

**MOVE ONTARIO TRUST**

**FINANCIAL STATEMENTS**

DECEMBER 31, 2008



**BDO Dunwoody LLP**  
Chartered Accountants  
and Advisors

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## Auditors' Report

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### To the Trustees of Move Ontario Trust

We have audited the balance sheet of Move Ontario Trust as at December 31, 2008 and the statements of income, capital and cash flows for the period then ended. These financial statements are the responsibility of the Trust'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 Trust as at December 31, 2008 and the results of its operations and its cash flows for the period then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants, Licensed Public Accountants

Mississauga, Ontario  
February 19, 2009

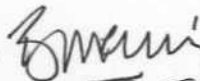
# MOVE ONTARIO TRUST

## Balance Sheet

December 31	2008	2007
	\$	\$
<b>ASSETS</b>		
Current assets		
Cash (note 3)	962,595,496	775,052,860
Accrued interest	1,415,189	3,031,938
Advances to Executive Task Force	682,177	-
	<u>964,692,862</u>	<u>778,084,798</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	186,005	34,662
Distributions payable (note 4)	19,895,597	33,196,745
	<u>20,081,602</u>	<u>33,231,407</u>
<b>CAPITAL</b>	<u>944,611,260</u>	<u>744,853,391</u>
	<u>964,692,862</u>	<u>778,084,798</u>

Approved by the Trustees:

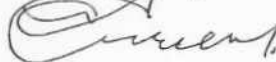
Bruce McCuaig, Trustee



Cameron S. Weldon, Trustee



Lloyd W. Russell, Trustee



# MOVE ONTARIO TRUST

## Statement of Income

Year ended December 31	2008 \$	2007 \$
Revenue		
Interest (note 3)	29,184,142	33,219,827
Expenses	24,000	23,082
Net income for year	<u>29,160,142</u>	<u>33,196,745</u>

## Statement of Capital

Year ended December 31	2008 \$	2007 \$
Capital, beginning of year	744,853,391	670,000,010
Net income for year	29,160,142	33,196,745
Contributions	200,000,000	75,000,000
Distribution to beneficiaries	(29,160,142)	(33,196,745)
Capital expenditures	(242,131)	(146,619)
Capital, end of year	<u>944,611,260</u>	<u>744,853,391</u>

# MOVE ONTARIO TRUST

## Statement of Cash Flows

Year ended December 31	2008	2007
	\$	\$
Cash flows from operating activities		
Net income for year	29,160,142	33,196,745
Change in non-cash working capital items		
Decrease (increase) in accrued interest	1,616,749	(553,207)
Increase in advances to Executive Task Force	(682,177)	-
Increase in accounts payable	151,343	34,662
Increase (decrease) in distributions payable	(13,301,148)	11,430,777
	<u>16,944,909</u>	<u>44,108,977</u>
Cash flows from financing activities		
Contributions	200,000,000	75,000,000
Capital expenditures	(242,131)	(146,619)
Distribution to beneficiaries	(29,160,142)	(33,196,745)
	<u>170,597,727</u>	<u>41,656,636</u>
Increase in cash	187,542,636	85,765,613
Cash, beginning of year	<u>775,052,860</u>	<u>689,287,247</u>
Cash, end of year	<u>962,595,496</u>	<u>775,052,860</u>

# MOVE ONTARIO TRUST

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## Notes to Financial Statements

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December 31, 2008

### 1. General

Move Ontario Trust ("Trust") was settled under a Declaration of Trust ("Declaration") by the Province of Ontario as Settlor by the payment of an Initial Contribution on March 24, 2006. Further Contributions in the amount of \$670 million were subsequently made to the Trust by the Province. Both contributions, and any Additional Contributions, as defined by the Trust indenture, are irrevocable and shall not be distributed to or revert to the Province of Ontario.

The Trust was established to fund distributions in respect of capital investments in a heavy rail inter-regional public transit infrastructure expansion project in the City of Toronto ("Toronto") and The Regional Municipality of York ("York"), Beneficiaries of the Trust. Pursuant to the terms of the Declaration, the Trust has determined that Trust Assets are allocated to the Beneficiaries in the ratio of 59.96 per cent to Toronto and 40.04 per cent to York for use in the extension of the Spadina/University subway to Vaughan Corporate Centre. Should the project not proceed or meet established progress milestones, the Declaration provides for the Trust Assets to be distributed to certain Eligible Municipalities to be used for transit purposes.

### 2. Significant accounting policies

#### (a) Management 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 disclosures of contingent 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.

#### (b) Financial instruments

The carrying amount of the trust's financial instruments, consisting of cash, accrued interest and distributions payable, approximate their fair value unless otherwise noted.

It is management's opinion that, unless otherwise noted, the trust is not exposed to significant interest rate, currency or credit risks arising from these financial instruments. The type and amount of securities eligible for investment are restricted and the Trust deals with highly rated counterparties to hold its investments, including cash.

### 3. Interest on cash balances

Cash balances earn interest based on the bank's daily Money Market Reference Rate ("MMRR"), which is established weekly and is a weighted average of the 30/60/90 day CDOR rate. Interest is calculated on the daily closing balance and is credited to the Trust's bank account monthly. Interest earned is at the MMRR less 10 basis points for balances in excess of \$10 million and MMRR less 20 basis points for balances of \$10 million or less.

# MOVE ONTARIO TRUST

## Notes to Financial Statements (continued)

December 31, 2008

### 4. Distributions

Pursuant to the Declaration, the Trust is required to allocate, distribute and make payable to the Beneficiaries all of the income of the Trust earned in a taxation year. During the year, the Trust distributed income to fund capital investments in the public transit infrastructure expansion project for which it was established. The Trustees passed a resolution on December 22, 2008 providing that the remaining taxable income of the Trust is payable to the Beneficiaries as of its year end.

Capital distributions include costs of the Trust which are not incurred to earn income and hence are not deductible for income tax purposes. These costs were charged against the capital of the Trust.

Distributions of the Trust are summarized as follows:

	2008	2007
	\$	\$
Net income	29,160,142	33,196,745
Distributions to beneficiaries		
Project capital costs	(9,264,545)	-
Payable to beneficiaries at year end	(19,895,597)	(33,196,745)
Undistributed net income	-	-