

Financial Statements
of the City of Greater Sudbury
Community Development Corporation

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, 2009 and the statements of operations and cash flows for the year then ended. These financial statements are 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.

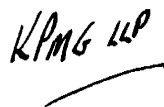
In our opinion, these financial statements presents fairly, in all material respects, the financial position of the Corporation as at December 31, 2009 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.



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
May 7, 2010

THE CITY OF GREATER SUDBURY COMMUNITY DEVELOPMENT CORPORATION

Statement of Financial Position

December 31, 2009, with comparative figures for 2008

	2009	2008
Assets		
Cash	\$ 421	421
Accounts receivable (note 2)	480,127	219,356
Loans receivable (note 3)	100,000	100,000
Investment and other loans receivable (note 4)	—	—
	\$ 580,548	319,777
Liabilities and Net Assets		
Accounts payable	\$ 43	43
Net assets	580,505	319,734
Commitments (note 5)		
	\$ 580,548	319,777

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, 2009, with comparative figures for 2008

	2009	2008
Revenue:		
City of Greater Sudbury	\$ 869,671	852,619
Expenditure:		
Grants - others	608,900	741,161
Excess of revenue over expenditure before underrated items	260,771	111,458
Loss on write-down of:		
Investments	-	(879,433)
Loans receivable	-	(1,741,043)
Gain on forgiveness of debt	-	2,621,122
Excess of revenue over expenditure	260,771	112,104
Net assets, beginning of year	319,734	207,630
Net assets, end of year	\$ 580,505	319,734

See accompanying notes to financial statements.

THE CITY OF GREATER SUDBURY COMMUNITY DEVELOPMENT CORPORATION

Statement of Cash Flows

Year ended December 31, 2009, with comparative figures for 2008

	2009	2008
Cash flows from operating activities:		
Excess of revenue over expenditure	\$ 260,771	\$ 112,104
Adjustments for:		
Loss on write-down of investments	-	879,433
Loss on write-down of loans receivable	-	1,741,043
Gain on forgiveness of debt	-	(2,621,122)
	260,771	111,458
Change in non-cash operating working capital:		
Increase in accounts receivable	(260,771)	(111,458)
	-	-
Cash flows from financing and investing activities:		
Redemption of preferred shares	-	56,000
Repayment on loan payable	-	(119,921)
	-	(63,921)
Net increase (decrease) in cash	-	(63,921)
Cash, beginning of year	421	64,342
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, 2009

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 for non-profit organizations.

(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, 2009

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 \$470,127 (2008 - \$209,356) 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:

	2009	2008
Salon du Livre du Grand Sudbury	\$ 75,000	\$ 75,000
Librairie du Nouvel Ontario	25,000	25,000
	\$ 100,000	\$ 100,000

These loans are non-interest bearing and are repayable in annual payments equal to no less than twenty-five (25) percent of their annual net revenue surplus.

THE CITY OF GREATER SUDBURY COMMUNITY DEVELOPMENT CORPORATION

Notes to Financial Statements

Year ended December 31, 2009

4. Investments and other loans receivable:

a) Investment:

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

	2009	2008
879,413 (2008 - 935,413) 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
	\$ -	\$ -

During the year, \$Nil (2008 - \$56,000) Class A preference shares were redeemed for a cash consideration of \$1 per share.

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

b) The loans receivable are as follows:

	2009	2008
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.

THE CITY OF GREATER SUDBURY COMMUNITY DEVELOPMENT CORPORATION

Notes to Financial Statements

Year ended December 31, 2009

5. Commitments:

- a) The Corporation has entered into an agreement to lease approximately 33,900 square feet of office space in the City of Greater Sudbury for a term of five years commencing December 18, 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 Clientlogic Canada Corporation that upon granting of the sublease, the landlord will look solely to Clientlogic Canada Corporation for the performance of the obligation under the lease.

- b) The Board of Directors of the Corporation has approved grants to various organizations. At year end, \$555,047 (2008 - \$412,185) 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.

7. Comparative figures:

Certain 2008 comparative figures have been reclassified to conform to current year presentation.