

**MOVE ONTARIO TRUST**

**FINANCIAL STATEMENTS**

DECEMBER 31, 2006



**BDO Dunwoody LLP**  
Chartered Accountants  
and Advisors

1 City Centre Drive Suite 1700  
Mississauga Ontario Canada L5B 1M2  
Telephone: (905) 270-7700  
Fax: (905) 270-7915  
Toll Free: 1-866-248-6660

[www.bdo.ca](http://www.bdo.ca)

---

## Auditors' Report

---

### To the Trustees of Move Ontario Trust

We have audited the balance sheet of Move Ontario Trust as at December 31, 2006 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, 2006 and the results of its operations and its cash flows for the period then ended in accordance with Canadian generally accepted accounting principles.

*BDO Dunwoody LLP*

Chartered Accountants

Mississauga, Ontario  
February 6, 2007

# MOVE ONTARIO TRUST

---

## Balance Sheet

---

December 31, 2006

\$

### ASSETS

#### Current assets

Cash (note 3)

689,287,247

Accrued interest

2,478,731

691,765,978

### LIABILITIES

#### Current liabilities

Distributions payable (note 4)

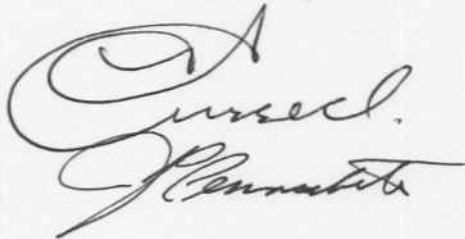
21,765,968

### CAPITAL

670,000,010

691,765,978

Approved by the Trustees:



Trustee

Trustee

Trustee

## **MOVE ONTARIO TRUST**

---

### **Statement of Income**

---

Period from date of inception on March 24, 2006, to December 31, 2006

	<u>\$</u>
Revenue	
Interest (note 3)	21,765,968
Expenses	<u>-</u>
Net income for period	<u><u>21,765,968</u></u>

---

### **Statement of Capital**

---

Period from date of inception on March 24, 2006, to December 31, 2006

	<u>\$</u>
Capital, beginning of period	-
Initial contribution from settlor	10
Contribution from settlor	670,000,000
Net income for year	21,765,968
Distribution to beneficiaries	<u>(21,765,968)</u>
Capital, end of period	<u><u>670,000,010</u></u>

## MOVE ONTARIO TRUST

---

### Statement of Cash Flows

---

Period from date of inception on March 24, 2006, to December 31, 2006

	<u>\$</u>
Cash flows from operating activities	
Net income for period	21,765,968
Change in non-cash working capital item	
Increase in accrued interest	<u>(2,478,731)</u>
	<u>19,287,237</u>
Cash flows from financing activities	
Initial contribution from settlor	10
Contribution from settlor	<u>670,000,000</u>
	<u>670,000,010</u>
Increase in cash, being cash, end of period	<u><u>689,287,247</u></u>

# MOVE ONTARIO TRUST

---

## Notes to Financial Statements

---

December 31, 2006

### 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. A further Contribution in the amount of \$670 million was 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, 2006

### **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. The Trustees passed a resolution on December 20, 2006 providing that the taxable income of the Trust is payable to the Beneficiaries as of its year end.