Financial Statements

The Sony Centre for the Performing Arts

December 31, 2008

Ernst & Young

Quality In Everything We Do

AUDITORS' REPORT

To the Board of Directors of
The Sony Centre for the Performing Arts

We have audited the balance sheet of **The Sony Centre for the Performing Arts** as at December 31, 2008 and the statements of operations and changes in net assets 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 Centre as at December 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Ernst & Young LLP

Chartered Accountants
Licensed Public Accountants

Toronto, Canada,
March 4, 2009.

The Sony Centre for the Performing Arts

BALANCE SHEET

As at December 31

	2008	2007
	$	$
ASSETS		
Current		
Cash	**870,802**	2,789,853
Accounts receivable *[note 13]*	**96,400**	1,200,068
Due from City of Toronto		
Capital Improvement and Rehabilitation		
Reserve Fund *[note 6]*	**1,642,056**	521,464
Trade receivables	**—**	9,248
Inventory	**2,806**	35,050
Prepaid expenses	**9,397**	811,743
Total current assets	**2,621,461**	5,367,426
Capital assets, net *[note 7]*	**1,299,846**	1,525,997
Other asset *[note 8]*	**559,534**	559,534
	4,480,841	7,452,957
LIABILITIES AND UNRESTRICTED NET ASSETS		
Current		
Accounts payable and accrued liabilities	**1,222,215**	2,198,136
Due to City of Toronto		
Loan *[note 3]*	**1,761,440**	—
Operating surplus *[note 3]*	**78,002**	23
Trade payables	**26,513**	52,450
Deferred revenue	**30,714**	1,309,054
Advance ticket sales	**—**	2,336,514
Total current liabilities	**3,118,884**	5,896,177
Employee future benefits *[note 9]*	**62,111**	30,783
Deferred capital contributions *[note 10]*	**1,211,474**	1,410,008
Total liabilities	**4,392,469**	7,336,968
Commitments and contingencies *[note 15]*		
Unrestricted net assets	**88,372**	115,989
	4,480,841	7,452,957

See accompanying notes

On behalf of the Board:

Director Director

The Sony Centre for the Performing Arts

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

Year ended December 31

	2008	2007
	$	$
REVENUE		
Operating		
Performance *[note 11]*	**3,666,248**	13,279,576
Rental	**2,134,480**	1,673,990
Ancillary	**1,714,689**	3,404,084
Interest and other *[note 8]*	**317,537**	664,956
City of Toronto grant	**1,171,100**	1,174,900
Funding from City of Toronto Capital Improvement and Rehabilitation Reserve Fund *[note 6]*	**760,900**	—
Amortization of deferred capital contributions	**262,975**	204,304
	10,027,929	20,401,810
EXPENSES		
Operating		
Salaries, wages and benefits *[note 9]*	**4,466,870**	5,787,595
Presentation and production	**3,602,019**	12,025,472
Ancillary	**436,221**	890,448
Building operations	**579,962**	698,747
Administration	**601,880**	781,222
Amortization of capital assets	**290,592**	235,535
	9,977,544	20,419,019
Excess (deficiency) of revenue over expenses before the following	**50,385**	(17,209)
Transfer to City of Toronto *[note 3]*	**(78,002)**	(23)
Deficiency of revenue over expenses for the year	**(27,617)**	(17,232)
Unrestricted net assets, beginning of year	**115,989**	133,221
Unrestricted net assets, end of year	**88,372**	115,989

See accompanying notes

The Sony Centre for the Performing Arts

STATEMENT OF CASH FLOWS

Year ended December 31

	2008 $	2007 $
OPERATING ACTIVITIES		
Deficiency of revenue over expenses for the year	**(27,617)**	(17,232)
Add (deduct) non-cash items		
Donation of condominium unit	**—**	(559,534)
Amortization of deferred capital contributions	**(262,975)**	(204,304)
Amortization of capital assets	**290,592**	235,535
	—	(545,535)
Net change in non-cash working capital balances related to operations *[note 12]*	**(3,711,819)**	(7,337,663)
Change in employee future benefits	**31,328**	30,783
Cash used in operating activities	**(3,680,491)**	(7,852,415)
INVESTING ACTIVITIES		
Purchase of capital assets	**(64,441)**	(1,117,437)
Cash used in investing activities	**(64,441)**	(1,117,437)
FINANCING ACTIVITIES		
Loan from City of Toronto	**1,761,440**	—
Contributions received for capital purchases	**64,441**	564,337
Cash provided by financing activities	**1,825,881**	564,337
Net decrease in cash during the year	**(1,919,051)**	(8,405,515)
Cash, beginning of year	**2,789,853**	11,195,368
Cash, end of year	**870,802**	2,789,853

See accompanying notes

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

1. OPERATIONS AND RELATIONSHIP WITH THE CITY OF TORONTO

The Board of Directors of the Hummingbird Centre for the Performing Arts [the "Board"] operates under the name The Sony Centre for the Performing Arts and manages a theatre and centre for meetings, reception and displays with the same name [the "Centre"]. The Board operates, manages and maintains the Centre under the terms of an agreement between the Board and the City of Toronto [the "City"].

On June 30, 2008, the Board ceased programming operations to upgrade the mechanical and electrical systems along with refurbishing the internal areas of the Centre. The Board plans to resume full operations in January of 2010.

The Board is a registered charity and, as such, is not subject to income taxes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. The significant accounting policies are as follows:

Revenue recognition

The Board follows the deferral method of accounting for contributions which include grants. Contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted contributions are deferred and recognized as revenue in the year in which the related expenses are recognized. Externally restricted contributions for depreciable capital assets are deferred and amortized over the life of the related capital asset.

Performance, rental and ancillary revenues are recognized on the date of the attraction, event or point of sale. Grants approved by City Council are recognized as revenue in the year for which they are payable.

Deferred revenue consists of the Board's unredeemed gift certificates, sponsorship revenue and membership revenue attributable to future periods of benefit.

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

Advance ticket sales

Advance ticket sales represent funds received from tickets sold prior to December 31 for performances presented by rental clients in the following year. Once the performance has occurred, the advance ticket sales are payable to the rental clients and are included in trade accounts payable.

Inventory

Inventory is recorded at the lower of cost, determined on a first-in, first-out basis and net realizable value.

Capital assets

Capital assets are recorded at cost and are amortized on a straight-line basis over their estimated useful lives as follows:

Computer equipment	4 years
Stage equipment	10 years
Other equipment	5 years
Furniture	5 years

Major capital facilities of the Board, including the building in which the Board operates are recorded in the accounts of the City. Expenditures for major improvements to the Centre are charged directly to the Capital Improvement and Rehabilitation Reserve Fund which is recorded in the accounts of the City and are therefore not recorded as assets in these financial statements.

Chattel assets, assets which are considered to be removable, are the property of the Board and are recorded in the financial statements.

Contributed materials and services

Because of the difficulty of determining their fair value, contributed materials and services are not recognized in the financial statements.

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

Employee future benefits

Contributions to a multi-employer defined benefit pension plan and to defined contribution pension plans are expensed when due.

Derivative financial instruments and cash flow hedging strategy

A substantial portion of the Board's purchases can be for attractions denominated in U.S. dollars. The Board, on occasion, may utilize derivative financial instruments in the management of its foreign currency exposure. The Board's policy is not to utilize derivative financial instruments for trading or speculative purposes.

The Board enters into hedges of its foreign currency exposures on anticipated foreign currency denominated expenses and resulting cash flows within the following year by entering into offsetting forward foreign exchange contracts when it is deemed appropriate.

The Board documents all relationships between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. This process includes linking derivatives to forecasted transactions.

Hedges are recorded at fair value and included on the balance sheet. The effective portion of the gain or loss is recorded as a direct increase in unrestricted net assets and the ineffective portion, if any, is recognized in the statement of operations.

Derivative contracts entered into by the City for electricity, to which the Board is a party, are not designated to be in a hedging relationship and are recorded on the balance sheet at their fair value as an asset or a liability based on quoted market prices or dealer quotes with changes in fair value recorded in building operations on the statement of operations.

Financial instruments

The Board has chosen to continue to apply CICA 3861: *Financial Instruments - Disclosure and Presentation* in place of CICA 3862: *Financial Instruments - Disclosures* and CICA 3863: *Financial Instruments - Presentation*.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the rate of exchange in effect at the balance sheet date. Non-monetary assets and liabilities are translated at the rates prevailing at the transaction dates. Revenue and expenses are translated at the exchange rates on the date of transaction. Realized and unrealized exchange gains and losses are included in the statement of operations for the year.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Changes in accounting policies

Effective January 1, 2008, the Board adopted the recommendations of CICA 1535: *Capital Disclosures*, which require the disclosure of qualitative and quantitative information that enables users of the financial statements to evaluate the Board's objectives, policies and processes for managing capital. The adoption of these recommendations only required additional disclosures which are provided in note 14.

Effective January 1, 2008, the Board adopted retroactively the changes to the recommendations in CICA 4400: *Financial Statement Presentation for Not-For-Profit Organizations* that eliminate the requirement to separately disclose the amount of net assets invested in capital assets. The Board has eliminated from the financial statements details about the amount of net assets invested in capital assets and the calculation of this amount. As a result, the Board has reclassified the prior year financial statements to include the amount of net assets invested in capital assets as at January 1, 2007 and January 1, 2008 in unrestricted net assets.

Future accounting policy changes

The CICA has issued revisions to the 4400 series and certain other sections to amend or improve certain parts of the CICA Handbook that relate to not-for-profit organizations. With respect to presentation, these changes require the reporting of revenue and expenses on a gross basis in the statement of operations unless not required by other guidance. A new section, CICA 4470: *Disclosure of Allocated Expenses by Not-for-Profit Organizations*, was included in the revisions which requires certain disclosures when fundraising and general support expenses are allocated to other functions. These changes in accounting policies must be adopted by years beginning on or after January 1, 2009 with earlier adoption permitted. Management is in the process of assessing the impact of these revisions and the timing of their adoption. However, the impact will be limited to reclassification of numbers in the statements and additional disclosures.

In February 2008, the Accounting Standards Board amended CICA 1000: *Financial Statement Concepts* to clarify that assets not meeting the definition of an asset or the recognition criteria are not permitted to be recognized on the balance sheet. The amendments are effective for financial statements for fiscal years beginning on or after October 1, 2008. Management is in the process of assessing the impact of these amendments on the financial statements.

3. RELATED PARTY TRANSACTIONS, CITY OF TORONTO

The Board has an agreement with the City which established a "Capital Improvement and Rehabilitation Reserve Fund" [the "Fund"], which is recorded in the accounts of the City *[note 6]*. A capital surcharge applied to all tickets sold for attractions at the Centre; corporate contributions for a capital purpose; and government grants for a capital purpose are recorded in the Fund. The acquisition of chattel assets; business plan expenditures on the Board's renovation plans; capital maintenance costs for state of good repair work; and major capital costs for the renovation of the theatre interior and upgrade in its mechanical and electrical systems are charged directly to this Fund or to the City's Capital Works Program *[note 5]*.

In the normal course of operations, the Board incurs costs for various expenses payable to the City such as hydro, legal and other administrative costs. In addition, the City has agreed to cover certain salary costs related specifically to the Board's redevelopment plan. Transactions between the City and the Board are made at the agreed upon exchange amount.

During the year, the City agreed to provide a bridge loan bearing interest at 3.5% per annum to the Board up to a maximum amount of $5,000,000 of which $1,761,440 has been utilized. This loan is to be used by the Board for the sole purpose of meeting operating costs and capital expenditures during the period of ceased programming operations and is repayable the earlier of March 31, 2009 or the close of a certain real estate deal.

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

The current year transfer of operating income to the City is calculated as follows:

	2008 $	2007 $
Excess (deficiency) of revenue over expenses before transfer to City of Toronto	**50,385**	(17,209)
Add (deduct) certain non-cash items		
Amortization of deferred capital contributions	**(262,975)**	(204,304)
Amortization of capital assets	**290,592**	235,535
Purchase of capital assets internally funded	**—**	(13,999)
Transfer to City of Toronto	**78,002**	23

4. STABILIZATION RESERVE

The Board has an agreement with the City which established a Stabilization Reserve Fund. Effective January 1, 2008, the fund was converted to a reserve and no longer earns investment income.

The changes in the Stabilization Reserve balance, which is recorded in the City's accounts, are as follows:

	2008 $	2007 $
Balance, beginning of year	**181,185**	171,680
Interest income	**—**	9,505
Balance, end of year	**181,185**	181,185

Under the operating agreement with the Board, the City is entitled to the operating surpluses of the Board and responsible for the Board's deficits in any year. In certain years since 1996, the Board has been allowed by the City to transfer its operating surplus into the Stabilization Reserve for the purpose of putting surpluses aside in better years in order to offset deficits in other years. The last such transfer of operating income into the Stabilization Reserve allowed by the City was in 2004.

5. CAPITAL WORKS PROGRAM – SONY CENTRE REDEVELOPMENT PROJECT

The City of Toronto approved the Board's redevelopment plan as part of its Capital Works Program in 2008.

A revised plan was approved by City Council in 2009 with a planned expenditure of $11.5 million on the east side mechanical and electrical upgrade, $16.0 million for the renovation of the theatre, and $1 million for the public plaza.

Funding for the project is to come from the sale of density on the south west corner of the Centre site to Castlepoint Realty Ltd. Proceeds from the sale of density will be recorded in the Capital Improvement and Rehabilitation Reserve Fund and will be transferred to the Capital Works Program to cover expenditures.

The changes in the Capital Works Program, which are recorded in the City's accounts, are as follows:

	2008 $	2007 $
Transfer from Capital Improvement and Rehabilitation Reserve Fund *[note 6]*	**846,958**	—
East side mechanical and electrical project expenditures	**(957,656)**	—
Theatre renovation project expenditures	**(1,574,479)**	—
Funding of chattel asset purchases	**(64,441)**	—
Capital Works Program deficit	**(1,749,618)**	—

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

6. CAPITAL IMPROVEMENT AND REHABILITATION RESERVE FUND

The changes in the Capital Improvement and Rehabilitation Reserve Fund balance, which is recorded in the City's accounts as described in note 3, are as follows:

	2008 $	**2007** $
Balance, beginning of year	**1,696,905**	3,023,746
Revenue from ticket capital surcharge	**368,598**	520,911
Federal grant *[note 11]*	**45,000**	405,000
Corporate contribution	**—**	90,250
Investment income	**55,429**	125,323
Funding of capital asset purchases	**—**	(1,103,438)
Capital costs - related to the Board's state of good repair and business planning *[note 3]*	**(558,074)**	(1,364,887)
Funding of 2008 operations	**(760,900)**	—
Transfer to Capital Works Program - Sony Centre Redevelopment Project *[note 5]*	**(846,958)**	—
Balance, end of year	**—**	1,696,905

As at December 31, 2008, a balance of $1,642,056 [2007 - $702,205] was receivable from the City from the Capital Improvement and Rehabilitation Reserve Fund in connection with expenditures made by the Board and recoverable from the City. In 2007, the Board also had ticket capital surcharges due to the City to the Capital Improvement and Rehabilitation Reserve Fund of $180,741. The receivable of $1,642,056 [2007 - net receivable of $521,464] is recorded on the balance sheet.

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

7. CAPITAL ASSETS

Capital assets consist of the following:

	2008		
	Cost $	**Accumulated amortization** $	**Net book value** $
Computer equipment	**291,227**	**157,550**	**133,677**
Stage equipment	**1,833,588**	**807,341**	**1,026,247**
Other equipment	**214,723**	**193,452**	**21,271**
Furniture	**281,297**	**162,646**	**118,651**
	2,620,835	**1,320,989**	**1,299,846**

	2007		
	Cost $	**Accumulated amortization** $	**Net book value** $
Computer equipment	440,142	309,277	130,865
Stage equipment	1,833,588	633,428	1,200,160
Other equipment	242,020	204,321	37,699
Furniture	343,059	185,786	157,273
	2,858,809	1,332,812	1,525,997

During the year, the Board disposed fully amortized capital assets with an original cost of $302,415 for no proceeds. The cost and related accumulated amortization have been removed from the financial statements.

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

8. OTHER ASSET

In 2007, the Board was the recipient of a gift of a condominium unit scheduled for completion in 2010. This donation was recorded on the balance sheet as other asset and included in the 2007 statement of operations in interest and other income. The intention of the Board is to resell the condominium unit at a time that maximizes value.

9. EMPLOYEE FUTURE BENEFITS

The Board makes contributions to the Ontario Municipal Employees' Retirement Fund ["OMERS"], which is a multi-employer pension plan, on behalf of most of its employees. The plan is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Employees and employers contribute jointly to the plan.

Because OMERS is a multi-employer pension plan, any pension plan surpluses or deficits are a joint responsibility of all Ontario municipalities and their employees. As a result, the Board does not recognize any share of the OMERS pension surplus or deficit. Employers' current service contributions to the OMERS pension plan in the amount of $160,020 [2007 - $180,766] were expensed and are included in salaries, wages and benefits.

In addition to "other-than-continuous full-time" offers to participate in the OMERS plan, the Board has arrangements with bargaining units to make contributions to registered retirement savings plans on behalf of its employees. Contributions in the amount of $57,705 [2007 - $104,425] were expensed and are included in salaries, wages and benefits.

The Board also contributes the employer portion of the Canada Pension Plan ["CPP"] and Employment Insurance ["EI"]. For 2008 the total of these contributions were: CPP $130,273 [2007 - $177,454] and EI $68,288 [2007 - $98,800].

Certain employee groups in the Board have long-term disability coverage provided by the City. The future benefit costs for the year in the amount of $31,328 [2007 - $30,783] as determined by the City's actuary were expensed and are included in salaries, wages and benefits.

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

10. DEFERRED CAPITAL CONTRIBUTIONS

The changes in deferred capital contributions during the year are as follows:

	2008 $	**2007** $
Balance, beginning of year	**1,410,008**	510,874
Amortization of deferred capital contributions	**(262,975)**	(204,304)
Contributions restricted for the purchase of capital assets *[note 5]*	**64,441**	1,103,438
Balance, end of year	**1,211,474**	1,410,008

11. GOVERNMENT GRANTS

In 2007, the Board received $93,750 from the Federal government's Celebrate Ontario program used to support the presentation of Irving Berlin's White Christmas. Of this amount, $91,071 was recognized as performance revenue in 2007 with the balance of $2,679 relating to the 2008 performance week recorded in 2008. The Board also entered into an agreement in 2007 with the Ontario Tourism Marketing Program of the Province of Ontario to promote Irving Berlin's White Christmas to tourists outside the Greater Toronto Area. Direct marketing expenses of $36,595 were substantially covered by a grant of $32,000 from this program. Of this amount, $27,428 was recognized as performance revenue in 2007 with the balance of $4,572 relating to the 2008 performance week recorded in 2008. The Board entered into a similar agreement in 2008 with the Ontario Tourism Marketing Program of the Province of Ontario to promote Swan Lake on Ice. Direct marketing expenses of $35,027 were substantially funded by a grant of $35,000 from this program which was recognized as performance revenue.

In 2007, the Federal Minister of Canadian Heritage, through the Cultural Spaces Canada program, approved a $450,000 infrastructure grant for the Board's equipment upgrade called "Enhancing the Mainstage". Expenditures of $948,623 were made in 2007 on this project. An amount of $405,000 of the approved grant was received in 2007 and a further $45,000 was received in 2008. The grant and the related expenditures have been recorded in the Capital Improvement and Rehabilitation Reserve Fund in the City's accounts *[note 6]*.

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

12. STATEMENT OF CASH FLOWS

The net change in non-cash working capital balances related to operations consists of the following:

	2008 $	2007 $
Accounts receivable	**1,103,668**	(238,384)
Due from City of Toronto		
Capital Improvement and Rehabilitation Reserve Fund	**(1,120,592)**	—
Trade receivables	**9,248**	(9,248)
Inventory	**32,244**	(12,390)
Prepaid expenses	**802,346**	(629,349)
Accounts payable and accrued liabilities	**(975,921)**	(7,017,137)
Due to City of Toronto		
Operating surplus	**77,979**	(422,093)
Trade payables	**(25,937)**	(65,423)
Deferred revenue	**(1,278,340)**	(155,913)
Advance ticket sales	**(2,336,514)**	1,212,274
	(3,711,819)	(7,337,663)

13. FINANCIAL INSTRUMENTS

The carrying values of the Board's financial instruments approximate their fair values unless otherwise noted.

The Board is exposed to gains/losses that arise with respect to the degree of volatility of foreign exchange rates. The Board, during the normal course of operations, may have contractual obligations in U.S. dollars for artists and attractions which are subject to foreign exchange gains/losses between the time of contracting and the time of payment. Depending on the quantum of the exposure, the Board may use foreign exchange contracts to fix the exchange rate for the value of the U.S. dollar relative to the Canadian dollar at the time of booking.

As at December 31, 2008, the Board had no open forward foreign exchange contracts committing it to purchase U.S. dollars.

The Board is exposed to changes in electricity prices associated with the wholesale spot market for electricity in Ontario. The Board has addressed the commodity price risk exposure associated with changes in the wholesale price of electricity by entering into energy related purchase and sales contracts, through its participation in an agreement entered into by the City that fixes a portion of the wholesale price over the term of the contract. One contract is outstanding at December 31, 2008 and expires on December 31, 2009. The contract is in a loss position at December 31, 2008; however, the Board's portion of this loss is nominal.

Accounts which are receivable result in exposure to credit risk since there is a risk of counterparty default. The Board provides for an allowance for doubtful accounts to absorb potential credit losses. As at December 31, 2008, there is no concentration of credit risk of accounts receivable [2007 - two customers represented 59%].

14. CAPITAL MANAGEMENT

In managing capital, the Board focuses on liquid resources available for operations. The Board's objective is to have sufficient liquid resources to continue operating despite adverse financial events and to provide it with the flexibility to take advantage of opportunities that will advance its purposes. The need for sufficient liquid resources is considered in the preparation of an annual budget and in the monitoring of cash flows and actual operating results compared to the budget. As at December 31, 2008, the Board has met its objective of having sufficient liquid resources to meet its current obligations.

15. COMMITMENTS AND CONTINGENCIES

[a] Leases

The Board is committed under the terms of operating leases for equipment approximately as follows:

	$
2009	19,000
2010	19,000
2011	19,000
2012	12,000
	69,000

[b] Contingencies

Normal operations at the Board were terminated at the beginning of July 2008. Under specific collective agreements, the option exists for the employees to hold onto their recall rights and not be terminated. The total severance obligation for employees who opted to maintain their recall rights as at December 31, 2008 is $40,435 and this amount has not been expensed in 2008.

The Board has been served notice from a bargaining unit union with a request for the Board to review its pay equity plan adopted and posted in 1990. The Board's management, in consultation with its lawyers and pay equity consultant, is evaluating the validity of the review. The amount of any liability that may result from this review is not determinable at this point in time.

16. COMPARATIVE FINANCIAL STATEMENTS

The comparative financial statements have been reclassified from the statements previously presented to conform to the presentation of the 2008 financial statements.

Ernst & Young LLP

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