountants, Licensed Public Accountants

Freelandt Caldwell Reilly LLP

FREELANDT CALDWELL REILLY LLP
Chartered Accountants, Licensed Public Accountants

KPMG LLP

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Chartered Accountants, Licensed Public Accountants

June 8, 2011
Sudbury, Canada

THE CITY OF GREATER SUDBURY COMMUNITY DEVELOPMENT CORPORATION

Statement of Financial Position

December 31, 2010, with comparative figures for 2009

	2010	2009
Assets		
Cash	\$ 421	421
Accounts receivable (note 2)	755,607	480,127
Loans receivable (note 3)	25,000	100,000
Investment and other loans receivable (note 4)	–	–
	\$ 781,028	580,548
Liabilities and Net Assets		
Accounts payable	\$ 43	43
Net assets	780,985	580,505
Commitments (note 5)		
	\$ 781,028	580,548

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

THE CITY OF GREATER SUDBURY COMMUNITY DEVELOPMENT CORPORATION

Statement of Operations

Year ended December 31, 2010, with comparative figures for 2009

	2010	2009
Revenue:		
City of Greater Sudbury	\$ 887,064	869,671
Expenditure:		
Grants - others	611,584	608,900
Excess of revenue over expenditure before undernoted items	275,480	260,771
Loss on write-down of:		
Loans receivable	(75,000)	—
Excess of revenue over expenditure	200,480	260,771
Net assets, beginning of year	580,505	319,734
Net assets, end of year	\$ 780,985	580,505

See accompanying notes to financial statements.

THE CITY OF GREATER SUDBURY COMMUNITY DEVELOPMENT CORPORATION

Statement of Cash Flows

Year ended December 31, 2010, with comparative figures for 2009

	2010	2009
Cash flows from operating activities:		
Excess of revenue over expenditure	\$ 200,480	\$ 260,771
Change in non-cash operating working capital:		
Increase in accounts receivable	(200,480)	(260,771)
	-	-
Net increase in cash	-	-
Cash, beginning of year	421	421
Cash, end of year	\$ 421	\$ 421

See accompanying notes to financial statements.

THE CITY OF GREATER SUDBURY COMMUNITY DEVELOPMENT CORPORATION

Notes to Financial Statements

Year ended December 31, 2010

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:

These financial statements were prepared by management in accordance with Canadian generally accepted accounting principles.

(a) Revenue recognition:

The Corporation follows the deferral method of accounting for contributions which include donations and government grants.

(b) Financial instruments:

The Corporation accounts for its financial assets and liabilities in accordance with Canadian generally accepted accounting principles.

The financial instruments are classified into one of five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments, including derivatives, are measured in the statement of financial position at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification, as follows: held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net earnings; available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the investment is derecognized or impaired at which time the amounts would be recorded in net earnings.

In accordance with the generally accepted accounting principles of Canada the Corporation has undertaken the following:

- (i) Designated cash and cash equivalents as held-for-trading, being measured at fair value.
- (ii) Accounts receivable and loans receivable are classified as loans and receivables, which are measured at amortized cost.
- (iii) Accounts payable and accrued liabilities and payable to the City of Greater Sudbury are classified as other financial liabilities, which are measured at amortized cost.

THE CITY OF GREATER SUDBURY COMMUNITY DEVELOPMENT CORPORATION

Notes to Financial Statements

Year ended December 31, 2010

1. Basis of presentation (continued):

(b) Financial instruments (continued):

The Corporation also complies with CICA 3861, "Financial Instruments – Disclosure and Presentation", for the presentation and disclosure of financial instruments and non-financial derivatives.

The Corporation has selected to account for transactions as at the trade date.

2. Related party transactions:

Included in accounts receivable is \$745,607 (2009 - \$470,127) due from the City of Greater Sudbury. This amount is unsecured, non-interest bearing and has no specified terms of repayment.

3. Loans receivable:

The loans receivable are as follows:

	2010	2009
Salon du Livre du Grand Sudbury	\$ –	\$ 75,000
Librairie du Nouvel Ontario	25,000	25,000
	\$ 25,000	\$ 100,000

The loan is non-interest bearing and is repayable in annual payments equal to no less than twenty-five (25) percent of annual net revenue surplus.

THE CITY OF GREATER SUDBURY COMMUNITY DEVELOPMENT CORPORATION

Notes to Financial Statements

Year ended December 31, 2010

4. Investments and other loans receivable:

a) Investment:

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

	2010	2009
879,413 (2009 - 879,413) Class A, non-voting, non-participating, redeemable preference shares	\$ 879,413	\$ 879,413
2,000 Class C, non-voting participating shares	20	20
	879,433	879,433
Write-down of investment	879,433	879,433
	\$ -	\$ -

Pursuant to an agreement with NOHFC, the investment has been assigned to NOHFC.

b) The loans receivable are as follows:

	2010	2009
Chilly Beach II Productions Inc. (a)	\$ 1,500,000	\$ 1,500,000
Maple Shorts I Productions Inc. (b)	241,043	241,043
	1,741,043	1,741,043
Write-down of loans receivable	1,741,043	1,741,043
	\$ -	\$ -

Pursuant to an agreement with the Northern Ontario Heritage Fund Corporation ("NOHFC"), the security on these loans has been assigned to NOHFC.

5. Commitments:

The Board of Directors of the Corporation has approved grants to various organizations. At year end, \$806,793 (2009 - \$555,047) of grants have been approved but were not distributed.

6. Financial instruments:

The carrying values of cash, accounts receivable and accounts payable approximate their fair value due to the relatively short period to maturity of these items.