

SECTION 6

Financial Statements of
SUDBURY METRO CENTRE
Year ended December 31, 2002

AUDITORS' REPORT

To the Members of the
Sudbury Metro Centre

We have audited the statement of financial position of the **Sudbury Metro Centre** as at December 31, 2002 and the statements 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, 2002 and the results of its operations and cash flows for the year then ended in accordance with accounting principles described in note 1 of the financial statements.

COLLINS BARROW-MAHEU NOISEUX LLP
Chartered Accountants

FREELANDT CALDWELL REILLY LLP
Chartered Accountants

KPMG LLP
Chartered Accountants

Sudbury, Canada
March 27, 2003

SUDBURY METRO CENTRE

Statement of Financial Position

December 31, 2002 with comparative figures for 2001

	2002	2001
Financial Assets		
Cash	\$ 25,614	\$ 52,350
Short-term investments, at cost (note 2)	201,010	344,353
Accounts receivable	25,897	5,839
Receivable from City of Greater Sudbury	90,790	-
Prepaid expenses	5,741	5,007
Deferred expenditures	-	30,477
Total financial assets	349,052	438,026
Liabilities		
Accounts payable and accrued liabilities	14,034	57,406
Payable to City of Greater Sudbury	-	153,968
Note payable to the City of Greater Sudbury (note 4)	50,178	81,604
Deferred revenue	10,000	32,513
Total financial liabilities	74,212	325,491
Net Financial Assets	\$274,840	\$112,535

Municipal Position:

Fund Balances		
Reserve funds (note 3)	\$ 297,479	\$ 135,174
Deficit	(22,639)	(22,639)
	274,840	112,535
Commitments (note 5)		
Total Municipal Position	\$274,840	\$ 112,535

See accompanying notes to financial statements.

SUDBURY METRO CENTRE

Statement of Financial Activities

Year ended December 31, 2002 with comparative figures for 2001

	2002	2001
Revenues:		
Tax levy on Central Business District members collected by the City of Greater Sudbury	\$ 400,000	\$ 344,000
Tax levy adjustments (note 6)	(4,430)	(30,035)
Government of Canada	41,727	3,288
Parking stamps and tokens	8,780	8,985
Farmers Market	90,206	53,519
Interest	6,359	13,798
Other	53,098	7,734
Deferred revenue, beginning of the year	25,000	-
Deferred revenue, end of the year	(10,000)	(25,000)
Total Revenues	610,740	376,289
Expenditures:		
Administration	182,973	137,350
Development	100,402	17,856
Farmers Market	96,568	51,037
Marketing and special events	39,300	36,321
Parking	27,627	54,010
Member services	1,565	33,528
Farmers Market permanent site contribution	-	102,500
Elgin Street improvement contribution	-	61,000
Total expenditures	448,435	493,602
Increase (decrease) in funds balances	\$ 162,305	\$ (117,313)

See accompanying notes to financial statements.

SUDBURY METRO CENTRE

Cashflow Statement

Year ended December 31, 2002 with comparative figures for 2001

	2002	2001
Cashflows from operating activities:		
Net revenues (expenditures)	\$ 162,305	\$ (117,313)
Change in non-cash operating working capital:		
Accounts receivable	(20,058)	617
Prepaid expenses	(734)	1,761
Deferred expenditures	30,477	(30,477)
Accounts payable	(43,372)	42,333
Deferred revenue	(22,513)	32,513
<u>City of Greater Sudbury</u>	<u>(244,758)</u>	<u>28,129</u>
	(138,653)	(40,437)
Cashflows from financing activities:		
Note payable to City of Greater Sudbury	-	81,604
Principle repayments on City of Greater Sudbury note payable	(31,426)	-
	(31,426)	109,733
Net (decrease) increase in cash and cash equivalents	(170,079)	39,167
Cash and cash equivalents, beginning of year	396,703	357,536
Cash and cash equivalents, end of year	\$ 226,624	\$ 396,703
Cash and cash equivalents is comprised of:		
Cash	\$ 25,614	\$ 52,350
<u>Short term investments</u>	<u>201,010</u>	<u>344,353</u>
	\$ 226,624	\$ 396,703

See accompanying notes to financial statements.

SUDBURY METRO CENTRE

Notes to Financial Statements

December 31, 2002

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 municipality 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 accounting principles prescribed for Ontario municipalities by the Ministry of Municipal Affairs and Housing, and standards established 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) 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.

(b) Capital assets:

Expenditures on capital assets are charged to operations in the year of acquisition.

(c) Deferred revenue and deferred expenditures:

Funding received under the funding arrangements which relates to a subsequent fiscal period and the unexpended portions of grants received for specific purposes are reflected as deferred revenue in the year of receipt. Costs attributable to projects in process for which funding has not yet been received are recorded in the accounts as deferred expenditures.

SUDBURY METRO CENTRE

Notes to Financial Statements, page 2

December 31, 2002

2. Short-term investments:

Short-term investments are comprised of term deposits, guaranteed investment certificates with various maturities within one year and paying various interest rates between 1% and 2.25%. The market values are approximately equal to cost.

3. Reserve funds:

Reserve funds consist of the following:

	2002	2001
Funds set aside by the Sudbury Metro Centre for:		
Special projects	\$255,030	\$ 95,174
Charge back	42,449	40,000
	<u>\$297,479</u>	<u>\$ 135,174</u>

4. Note payable to the City of Greater Sudbury

The note payable to the City of Greater Sudbury is repayable by monthly payments of \$2,899 including interest at 5%. The note is due June 2004 and is unsecured. Under certain conditions, the interest may be calculated at a lower rate.

Future principle payments required to retire the note payable are as follows:

2003	\$ 33,033
2004	17,145
	<u>\$ 50,178</u>

SUDBURY METRO CENTRE

Notes to Financial Statements, page 3

December 31, 2002

5. Commitments:

Leased office space:

The Sudbury Metro Centre rents office space under a lease which expired June 30, 2002. The annual base rent under this lease is \$17,820.

Subsequent to December 31, 2002, the Sudbury Metro Centre renewed the lease at the same amount for a three-year term with a six-month cancellation notice.

6. 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.

7. Comparative figures:

Certain of the 2001 figures have been restated to conform with the 2002 basis of presentation.

SUDBURY METRO CENTRE

Schedule of Current Fund Operations

Year ended December 31, 2002 with comparative figures for 2001

	2002	2001
Revenue:		
Tax levy on Central Business District members collected by the City of Greater Sudbury	\$ 400,000	\$ 344,000
Tax levy adjustments	(4,430)	(30,035)
Government of Canada	41,727	3,288
Parking stamps and tokens	8,780	8,985
Farmers Market	90,206	53,519
Interest	4,057	5,356
Other	53,098	7,734
Deferred revenue, beginning of the year	25,000	-
Deferred revenue, end of the year	(10,000)	(25,000)
Total Revenue	608,438	367,847
Expenditures:		
Administration	182,973	137,350
Development	100,402	17,856
Farmers Market	96,568	51,037
Marketing and special events	39,300	36,321
Parking	27,627	54,010
Member services	1,565	33,528
Farmers Market permanent site contribution	-	102,500
Elgin Street improvement contribution	-	61,000
Total expenditures	448,435	493,602
Excess of expenditures over revenue before transfers from (to) reserve funds	160,003	(125,755)
Transfers from (to) revenues:		
Transfers to reserve funds	(193,554)	(70,000)
Transfers from reserve funds	33,551	208,500
Net transfers	(160,003)	138,500
Change in Operating Fund	-	12,745
Surplus, (deficit) beginning of year	(22,639)	(35,384)
Deficit, end of year	\$ (22,639)	\$ (22,639)

See accompanying notes to financial statements.

SUDBURY METRO CENTRE

Schedule of Reserve Funds

Year ended December 31, 2002 with comparative figures for 2001

	2001	2000
Revenue:		
Interest	\$ 2,302	\$ 8,442
Net transfers from (to) other funds:		
Transfer from current fund	193,554	70,000
Transfer to current fund	(33,551)	(208,500)
Net transfers	160,003	(138,500)
Change in reserve funds	162,305	(130,058)
Reserves funds, beginning of year	135,174	265,232
Reserve funds, end of year	\$ 297,479	\$ 135,174

See accompanying notes to financial statements.

SUDBURY METRO CENTRE

Schedule of Expenditures

Year ended December 31, 2002 with comparative figures for 2001

	2002	2001
Administration		
Office:		
Salaries, wages and benefits	\$ 121,351	\$ 87,978
Office and general	15,856	6,485
Equipment	5,791	6,810
Accounting	2,122	1,473
Rent and utilities	20,433	20,292
Insurance	4,050	3,176
Conferences and professional development	1,860	701
Telephone	3,056	3,274
	174,519	130,189
Board:		
Audit	3,000	4,120
Meetings	1,815	1,821
Memberships	1,514	1,220
	6,329	7,161
Loan interest - City of Greater Sudbury	2,125	-
Administration total	\$ 182,973	\$ 137,350
Parking		
Free parking program	\$ 18,847	\$ 45,000
Parking stamps and tokens	8,780	9,010
Parking total	\$ 27,627	\$ 54,010
Marketing and special events		
General advertising	\$ 7,762	\$ 6,971
Special events		
Christmas	21,613	27,841
Welcome Back Block Party	5,917	-
Other	4,008	1,509
	31,538	29,350
Marketing and special events total	\$ 39,300	\$ 36,321

SUDBURY METRO CENTRE

Schedule of Expenditures, page 2

Year ended December 31, 2002 with comparative figures for 2001

	2002	2001
Member services		
Salaries and benefits	\$ -	\$ 32,534
Promotion	1,565	994
Member services total	\$ 1,565	\$ 33,528
Development		
Marketing strategy	\$ 14,800	\$ 1,000
Farmers Market	9,480	15,194
Other	7,329	1,662
Hi Tech Symposia	68,793	-
Development total	\$ 100,402	\$ 17,856
Farmers Market		
Advertising and promotion	\$ 32,699	\$ 25,839
Salaries and management fees	22,556	2,600
Utilities	15,067	7,616
Repairs and maintenance	8,677	5,671
Christmas decorations	-	4,464
Office and general	2,988	1,448
Accounting and legal	2,359	1,361
Bad debts	3,285	1,314
Other	1,154	-
Equipment and furnishings	2,306	724
Studies and surveys	5,477	-
Farmers Market total	\$ 96,568	\$ 51,037
Farmers Market permanent site contribution	\$ -	\$ 102,500
Elgin Street improvement contribution	\$ -	\$ 61,000
Total expenditures	\$ 448,435	\$ 493,602