Financial Statements

The Sony Centre for the Performing Arts
December 31, 2009

AUDITORS' REPORT

To the 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, 2009 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, 2009 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 3, 2010.

The Sony Centre for the Performing Arts

BALANCE SHEET

As at December 31

	2009	2008
	$	$
ASSETS		
Current		
Cash	**569,640**	870,802
Accounts receivable *[note 12]*	**200,216**	96,400
Due from City of Toronto *[note 6]*	**1,891,310**	1,642,056
Inventory	**2,806**	2,806
Prepaid expenses	**8,583**	9,397
Total current assets	**2,672,555**	2,621,461
Capital assets, net *[note 7]*	**1,326,432**	1,378,489
Other asset *[note 8]*	**559,534**	559,534
	4,558,521	4,559,484
LIABILITIES AND UNRESTRICTED NET ASSETS		
Current		
Accounts payable and accrued liabilities	**2,777,911**	1,222,215
Due to City of Toronto		
Loan *[note 3]*	**—**	1,761,440
Operating surplus *[note 3]*	**307,258**	78,002
Refundable municipal grant	**16,761**	—
Trade payables	**18,496**	26,513
Deferred revenue	**22,126**	30,714
Total current liabilities	**3,142,552**	3,118,884
Employee future benefits *[note 9]*	**89,537**	62,111
Deferred capital contributions *[note 10]*	**1,191,150**	1,290,117
Total liabilities	**4,423,239**	4,471,112
Commitments and contingencies *[note 14]*		
Unrestricted net assets	**135,282**	88,372
	4,558,521	4,559,484

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

	2009	2008
	$	$
REVENUE		
Operating		
Performance	—	3,666,248
Rental	—	2,134,480
Ancillary	**163,244**	1,384,944
Other recoveries *[note 3]*	**591,617**	329,745
Interest and other	**449**	317,537
City of Toronto grant	**1,144,339**	1,171,100
City of Toronto - Funding from the Facility Fee Reserve Fund *[note 6]*	**1,498,427**	760,900
Amortization of deferred capital contributions	**98,967**	184,332
	3,497,043	9,949,286
EXPENSES		
Operating		
Salaries, wages and benefits *[note 9]*	**1,963,284**	4,466,870
Presentation and production	**50,000**	3,602,019
Ancillary	**142,258**	436,221
Building operations	**437,997**	579,962
Administration *[notes 3 and 7]*	**435,311**	601,880
Amortization of capital assets	**114,025**	211,949
	3,142,875	9,898,901
Excess of revenue over expenses before the following	**354,168**	50,385
Transfer to the City of Toronto *[note 3]*	**(307,258)**	(78,002)
Excess (deficiency) of revenue over expenses for the year	**46,910**	(27,617)
Unrestricted net assets, beginning of year	**88,372**	115,989
Unrestricted net assets, end of year	**135,282**	88,372

See accompanying notes

The Sony Centre for the Performing Arts

STATEMENT OF CASH FLOWS

Year ended December 31

	2009	2008
	$	$
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses for the year	**46,910**	(27,617)
Add (deduct) non-cash items		
Amortization of deferred capital contributions	**(98,967)**	(184,332)
Amortization of capital assets	**114,025**	211,949
Loss on disposal of capital assets *[note 7]*	**14,500**	—
	76,468	—
Net change in non-cash working capital balances related to operations *[note 11]*	**300,606**	(3,196,275)
Change in employee future benefits	**27,426**	31,328
Cash provided by (used in) operating activities	**404,500**	(3,164,947)
INVESTING ACTIVITIES		
Purchase of capital assets	**(76,468)**	(64,441)
Cash used in investing activities	**(76,468)**	(64,441)
FINANCING ACTIVITIES		
Due from City of Toronto	**(249,254)**	(1,111,344)
Accounts payable and accrued liabilities	**1,381,500**	595,800
Loan proceeds from City of Toronto	**2,238,560**	1,761,440
Repayment of City loan	**(4,000,000)**	—
Contributions received for capital purchases	**—**	64,441
Cash provided by (used in) financing activities	**(629,194)**	1,310,337
Net decrease in cash during the year	**(301,162)**	(1,919,051)
Cash, beginning of year	**870,802**	2,789,853
Cash, end of year	**569,640**	870,802

See accompanying notes

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

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, receptions 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 October of 2010.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board have been prepared by management in accordance with Canadian generally accepted accounting principles. The significant accounting policies are as summarized below.

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 incurred. 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.

Deferred revenue consists of the Board's unredeemed gift certificates, sponsorship revenue and membership revenue for which no tax receipt has been issued attributable to future periods of benefit.

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

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 Centre including the land and building in which the Board operates, are recorded in the accounts of the City. Expenditures for leasehold improvements to the Centre are charged to the City's Capital Works Program and the corresponding funding is withdrawn from the Facility Fee Reserve Fund. These assets are 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

Contributed materials and services are not recognized in the financial statements as fair value is not readily determinable.

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

Employee future benefits

The Board has adopted the following policies with respect to employee future benefit plans:

[i] the Board's contributions to a multi-employer, defined benefit pension plan and to deferred retirement savings plans are expensed when contributions are due;

[ii] the costs of termination benefits and compensated absences are recognized when the event that obligates the Board occurs. Costs include projected future compensation payments, health care continuation costs and fees paid to independent administrators of these plans, calculated on a present value basis;

[iii] the costs of other employee benefits are actuarially determined using the projected benefits method prorated on service and management's best estimate of retirement ages of employees, salary escalation, and expected health care costs;

[iv] past service costs from plan amendments are amortized on a straight-line basis over the expected average remaining service period of employees active at the date of amendment;

[v] employee future benefit liabilities are discounted using current interest rates on long-term bonds;

[vi] net actuarial gains and losses are amortized over the expected average remaining service life of the related employee group.

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 can enter 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 expenses on the statement of operations and changes in net assets.

Financial instruments

The Board has chosen to continue to apply the Canadian Institute of Chartered Accountants ["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 the 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.

Future accounting policy changes

The Public Sector Accounting Board ["PSAB"] issued an exposure draft in March 2010 which sets out financial reporting proposals that would apply to government not-for-profit organizations. Specifically, PSAB proposes to incorporate into the Public Sector Accounting ["PSA"] Handbook the 4400 series from the CICA Handbook without making substantive changes at this time; amend the Introduction of Accounting Standards that apply only to not-for-profit organizations currently in the PSA Handbook to set out the applicability of standards in the PSA Handbook to government not-for-profit organizations; and amend the Introduction to Public Sector Accounting Standards to direct government not-for-profit organizations to apply the standards for not-for-profit organizations in the PSA Handbook for fiscal periods beginning on or after January 1, 2012 with retroactive application with restatement of prior periods. PSAB expects the final standards will be incorporated into the PSA Handbook in late 2010. Government not-for-profit organizations currently use the standards developed by the Accounting Standards Board that are used by private sector not-for-profit organizations. If these proposals are adopted, government not-for-profit organizations will continue to apply the 4400 series of standards using the PSA Handbook.

3. RELATED PARTY TRANSACTIONS, CITY OF TORONTO

In August 2009, the Board updated its agreement with the City to re-purpose and re-name the "Capital Improvement and Rehabilitation Reserve Fund" as the "Facility Fee Reserve Fund – Sony Centre" [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 Fund has been re-purposed to fund capital maintenance costs for state of good repair work, heritage preservation, and major capital costs for the renovation of the theatre as well as repayment of advances and loans related to capital projects. Funding from the Facility Fee Reserve Fund – Sony Centre is used to finance the Capital Works expenditures *[notes 5 and 6]*.

During the year, the City of Toronto increased the maximum amount of the bridge loan available to the Board from $5,000,000 bearing interest at 3.5% per annum to $7,000,000 bearing interest at 5% per annum. The loan was to be used by the Board for the sole purpose of meeting operating costs and capital expenditures during the period of ceased programming operations. The Board utilized loans totaling $4,000,000 during the year and repaid the loan on October 9, 2009 by reducing the amount due from City of Toronto. Interest expense on the portion of the loan relating to operating costs totaled $12,000 and is included in administration expense. Interest expense on the portion of the loan relating to capital expenditures totaled $56,000 and was charged to the 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 administration expenses. In addition, the City has agreed to cover certain salary costs related specifically to the Board's renovation plan which are included in other recoveries in the statement of operations and changes in net assets. Transactions between the City and the Board are made at the agreed upon exchange amount.

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

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

	2009 $	2008 $
Excess of revenue over expenses before transfer to the City of Toronto	**354,168**	50,385
Add (deduct) non-cash items		
Amortization of deferred capital contributions	**(98,967)**	(184,332)
Amortization of capital assets	**114,025**	211,949
Loss on disposal of asset	**14,500**	—
Purchase of capital assets internally funded	**(76,468)**	—
Transfer to City of Toronto	**307,258**	78,002

4. STABILIZATION RESERVE –SONY CENTRE

The Board has an agreement with the City which established in the accounts of the City, a Stabilization Reserve. 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. For fiscal years ended December 31, 2008 and 2009, the City has not added to this Fund the transfer of current year operating income as disclosed in note 3. As at December 31, 2009, the balance in the Stabilization Reserve is $181,185 [2008 - $181,185].

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.

In October 2009, the redevelopment plan was updated and approved by City Council within its Capital Budget with a planned expenditure of $11.5 million on the east side mechanical and electrical upgrade, $19.46 million for the renovation of the theatre, and $1 million for the public plaza for a total estimated cost of $31.96 million. Included in this recommendation was the availability of a capital completion loan of $4.65 million.

Funding for the project expenditures is received from the Facility Fee Reserve Fund – Sony Centre.

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

	2009 $	**2008** $
Capital Works Program deficit, beginning of year	**(1,749,618)**	—
Transfer from the Facility Fee Reserve Fund - Sony Centre *[note 6]*	**6,698,295**	846,958
East side mechanical and electrical project expenditures	**(2,492,086)**	(957,656)
Theatre renovation project expenditures *[note 3]*	**(2,456,591)**	(1,574,479)
Funding of chattel asset purchases *[note 10]*	**—**	(64,441)
Capital Works Program (deficit), end of year	—	(1,749,618)

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

6. FACILITY FEE RESERVE FUND – SONY CENTRE

Funding for the Centre's Capital Works Program as described in note 5 comes from the sale of density in the year ended December 31, 2009 on the south west corner of the Centre site to Ferncastle (Front Street) Inc. Proceeds received from the sale of density have been recorded in the Facility Fee Reserve Fund and will be transferred to the Capital Works Program to cover renovation expenditures and operating costs during the construction period. The closing of the real estate transaction in the amount of $28,563,540 provided funding of $25,063,540 in the current year with an additional $3,500,000 to be received and recorded in a future period.

The changes in the Facility Fee Reserve Fund – Sony Centre, which is recorded in the City's accounts as described in note 3, are as follows:

	2009 $	**2008** $
Balance, beginning of year	**—**	1,696,905
Revenue from ticket capital surcharge	**—**	368,598
Federal grant	**—**	45,000
Proceeds from the sale of density rights	**25,063,540**	—
Investment income	**16,323**	55,429
Capital costs - related to the Board's state of good repair and business planning *[note 3]*	**—**	(558,074)
Funding of operations	**(1,498,427)**	(760,900)
Transfer to Capital Works Program - Sony Centre Redevelopment Project *[note 5]*	**(6,698,295)**	(846,958)
Balance, end of year	**16,883,141**	—

As at December 31, 2009, a balance of $1,891,310 [2008 - $1,642,056] was recorded on the balance sheet receivable from the City from the Facility Fee Reserve Fund – Sony Centre in connection with expenditures made by the Board and recoverable from the City.

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

7. CAPITAL ASSETS

Capital assets consist of the following:

	2009		
	Cost $	**Accumulated amortization** $	**Net book value** $
Computer equipment	**315,180**	**183,588**	**131,592**
Stage equipment	**1,826,856**	**721,965**	**1,104,891**
Other equipment	**214,723**	**204,803**	**9,920**
Furniture	**281,297**	**201,268**	**80,029**
	2,638,056	**1,311,624**	**1,326,432**

	2008		
	Cost $	**Accumulated amortization** $	**Net book value** $
Computer equipment	291,227	157,550	133,677
Stage equipment	1,833,588	728,698	1,104,890
Other equipment	214,723	193,452	21,271
Furniture	281,297	162,646	118,651
	2,620,835	1,242,346	1,378,489

During the year, the Board disposed of capital assets with an original cost of $59,247 and accumulated amortization of $44,747 for no proceeds. The cost and related accumulated amortization have been removed from the financial statements and a loss of $14,500 has been included in administration expense.

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

8. OTHER ASSET

In 2007, the Board was the recipient of a gift of a condominium unit scheduled for completion in 2012. 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 many 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, pension formula and best 60 months of earnings. 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 $115,505 [2008 - $160,020] 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 $5,686 [2008 - $57,705] 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 2009, the total of these contributions were: CPP $54,405 [2008 - $130,273] and EI $27,431 [2008 - $68,288] which were expensed and are included in salaries, wages and benefits.

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

The Board has a defined benefit plan for disabled employees providing health, dental, life insurance and long-term disability benefits. An amount of $27,426 [2008 - $31,328], as determined by the City's actuary, was expensed and is included in salaries, wages and benefits.

The employee future benefits payable related to these plans recorded in the financial statements consists of the following:

	2009 $	2008 $
Accrued benefit obligations	**502,846**	63,020
Less unamortized actuarial loss	**(413,309)**	(909)
Total employee future benefits payable	**89,537**	62,111

The post-retirement and other post-employment benefits plans as noted above are unfunded; however, the Board participates in reserve funds established by the City. No amounts were contributed to these reserve funds during 2008 and 2009.

Due to the complexities in valuing the liabilities of the plans, actuarial valuations are conducted on a periodic basis. The most recent actuarial valuation was completed as of December 31, 2009.

The significant actuarial assumptions adopted in measuring the Board's accrued benefit obligations and benefit costs are as follows:

	2009 %	2008 %
Discount rate for accrued benefit obligation:		
Post-retirement	**6.10**	5.00
Other post-employment	**5.30**	4.65
Discount rate for accrued benefit costs:		
Post-retirement	**5.00**	5.00
Other post-employment	**4.65**	4.65
Rate of compensation increase	**3.00**	3.00

For measurement purposes, an 8.0% annual rate of increase in the per capita cost of covered health care benefits was assumed except for a 4.0% annual rate of increase for dental benefits. The rates are assumed to decrease gradually to 4.0% by 2020 for all benefits except for the dental benefit rate that is assumed to decrease gradually to 3.0% by 2015, and remain at those levels thereafter.

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

10. DEFERRED CAPITAL CONTRIBUTIONS

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

	2009 $	2008 $
Balance, beginning of year	**1,290,117**	1,410,008
Amortization of deferred capital contributions	**(98,967)**	(184,332)
Contributions restricted for the purchase of capital assets *[note 5]*	—	64,441
Balance, end of year	**1,191,150**	1,290,117

11. STATEMENT OF CASH FLOWS

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

	2009 $	2008 $
Accounts receivable	**(103,816)**	1,103,668
Inventory	—	32,244
Prepaid expenses	**814**	802,346
Accounts payable and accrued liabilities	**174,196**	(1,571,721)
Due to City of Toronto		
Operating surplus	**229,256**	77,979
Refundable municipal grant	**16,761**	—
Trade payables	**(8,017)**	(25,937)
Deferred revenue	**(8,588)**	(1,278,340)
Advance ticket sales	—	(2,336,514)
	300,606	(3,196,275)

Excluded from the due from City of Toronto and accounts payable and accrued liabilities is $1,381,500 [2008 - $595,800] of non-operating redevelopment charges.

12. 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, 2009, 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 a 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 their participation in an agreement entered into by the City, that fixes a portion of the wholesale price over the term of the contract. All contracts entered into in 2009 expired by December 31, 2009. In 2008, one contract was in a loss position at December 31, 2008; however, the Board's portion of this loss was 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, 2009, two accounts represent 37% of the total accounts receivable balance [2008 - no concentration of credit risk].

13. 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 and managing capital expenditures relating to the redevelopment project as described in note 5. As at December 31, 2009, the Board has met its objective of having sufficient liquid resources to meet its current obligations.

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

14. COMMITMENTS AND CONTINGENCIES

[a] Leases

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

	$
2010	19,000
2011	19,000
2012	12,000
	50,000

[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 continue to opt to maintain their recall rights as at December 31, 2009 is $30,792 [2008 - $40,435] and this amount has not been expensed.

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 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.

15. COMPARATIVE FINANCIAL STATEMENTS

The comparative financial statements have been reclassified from the statements previously presented to conform to the presentation of the 2009 financial statements. Amortization expense for stage equipment and the related amortization of deferred capital contributions were reduced in the statement of operations in the amount of $78,643 as the Centre ceased operations on June 30, 2008. Capital assets and deferred capital contributions were increased by this same amount.