

SECTION 6

Financial Statements of

SUDBURY METRO CENTRE

Year ended December 31, 2003

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, 2003** 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, 2003 and the results of its operations and cash flows for the year then ended in accordance with the accounting principles described in Note 1 of the financial statements.

Collins Barrow-Maheu Noiseux LLP

COLLINS BARROW-MAHEU NOISEUX LLP
Chartered Accountants

Freelandt Caldwell Reilly LLP

FREELANDT CALDWELL REILLY LLP
Chartered Accountants

KPMG LLP

KPMG LLP
Chartered Accountants

March 1, 2004

SUDBURY METRO CENTRE

Statement of Financial Position

December 31, 2003 with comparative figures for 2002

	2003	2002
Financial Assets		
Cash	\$ 31,118	\$ 25,614
Short-term investments, at cost (note 2)	258,814	201,010
Accounts receivable	17,005	25,897
Receivable from City of Greater Sudbury	23,189	90,790
Prepaid expenses	7,266	5,741
Total financial assets	337,392	349,052
Liabilities		
Accounts payable and accrued liabilities	31,859	14,034
Note payable to the City of Greater Sudbury (note 3)	-	50,178
Deferred revenue	-	10,000
Total financial liabilities	31,859	74,212
Net Financial Assets	\$305,533	\$274,840
Municipal Position:		
Fund Balances		
Reserve funds (note 4)	\$ 278,533	297,479
Accumulated operating surplus, (deficit)	27,000	(22,639)
	305,533	274,840
Commitments (note 5)		
Total Municipal Position	\$305,533	\$274,840

See accompanying notes to financial statements.

SUDBURY METRO CENTRE
Statement of Financial Activities

Year ended December 31, 2003 with comparative figures for 2002

	2003	2002
Revenues:		
Tax levy on Central Business District members collected by the City of Greater Sudbury	\$ 400,000	\$ 400,000
Tax levy adjustments (note 6)	(5,528)	(4,430)
Farmers Market	82,204	113,725
Parking stamps and tokens	10,100	8,780
Interest	6,136	6,359
Government of Canada	4,841	41,727
Other	2,009	29,579
Deferred revenue, beginning of the year	10,000	25,000
<u>Deferred revenue, end of the year</u>	<u>-</u>	<u>(10,000)</u>
Total Revenues	509,762	610,740
Expenditures:		
Administration	200,593	182,973
Farmers Market	109,812	106,048
Marketing, special events, and member services	60,064	40,865
Parking	39,078	27,627
Development	39,002	90,922
<u>Elgin Street improvements</u>	<u>30,520</u>	<u>-</u>
Total expenditures	479,069	448,435
Increase (decrease) in funds balances	\$ 30,693	\$ 162,305

See accompanying notes to financial statements.

SUDBURY METRO CENTRE

Cash Flows Statement

Year ended December 31, 2003 with comparative figures for 2002

	2003	2002
Cashflows from operating activities:		
Net revenues (expenditures)	\$ 30,693	\$ 162,305
Change in non-cash operating working capital:		
Accounts receivable	8,892	(20,058)
Prepaid expenses	(1,525)	(734)
Deferred expenditures	-	30,477
Accounts payable	17,825	(43,372)
Deferred revenue	(10,000)	(22,513)
<u>Receivable from the City of Greater Sudbury</u>	<u>67,601</u>	<u>(244,758)</u>
	113,486	(138,653)
Cashflows from financing activities:		
Principle repayments on City of Greater Sudbury <u>note payable</u>	<u>(50,178)</u>	<u>(31,426)</u>
	(50,178)	(31,426)
Net (decrease) increase in cash and cash equivalents	63,308	(170,079)
Cash and cash equivalents, beginning of year	226,624	396,703
Cash and cash equivalents, end of year	\$ 289,932	\$ 226,624
Cash and cash equivalents is comprised of:		
Cash	\$ 31,118	\$ 25,614
<u>Short term investments</u>	<u>258,814</u>	<u>201,010</u>
	\$ 289,932	\$ 226,624

See accompanying notes to financial statements.

SUDBURY METRO CENTRE

Notes to Financial Statements

December 31, 2003

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 funding arrangements which relate 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, 2003

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 1.75% and 2.75%. The market values of these investments are approximately equal to cost.

3. Note payable to the City of Greater Sudbury

The note payable to the City of Greater Sudbury was repaid in full during the year. It was repayable by monthly payments of \$2,899 including interest at 5%.

4. Reserve funds:

Reserve funds consist of the following:

	2003	2002
Funds set aside by the Sudbury Metro Centre for:		
Special projects	\$236,084	\$255,030
Charge back	42,449	42,449
	<u>\$278,533</u>	<u>\$297,479</u>

5. Commitments:

(a) Leased office space:

The Sudbury Metro Centre rents office space under a lease of which the annual base rent is \$17,820. The lease expires on June 30, 2006.

(b) Elgin Street improvement contribution:

The Sudbury Metro Centre has, by way of Board Resolution, committed \$50,000 to assist in improvements to the Elgin Street area of the City of Greater Sudbury. During 2003, the Metro Centre contributed \$30,520 from its special projects reserve funding leaving \$19,480 to be contributed to complete its commitment.

SUDBURY METRO CENTRE
Notes to Financial Statements, page 3

December 31, 2003

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 2002 figures have been restated to conform with the 2003 basis of presentation.

SUDBURY METRO CENTRE
Schedule of Current Fund Operations

Year ended December 31, 2003 with comparative figures for 2002

	2003	2002
Revenue:		
Tax levy on Central Business District members collected by the City of Greater Sudbury	\$ 400,000	\$ 400,000
Tax levy adjustments	(5,528)	(4,430)
Farmers Market	82,204	113,725
Parking stamps and tokens	10,100	8,780
Government of Canada	4,841	41,727
Interest	655	4,057
Other	2,009	29,579
Deferred revenue, beginning of the year	10,000	25,000
Deferred revenue, end of the year	-	(10,000)
Total Revenue	504,281	608,438
Expenditures:		
Administration	200,593	182,973
Farmers Market	109,812	106,048
Marketing, special events and member services	60,064	40,865
Parking	39,078	27,627
Development	39,002	90,922
Elgin Street improvements	30,520	-
Total expenditures	479,069	448,435
Excess of expenditures over revenue before transfers from (to) reserve funds	25,212	160,003
Transfers from (to) revenues:		
Transfers to reserve funds	(78,162)	(193,554)
Transfers from reserve funds	102,589	33,551
Net transfers	24,427	(160,003)
Change in Operating Fund	49,639	-
Accumulated operating deficit, beginning of year	(22,639)	(22,639)
Accumulated operating surplus (deficit), end of year	\$ 27,000	\$ (22,639)

See accompanying notes to financial statements.

SUDBURY METRO CENTRE

Schedule of Reserve Funds

Year ended December 31, 2003 with comparative figures for 2002

	2003	2002
Revenue:		
Interest	\$ 5,481	\$ 2,302
Net transfers from (to) other funds:		
Transfer from current fund	78,162	193,554
<u>Transfer to current fund</u>	<u>(102,589)</u>	<u>(33,551)</u>
Net transfers	(24,427)	160,003
Change in reserve funds	(18,946)	162,305
Reserves funds, beginning of year	297,479	135,174
Reserve funds, end of year	\$ 278,533	\$ 297,479

See accompanying notes to financial statements.

SUDBURY METRO CENTRE

Schedule of Expenditures

Year ended December 31, 2003 with comparative figures for 2002

	2003	2002
Administration		
Salaries, wages and benefits	\$ 130,026	\$ 121,351
Rent and utilities	20,514	20,433
Office and general	16,990	15,856
Board Expenses	10,247	6,329
Equipment	6,927	5,791
Conferences and professional development	6,114	1,860
Telephone	3,277	3,056
Accounting	3,038	2,122
Insurance	2,982	4,050
Loan interest - City of Greater Sudbury	478	2,125
Administration total	\$ 200,593	\$ 182,973
Farmers Market		
Salaries and benefits	\$ 37,622	\$ 22,556
Advertising and promotion	30,343	32,699
Utilities	14,896	15,067
Repairs and maintenance	9,031	8,677
Development	5,740	9,480
Studies, surveys and other development	4,253	5,477
Office and general	3,678	2,988
Equipment and furnishings	2,236	2,306
Accounting and legal	2,000	2,359
Bad debts (recovery)	(649)	3,285
Other	662	1,154
Farmers Market Total	\$ 109,812	\$ 106,048

SUDBURY METRO CENTRE
 Schedule of Expenditures, page 2

Year ended December 31, 2003 with comparative figures for 2002

	2003	2002
Marketing, special events and member services		
General advertising	\$ 16,047	\$ 7,762
Special events		
Christmas	18,962	21,613
Winter Daze	6,386	-
Welcome Back Block Party	6,198	5,917
Good Old Daze	4,549	-
Other	5,945	4,008
	42,040	31,538
Member Services	1,977	1,565
Marketing and special events total	\$ 60,064	\$ 40,865
Parking		
Free Parking Program	\$ 28,978	\$ 18,847
Parking Stamps and Tokens	10,100	8,780
Parking Total	\$ 39,078	\$ 27,627
Development		
Physical image	\$ 15,032	\$ 4,722
Student Village	13,253	-
Hi Tech Symposia	95	68,793
Other	10,622	2,607
Marketing strategy	-	14,800
Development total	\$ 39,002	\$ 90,922
Elgin Street improvements	\$30,520	-
Total expenditures	\$ 479,069	\$ 448,435

SUDBURY METRO CENTRE

Schedule of Farmers Market operating surplus

Year ended December 31, 2003 with comparative figures for 2002

	2003	2002
Revenue		
Stall fees and other tenant charges	\$ 48,741	\$ 62,934
Other revenue	963	2,272
	49,704	65,206
Expenditures:		
Salaries and Benefits	37,622	22,556
Advertising and Promotion	30,343	32,699
Utilities	14,896	15,067
Repairs and Maintenance	9,031	8,677
Development	5,740	9,480
Studies, surveys and other development	4,253	5,477
Office and General	3,678	2,988
Equipment and furnishings	2,236	2,306
Accounting and Legal	2,000	2,359
Bad debts (recovery)	(649)	3,285
Other	662	1,154
	109,812	106,048
Excess of Expenditures over Revenue	(60,018)	(40,842)
Contributions:		
Sudbury Metro Centre	30,000	-
Corporation of the City of Greater Sudbury	25,000	25,000
Farmers Market Ontario	7,500	23,520
	62,500	48,520
Surplus from Farmers Market operations	\$ 2,392	\$ 7,678