

Financial Report 2009



ACCESUM INC. AND SOCIÉTÉ EN COMMANDITE STATIONNEMENT DE MONTRÉAL

BOARD OF DIRECTORS

ACCESUM INC.

ACTING AS GENERAL PARTNER FOR THE SOCIÉTÉ EN COMMANDITE STATIONNEMENT DE MONTRÉAL

Roger Plamondon

President

Société en commandite Stationnement de Montréal

Chairman of the Board

Accesum inc.

Marc Blanchet¹

Directeur transport – planification et grands projets

Service des infrastructures, transport et environnement

Ville de Montréal

Ed Goral^{1, 2}

Administrator

Danielle Melanson^{1, 4}

Partner

Melanson Roy & associés inc.

Lise Aubin^{2, 4}

Vice-president, administration and business development

Chambre de commerce du Montréal métropolitain

Pierre Ouellet³

Administrator

Robert Racine^{3, 4}

Partner

Kenniff & Racine, Executive search

Pierre Reid²

Directeur principal – Capital humain

Ville de Montréal

¹ Human Resources Committee

² Audit Committee

³ Sustainable Development and Greening Committee

⁴ Governance Committee

COMMENTS OF THE CHAIRMAN OF THE BOARD

FINANCIAL RESULTS FOR ACCESUM INC. AND COMPANY EN COMMANDITE STATIONNEMENT DE MONTRÉAL FOR THE YEAR ENDING DECEMBER 31, 2009

A year of great achievements

2009 was a year of great achievements for the Company en commandite Stationnement de Montréal (the “Company”), a year during which we successfully carried out new mandates as well as attaining our objectives for current operations.

These mandates, entrusted to us by the City of Montréal (the “City”), come from the guidelines laid out in its transportation plan Réinventer Montréal, hailed by all of Montréal’s stakeholders. The fundamental objective of this plan, which aims to maximize the efficiency of travel in the City, is to make Montréal a modern city and a model for urban transport. The great challenge for the Company consists of matching the City stride for stride in the achievement of this plan.

However, this plan will put pressure on the Company, because it will aim to reduce the use of cars in downtown areas, as well as reducing the number of parking spaces. Therefore, the Company must increase the efficiency of its operations. To do this, several measures have already been put in place, among them, encouraging the use of credit cards, reducing the number of collection points as well as making major modifications to the counting area to allow it to function better.

What’s more, the Company wishes to continue replacing old parking meters still in use in certain boroughs by more modern and efficient parking terminals. No matter what area of the city, users should be able to benefit from this new technology. The Company will pursue its representations to municipal authorities to gain their support for this initiative. Already, with the help of the City’s Bureau du Patrimoine, the Company has managed to conclude an agreement with the ministère de la Culture of the government of Québec, allowing it to deploy a pilot project in the historical district of Old Montreal.

A uniform policy for parking

Moreover, the Company is pursuing its collaboration with the City with a view to developing a uniform parking policy throughout its entire territory. There are currently varying parking policies in place in former suburban cities that are now part of the City proper as well as other cities that are part of the Agglomeration Council.

Dynamic parking guidance

The new dynamic parking guidance system that the Company put into service this year is one of the measures contained in the integrated transportation plan for Old Montreal. This system, composed of electronic signs indicating the number and location of parking spots available in a given sector, reduces vehicular traffic. The safety and conviviality of Old Montreal will thereby be increased as well.

The City is one of the first municipalities in North America to install this technology. It is another innovation by the Company which, in partnership with parking lot managers and owners, contributes to the improvement of automobile traffic management. The objective for the coming year is to complete the installation of the system and agreements with partners.

BIXI: successful launch!

Without doubt the public bike system is one of the most notable measures of the City's Transportation Plan. The Company is proud to have successfully designed and implemented the system in 16 months – a record time. The innovation, design quality and advanced technologies of the system have led to much international recognition. Its launch was so successful that BIXI will soon be found on three continents, rolling on the streets of London, Boston, Minneapolis and Melbourne.

BIXI's huge success is due first and foremost to Montrealers, who created a special place for BIXI in their hearts and on the streets of the City from the very first days after its launch. A love affair that we hope will continue for many years and help change the Montréal's urban landscape forever.

Sustainable development

The Company has been “going green” by setting up a sustainable development committee. Numerous surveys of our employees have allowed us to rapidly define certain areas where we could intervene. As regards off-street parking, for example, the Company wishes to replace current pay stations with ones that run on solar power. It also wishes to replace asphalt in parking lots with a more natural surface along with grass strips which will better retain surface water that would otherwise overflow into drains.

From now on, this increased environmental awareness will be at the heart of all activities undertaken by the Company.

Better service for users

The Company, always mindful of the need to respect its mission, made a user-focused change over the past year, an initiative to which all employees contribute daily.

The 1,500 pay stations deployed throughout City territory are also points of sale that continuously provide essential information. They allow us to find out everything from the frequency and hours of use to the rotation rate for each parking space. This information can subsequently be used to improve service to users.

What's more, several Internet communication tools are being developed which will allow us to keep users better informed and which will facilitate payment for monthly off-street parking spots. The installation of a cell-phone payment system is anticipated during the course of the year.

Comments on the Financial Statements

At the end of 2009, the Company managed 16,862 on-street parking spots (their number remained stable) via 1,518 computerized pay stations. The Company also managed 3,721 parking spots in 43 parking lots (the same number as in 2008).

Revenues

At the end of the 2009 financial year, the Company posted revenues of \$58.2 million (\$57.5 million in 2008).

Expenses

Expenses rose to \$19.6 million (\$17.8 million in 2008).

Earnings before compensation and royalties

Earnings before compensation and royalties were \$39.9 million (compared to \$40 million in 2008).

Earning before royalties

In 2009, earnings before royalties were \$17.4 million. They were distributed as follows:

- **City of Montréal**

\$14.8 million were paid to the City. In 2009, the Company paid the City a total of \$42.5 million (in the form of taxes, rent, permits, interest on the debenture, compensation and royalties). Since its foundation in 1995, the Company has paid the City \$281.7 million in addition to an initial payment of \$56.8 million, for a grand total of \$338.5 million.

- **Economic Development Fund (Fonds Ville-Marie)**

The Economic Development Fund known as “Fonds Ville-Marie” was paid royalties of \$0.6 million for the year ending December 31, 2009. Since 1995, the Company has paid \$7.4 million to Fonds Ville-Marie, which devotes its resources to running the Student Business project, a project that works to encourage young people to stay in school.

- **Investment Fund**

For the year ending December 31, 2009 \$0.3 million was paid to the Investment Fund of the Company for the replacement of parking equipment.

- **Start-up Costs**

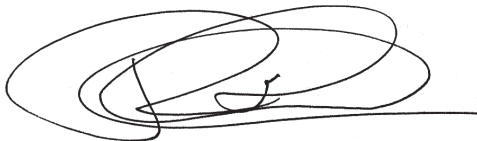
Following the modification of accounting principles, the Company proceeded in 2009 to write-off its start-up costs, an retroactive adjustment of \$1.7 million.

I would like to thank each member the team of the Company for their work over the course of the year. Their involvement made it possible to successfully carry out new mandates while continuing to efficiently manage our day-to-day operations.

I would also like to thank all board members for their involvement and commitment. They contributed to the success of the Company by bring both the necessary rigor and wise advice.

We would also like to thank Mr. Éric Meunier (representative of the Board of Trade of Metropolitan Montreal) for his contribution to the board. Mr. Meunier has resigned his post, to be replaced by Ms. Lise Aubin, vice president, administration and business development of the Board of Trade. She will bring us her expertise in management, and we welcome her.

Finally, on behalf of the Board of Governors of the Company, I would like to recognize the invaluable contribution of Mr. Ed Goral, who is leaving us this year. As a member of the board since the very beginning, a part of the history of the Company is leaving with him. His sound advice and commitment will be missed. We wish him the very best in future endeavours.



Roger Plamondon

Chairman of the Board of Directors
Accesum inc.

Financial Statements

December 31, 2009

ACCESUM INC.



Accesum Inc.
Table of Contents

Auditors’ Report.....1

Balance Sheet2

Statement of Earnings and Retained Earnings3

Notes to Financial Statements4

March 25, 2010

Auditors' Report

To the Directors of Accesum Inc.

We have audited the balance sheet of **Accesum Inc.** as at December 31, 2009 and the statement of earnings and retained earnings for the year then ended. These financial statements are the responsibility of the management of Accesum Inc. 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 Accesum Inc. 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.

PricewaterhouseCoopers LLP¹

¹ Chartered accountant auditor permit No. 14707

"PricewaterhouseCoopers" refers to PricewaterhouseCoopers LLP/s.r.l./s.e.n.c.r.l., an Ontario limited liability partnership, or, as the context requires, the PricewaterhouseCoopers global network or other member firms of the network, each of which is a separate legal entity.


Accesum Inc.

Balance Sheet

As at December 31, 2009

	2009 \$	2008 \$
Assets		
Current assets		
Cash	15,067	5,201
Accounts receivable	3,602	1,569
Due from Société en commandite Stationnement de Montréal	-	7,848
Prepaid expenses	10,445	5,450
	29,114	20,068
Long-term investment (note 4)	1	1
	29,115	20,069
Liabilities		
Current liabilities		
Due to Société en commandite Stationnement de Montréal	4,187	-
Accounts payable and accrued liabilities	24,828	19,969
	29,015	19,969
Shareholder's Equity		
Share capital (note 5)	100	100
	29,115	20,069

Approved by the Board of Directors



Chairperson



Director

Accesum Inc.

Statement of Earnings and Retained Earnings

For the year ended December 31, 2009

	2009 \$	2008 \$
Revenue		
Management fees received from Société en commandite Stationnement de Montréal	<u>60,737</u>	<u>67,857</u>
Expenses		
Administrative services	43,500	48,225
Insurance	10,985	10,900
Other	<u>6,252</u>	<u>8,732</u>
	<u>60,737</u>	<u>67,857</u>
Net earnings for the year and retained earnings – End of year	<u>-</u>	<u>-</u>

Accesum Inc.

Notes to Financial Statements

December 31, 2009

1 Description of business

Accesum Inc., incorporated on June 30, 1993 under Part IA of the Companies Act (Quebec), is the general partner of Société en commandite Stationnement de Montréal.

2 Significant accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and include the following significant accounting policies.

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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue recognition

The Company recognizes its revenues, which are composed of compensation from la Société en commandite Stationnement de Montréal, as related expenses are incurred.

Cash

Cash consists of cash on hand and bank balances.

3 New accounting policies adopted

Section 1535, "Capital Disclosures"

In December 2006, the Canadian Institute of Chartered Accountants ("CICA") published Handbook Section 1535. This new standard establishes disclosure requirements concerning capital. For a non-publicly accountable enterprise, the minimum disclosure requirements are limited to matters related to externally imposed capital requirements, if the Company is subject to such requirements. The Company adopted this new standard on January 1, 2009, which had no effect on the presentation of its financial statements.

Accesum Inc.

Notes to Financial Statements

December 31, 2009

Financial instruments

The CICA has issued new Handbook sections on the recognition, measurement and disclosure of financial instruments, namely Section 1530, "Comprehensive Income"; Section 1651, "Foreign Currency Translation"; Section 3051, "Investments"; Section 3251, "Equity"; Section 3855, "Financial Instruments – Recognition and Measurement"; Section 3862, "Financial Instruments – Disclosures"; Section 3863, "Financial Instruments – Presentation"; and Section 3865, "Hedges". Non-publicly accountable enterprises are not required to apply the standards and can choose to apply the CICA recommendations effective before the issuance of these new sections. The Company decided not to voluntarily adopt these new standards.

4 Long-term investment

	2009 \$	2008 \$
Investment in Société en commandite Stationnement de Montréal (1 share at \$1)	<u>1</u>	<u>1</u>

5 Share capital

Authorized – An unlimited number without par value

Class A shares, voting

Class B shares, non-voting, annual non-cumulative dividend of 5% on the redemption value, ranking prior to dividends paid on Class A shares, redeemable at the amount paid

Issued

	2009 \$	2008 \$
100 Class A shares	<u>100</u>	<u>100</u>

6 Statement of cash flows

A statement of cash flows has not been presented as it would not provide any additional meaningful information.

Financial Statements
December 31, 2009

SOCIÉTÉ EN COMMANDITE STATIONNEMENT DE MONTRÉAL



Société en commandite Stationnement de Montréal

Table of Contents

Auditors' Report.....	1
Balance Sheet	2
Statement of Earnings and Balance of Operating Fund.....	3
Statement of Balance of Investment Fund.....	4
Statement of Cash Flows	5
Notes to Financial Statements	6-17
Schedule of Operating Expenses	Schedule

March 25, 2010

Auditors' Report

To the Limited Partner of Société en commandite Stationnement de Montréal

We have audited the balance sheet of **Société en commandite Stationnement de Montréal** (the "Limited Partnership") as at December 31, 2009 and the statements of earnings and balance of Operating Fund, balance of Investment Fund and cash flows for the year then ended. These financial statements are the responsibility of the Limited Partnership'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 Limited Partnership 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.

PricewaterhouseCoopers LLP¹

¹ Chartered accountant auditor permit No. 14707

"PricewaterhouseCoopers" refers to PricewaterhouseCoopers LLP/s.r.l./s.e.n.c.r.l., an Ontario limited liability partnership, or, as the context requires, the PricewaterhouseCoopers global network or other member firms of the network, each of which is a separate legal entity.

Société en commandite Stationnement de Montréal

Balance Sheet

As at December 31, 2009

	2009 \$	2008 \$ (restated – note 3)
Assets		
Current assets		
Cash and cash equivalents	6,384,545	6,318,706
Short-term investments	-	9,800,000
Accounts receivable	3,138,717	1,267,719
Prepaid expenses	225,862	202,454
	<u>9,749,124</u>	<u>17,588,879</u>
Advances to controlled entities (note 4)	31,829,601	4,129,243
Property and equipment (note 5)	24,634,354	20,870,607
Intangible asset (note 6)	30,000,000	32,000,000
	<u>96,213,079</u>	<u>74,588,729</u>
Liabilities		
Current liabilities		
Bank loans (note 7)	25,750,000	-
Accounts payable and accrued liabilities	1,782,108	2,670,158
Due to Economic Development Fund	569,768	569,768
Due to Ville de Montréal	37,603,353	39,179,448
Due to Board of Trade of Metropolitan Montreal	7,848	37,625
Current portion of long-term debt (note 8)	3,333,333	3,333,333
	<u>69,046,410</u>	<u>45,790,332</u>
Long-term debt (note 8)	26,666,668	30,000,001
	<u>95,713,078</u>	<u>75,790,333</u>
Partners' Equity		
Operating Fund (note 3)	-	(1,701,605)
Investment Fund	-	-
Capital	500,001	500,001
	<u>500,001</u>	<u>(1,201,604)</u>
	<u>96,213,079</u>	<u>74,588,729</u>

Approved by the General Partner, Accesum inc.,
on behalf of Société en commandite Stationnement de Montréal



Chairperson



Director

Société en commandite Stationnement de Montréal

Statement of Earnings and Balance of Operating Fund

For the year ended December 31, 2009

	2009 \$	2008 \$ (restated – note 3)
Revenue		
Curbside parking meters	50,885,191	49,910,002
Parking lots		
Short-term	3,011,908	3,042,971
Long-term	1,460,475	1,510,623
Indemnity for parking space occupancy	1,575,066	2,014,059
Other revenues (note 13)	1,236,096	1,010,215
	<u>58,168,736</u>	<u>57,487,870</u>
Expenses		
Operating expenses (note 13) (refer to schedule)	8,745,650	7,976,947
Rent – Parking lots (note 11)	1,662,441	1,680,784
Rent – Buildings	313,392	281,710
Accesum inc. management fees	71,400	67,857
Taxes and permits	1,620,243	1,550,918
Amortization of property and equipment	2,614,682	2,243,995
Amortization of concession	2,000,000	2,000,000
Interest and financial expenses	2,521,196	2,100,981
Loss (gain) on disposal of property and equipment	1,705	(74,068)
	<u>19,550,709</u>	<u>17,829,124</u>
Earnings before interest revenue, compensation and royalties	38,618,027	39,658,746
Interest revenue (note 13)	1,309,057	386,679
Earnings before compensation and royalties	39,927,084	40,045,425
Compensation to Ville de Montréal (note 9)	(22,134,953)	(20,376,653)
Compensation for contribution from Board of Trade of Metropolitan Montreal under the terms of the agreement	(400,000)	(400,000)
Earnings before royalties	17,392,131	19,268,772
Royalties – Ville de Montréal	(14,790,526)	(18,246,694)
Royalties – Economic Development Fund	(600,000)	(600,000)
Net earnings for the year	2,001,605	422,078
Transfer to Investment Fund	(300,000)	(300,000)
	1,701,605	122,078
Opening balance of Operating Fund	(1,701,605)	(1,823,683)
Closing balance of Operating Fund	<u>-</u>	<u>(1,701,605)</u>

Société en commandite Stationnement de Montréal

Statement of Balance of Investment Fund

For the year ended December 31, 2009

	2009 \$	2008 \$
Investment Fund balance – Beginning of year	-	-
Transfer from Operating Fund	<u>300,000</u>	<u>300,000</u>
	300,000	300,000
Use of Investment Fund (note 5(a))	<u>(300,000)</u>	<u>(300,000)</u>
Investment Fund balance – End of year	<u>-</u>	<u>-</u>

Société en commandite Stationnement de Montréal

Statement of Cash Flows

For the year ended December 31, 2009

	2009 \$	2008 \$ (restated – note 3)
Cash flows from		
Operating activities		
Net earnings from Operating Fund	2,001,605	422,078
Adjustments for		
Amortization of property and equipment	2,614,682	2,243,995
Amortization of concession	2,000,000	2,000,000
Loss (gain) on disposal of property and equipment	1,705	(74,068)
	<u>6,617,992</u>	<u>4,592,005</u>
Changes in non-cash operating working capital items (note 10)	<u>(4,404,275)</u>	<u>1,032,990</u>
	<u>2,213,717</u>	<u>5,624,995</u>
Financing activities		
Increase in bank loans	25,750,000	-
Repayment of long-term debt	<u>(3,333,333)</u>	<u>(3,333,333)</u>
	<u>22,416,667</u>	<u>(3,333,333)</u>
Investing activities		
Purchase of short-term investments	(9,000,000)	(9,800,000)
Sale of short-term investments	18,800,000	14,500,000
Advances to controlled entities (note 5(b))	(34,132,918)	(4,129,243)
Acquisition of property and equipment	(250,338)	(3,348,421)
Proceeds on disposal of property and equipment	18,711	1,275,777
	<u>(24,564,545)</u>	<u>(1,501,887)</u>
Net change in cash and cash equivalents during the year	65,839	789,775
Cash and cash equivalents – Beginning of year	<u>6,318,706</u>	<u>5,528,931</u>
Cash and cash equivalents – End of year	<u>6,384,545</u>	<u>6,318,706</u>

Cash and cash equivalents consist of cash and short-term investments maturing within the next three months.

Société en commandite Stationnement de Montréal

Notes to Financial Statements

December 31, 2009

1 Description of business

Société en commandite Stationnement de Montréal (the “Limited Partnership”) was formed under a limited partnership agreement entered into on May 10, 1994. The general partner is Accesum inc. and the Board of Trade of Metropolitan Montreal is the sole limited partner.

On January 1, 1995, the Limited Partnership acquired an exclusive concession from Ville de Montréal to use the public domain for the purposes of paid parking. Since then, the Limited Partnership has conducted and managed paid parking operations pursuant to an agreement entered into with Ville de Montréal which can be renegotiated by mutual agreement or even terminated under certain conditions.

These financial statements disclose only the assets, liabilities, revenues and expenses of the Limited Partnership and do not include other assets, liabilities, revenues and expenses of the sole limited partner. As the Limited Partnership is not a corporation, no income taxes or capital tax have been recorded in the financial statements as such taxes are the responsibility of the limited partner.

2 Significant accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles (“GAAP”) and include the following significant accounting policies.

Management estimates

The preparation of financial statements in conformity with Canadian GAAP 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 revenues and expenses during the reporting period. Actual results may differ from those estimates.

Revenue recognition

The Limited Partnership recognizes its revenues, which consist of revenues from parking in the Ville de Montréal, when there is clear evidence that an agreement was reached, that the services were rendered, the significant risks and benefits associated with ownership are transferred, the selling price is fixed and determinable and that recovery is considered probable.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank balances and highly liquid short-term investments, with maturities not exceeding three months. The highly liquid short-term investments are recorded at estimated fair value which approximates cost.

Société en commandite Stationnement de Montréal

Notes to Financial Statements

December 31, 2009

Property and equipment

Property and equipment are stated at cost. Amortization is calculated using the straight-line method over the following useful lives:

Leasehold improvements	Lease term
Parking lot improvements	5 years
Office equipment	3 and 5 years
Parking meters and distributors	7 and 10 years
Pay stations	5 and 10 years
Automotive equipment	5 years
Machinery and equipment	5 and 10 years

Intangible asset

The intangible asset, stated at cost, is amortized on a straight-line basis over a period of 30 years, which corresponds to the contract term between the Limited Partnership and Ville de Montréal.

Impairment of long-term assets

Long-term assets are tested for recoverability whenever events or changes in circumstances indicate that the carrying value may not be recoverable. The recoverability is measured by comparing the carrying value of assets to an estimated value of future cash flows directly related to asset use. Impaired assets are recorded at fair value, which is determined primarily using the estimated future cash flows discounted directly related to the use and eventual disposal of assets.

3 Changes in accounting policies

New accounting standards adopted

Section 1535, "Capital Disclosures"

In December 2006, the Canadian Institute of Chartered Accountants ("CICA") issued Handbook Section 1535 which establishes disclosure requirements concerning capital, such as whether a company has complied with any externally imposed capital requirements and, if not, the consequences of non-compliance. For non-publicly accountable enterprises, the minimal information to disclose is limited to externally imposed capital requirements if the company is subject to those requirements. The Limited Partnership adopted this standard on January 1, 2009. The Limited Partnership evaluated its capital and concluded no additional disclosure was needed.

Société en commandite Stationnement de Montréal

Notes to Financial Statements

December 31, 2009

Section 3064, “Goodwill and Intangible Assets”

In February 2008, the CICA issued Handbook Section 3064 which establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The requirements are effective for annual financial statements starting October 1, 2008. The Limited Partnership adopted this standard on January 1, 2009. The Limited Partnership evaluated its assets and the impact on financial statements is presented below.

Balance sheet

	As at December 31, 2008		
	Previous balance \$	Adjustment \$	Restated amount \$
Assets			
Deferred charges	1,435,205	(1,435,205)	-
Intangible asset	32,266,400	(266,400)	32,000,000
Operating fund	-	(1,701,605)	(1,701,605)

Statement of earnings

	For the year ended December 31, 2008		
	Previous balance \$	Adjustment \$	Restated amount \$
Amortization of deferred charges	105,428	(105,428)	-
Amortization of intangible asset – other	16,650	(16,650)	-

New accounting standards not yet adopted

Section 1506, “Accounting Changes”

This Section has been amended to exclude from its scope changes in accounting policies arising from the complete replacement of an entity’s primary source of GAAP. The changes apply to interim financial statements and annual periods beginning July 1, 2009. The Limited Partnership does not anticipate any material impact on its financial statements.

Société en commandite Stationnement de Montréal

Notes to Financial Statements

December 31, 2009

Financial instruments

The CICA issued new Handbook sections on the recognition, measurement and disclosure of financial instruments, namely Section 1530, “Comprehensive Income”; Section 1651, “Foreign Currency Translation”; Section 3051, “Investments”; Section 3251, “Equity”; Section 3855, “Financial Instruments – Recognition and Measurement”; Section 3862, “Financial Instruments – Disclosures”; Section 3863, “Financial Instruments – Presentation”; and Section 3865, “Hedges” and EIC-173, “Credit Risk and the Fair Value of Financial Assets and Financial Liabilities”. Non-publicly accountable enterprises are not required to apply the standards and can choose to apply the CICA recommendations effective before the issuance of these new sections. The Limited Partnership has voluntarily elected to not adopt these new standards.

4 Advances to controlled entities

	2009 \$	2008 \$
Public Bike System Company	31,751,416	4,020,166
Société de Jalonnement dynamique de Montréal	<u>78,185</u>	<u>109,077</u>
	<u>31,829,601</u>	<u>4,129,243</u>

The advance to the Public Bike System Company (“PBSC”) bears interest at CDOR for bankers’ acceptance rate plus 1.5%. At December 31, 2009, this advance includes an interest charge of \$1,239,822 (2008 – nil). The advance is redeemable in full on May 31, 2010.

An agreement on long-term funding will be established at the end of the current agreement.

The advance to the Société de Jalonnement dynamique de Montréal (“SJDM”) bears no interest and is not subject to any repayment terms.

Société en commandite Stationnement de Montréal

Notes to Financial Statements

December 31, 2009

5 Property and equipment

	2009			2008	
	Cost \$	Accumulated amortization \$	Accumulated Investment Fund \$	Net book value \$	Net book value \$
Parking lots	5,318,669	-	-	5,318,669	5,318,669
Leasehold improvements	378,000	355,131	-	22,869	37,928
Parking lot improvements	673,390	614,834	-	58,556	743
Office equipment	1,435,780	1,205,006	-	230,774	287,524
Parking meters and distributors	4,114,918	3,979,743	-	135,175	389,719
Pay stations	27,757,755	6,062,506	3,231,264	18,463,985	14,344,850
Automotive equipment	802,427	618,753	-	183,674	246,650
Machinery and equipment	1,458,874	1,238,222	-	220,652	244,524
	41,939,813	14,074,195	3,231,264	24,634,354	20,870,607

- Between 2004 and 2008, the Limited Partnership proceeded with the renewal of certain paid-parking collection equipment used in accordance with Article No. XI, paragraph B of the Agreement signed in 1995, “le fonds de réserve pour investissement à des fins exclusives d’achat d’équipement ou d’autres biens meubles en matière de stationnement tarifé dans le territoire de la Ville de Montréal”.
- During the year, the Limited Partnership bought from a controlled entity dual-mode pay stations for an amount of \$6,432,560. This amount was recorded as a reduction of the advance to this controlled entity.
- During the year, equipment was acquired at an aggregate cost of \$6,698,845 (2008 – \$1,376,405). Cash payments of \$250,338 (2008 – \$3,348,421) were made in 2009 for equipment purchases.

6 Intangible asset

	2009			2008	
	Cost \$	Accumulated amortization \$	Net book value \$	Net book value \$	
Concession	60,000,000	30,000,000	30,000,000	32,000,000	

Société en commandite Stationnement de Montréal

Notes to Financial Statements

December 31, 2009

7 Bank loans

- a) The Limited Partnership has a joint operating credit facility with the controlled entity PBSC, for an amount of \$17,000,000, maturing on May 31, 2010. This credit is in the form of banker's acceptances and bears interest at variable rates. At December 31, 2009, \$9,750,000 was used (2008 – nil). Under this contract, the Limited Partnership and PBSC must maintain a first priority security interest in favour of the bank, amounting to \$20 million on the universality of property, present and future, tangible and intangible.
- b) The Limited Partnership also has a revolving term credit facility allowed for a maximum amount equal to the lesser of \$16,000,000 or the net book value of tangible assets, which represents \$24,625,812 as at September 7, 2009. This credit facility is in the form of banker's acceptances and bears interest at variable rates. At December 31, 2009, the entire amount of the credit facility, maturing on May 31, 2010, was used (2008 – nil). This loan is secured by a first mortgage on all assets of the Limited Partnership.

8 Long-term debt

- a) The long-term debt consists of the following:

	2009 \$	2008 \$
Bridge loan, bearing interest at a floating rate, in the form of a banker's acceptance, due on May 1, 2010, repayable in annual principal instalments of \$1,333,333, guaranteed by Ville de Montréal up to a maximum of \$40,000,000 (note 8(b))	20,000,001	21,333,334
Debenture, maturing in 2014, bearing interest at an annual rate of 9%, repayable in annual principal instalments of \$2,000,000	10,000,000	12,000,000
	30,000,001	33,333,334
Less: Current portion (note 8(c))	3,333,333	3,333,333
	<u>26,666,608</u>	<u>30,000,001</u>

Société en commandite Stationnement de Montréal

Notes to Financial Statements

December 31, 2009

- b) The Limited Partnership is in the process of renegotiating the terms of the bridge loan on a long-term basis.
- c) Principal instalments over the next five years, taking into consideration that the bridge loan will be renewed in May 2010 under the current financial terms, are as follows:

	\$
2010	3,333,333
2011	3,333,333
2012	3,333,333
2013	3,333,333
2014	3,333,333

9 Compensation to Ville de Montréal

	2009 \$	2008 \$
Basic amount	28,024,499	27,912,589
Plus: Effect on earnings from relinquished parking lots	-	(9,370)
Plus: Adjustment of basic amount following increase in revenue	776,336	121,280
	<u>28,800,835</u>	<u>28,024,499</u>
Less: Amounts paid to Ville de Montréal for taxes, rents, permits, interest and surplus on no-charge parking granted to Ville de Montréal	5,549,825	5,400,100
Less: Interest avoided by Ville de Montréal	1,116,057	2,247,746
	<u>6,665,882</u>	<u>7,647,846</u>
	<u>22,134,953</u>	<u>20,376,653</u>

Société en commandite Stationnement de Montréal

Notes to Financial Statements

December 31, 2009

10 Changes in non-cash operating working capital items

	2009 \$	2008 \$
Decrease (increase) in		
Accounts receivable	(1,870,998)	18,403
Prepaid expenses	(23,408)	(23,672)
Increase (decrease) in		
Accounts payable and accrued liabilities	(903,997)	915,374
Due to Ville de Montréal	(1,576,095)	85,260
Due to Board of Trade of Metropolitan Montreal	(29,777)	37,625
	<u>(4,404,275)</u>	<u>1,032,990</u>

11 Commitments

- a) The Limited Partnership is committed under leases which expire in 2010 and 2011. The balance owing under those leases, including estimated operating expenses, amounts to \$522,516. Minimum payments required in each of the next years are as follows:

	\$
2010	463,793
2011	58,723

- b) The Limited Partnership is required to pay 70% of revenues, less property taxes, as rent for the parking lots leased from Ville de Montréal.
- c) The Limited Partnership entered into maintenance agreements for a total amount of \$306,618. These agreements expire until April 2011.
- d) The Limited Partnership has a letter of credit for an amount of \$93,324 for a supplier to the Limited Partnership's controlled entity, PBSC.

Société en commandite Stationnement de Montréal

Notes to Financial Statements

December 31, 2009

12 Controlled entities

The Limited Partnership controls Public Bike System Company and Société de Jalonnement dynamique de Montréal either because it appoints the majority of the members of the Board of Directors as provided by the constitutional bylaws of the entities or it has a significant financial interest.

The above-mentioned entities have not been consolidated in the Limited Partnership's financial statements. The unaudited condensed financial statements of the controlled entities for the given fiscal years are presented below.

Public Bike System Company

Public Bike System Company is a not-for-profit organization whose mandate is to offer and operate public bike systems with the objective to promote an alternative means of urban transportation. The balance sheets of Public Bike System Company as at January 31, 2010 and as at December 31, 2008, as well as the earnings and cash flows for the fiscal years then ended are as follows:

	2010 \$ (13 months – unaudited)	2008 \$ (4 months – unaudited)
Balance sheet		
Total assets	29,209,322	3,170,896
Total liabilities	37,026,678	4,020,165
Total deficit	(7,817,356)	(849,269)
	<u>29,209,322</u>	<u>3,170,896</u>
Statement of earnings		
Total revenues	4,366,387	-
Total expenses	11,334,474	849,269
Excess of expenses over revenues	<u>(6,968,087)</u>	<u>(849,269)</u>
Cash flow		
Operating activities	(8,531,763)	(849,269)
Investing activities	(19,150,253)	-
Financing activities	<u>29,152,387</u>	<u>850,269</u>
Net increase (decrease) in cash and cash equivalents	<u>1,470,371</u>	<u>1,000</u>

Société en commandite Stationnement de Montréal

Notes to Financial Statements

December 31, 2009

Société de Jalonnement dynamique de Montréal

Société de Jalonnement dynamique de Montréal is a not-for-profit organization whose mandate is to offer and/or operate systems for dynamic traffic management with the objective of facilitating the localization of urban parking lots. The condensed financial statements for the fiscal years ended December 31 are as follows:

	2009 \$ (12 months – unaudited)	2008 \$ (4 months – unaudited)
Balance sheet		
Total assets	478,642	1,075,776
Total liabilities	483,442	1,075,776
Total deficit	(4,800)	-
	<u>478,642</u>	<u>1,075,776</u>
Statement of earnings		
Total revenues	15,519	-
Total expenses	20,319	-
Excess of expenses over revenues	<u>(4,800)</u>	<u>-</u>
Cash flow		
Operating activities	(305,579)	(29,731)
Financing activities	<u>(606,749)</u>	<u>1,059,673</u>
Net increase (decrease) in cash and cash equivalents	<u>(912,328)</u>	<u>1,029,942</u>

During the year ended December 31, 2008, Société de Jalonnement dynamique de Montréal received from Ville de Montréal an amount of \$1,494,904 in order to acquire dynamic traffic systems. This equipment, which does not belong to Société de Jalonnement dynamique de Montréal, is presented as a reduction of the advances received from Ville de Montréal.

Société en commandite Stationnement de Montréal

Notes to Financial Statements

December 31, 2009

13 Related entity transactions

The main transactions between related entities of the Limited Partnership during the year are as follows:

	2009 \$	2008 \$
Revenues		
Interest revenue	1,239,822	-
Wage and benefit chargebacks	830,494	298,380
Rental of Dual-mode pay stations	224,002	-
Expenses		
Licence fees	35,496	-
Accesum inc. management fees	71,400	67,857

Interest revenue is presented separately whereas rental income of dual-mode pay stations is included in other income.

Wage and benefit chargebacks are presented as a decrease in wages and benefits of the Limited Partnership, which are presented in operating expenses. Licence fees are included in operating expenses.

These transactions occurred in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed by the related parties.

The Limited Partnership has provided project administration and management services, without compensation, to its controlled entities.

14 Financial instruments

Fair value

The following information shows the fair value of the Limited Partnership's financial instruments where the fair value differs from the carrying value:

	Carrying value \$	Fair value \$
Financial liability – Debenture	10,000,000	11,247,000

Société en commandite Stationnement de Montréal

Notes to Financial Statements

December 31, 2009

The methods and assumptions used to estimate the fair value of each class of financial instrument are as follows:

For financial instruments such as cash and cash equivalents, short-term investments, accounts receivable, and accounts payable and accrued liabilities, the carrying values are equivalent to their fair values because of the short-term maturities of these financial instruments. The fair value of the advances to controlled entities was not determined, because there are no comparative values available.

The carrying value of the bridge loan, in the form of a banker's acceptance, is equivalent to its fair value due to the floating interest rate on the debt.

The fair value of the debenture is obtained from the financial institution of the Limited Partnership for identical or similar instruments.

Interest rate risk

As at December 31, 2009, the Limited Partnership's exposure to interest rate risk is as follows:

Cash	Floating rate
Accounts receivable	Non-interest bearing
Advances to controlled entities	Non-interest bearing and floating rate
Bank loans	Floating rate
Accounts payable and accrued liabilities	Non-interest bearing
Long-term debt	Fixed rate and floating rate

Credit risk

The Limited Partnership periodically reviews the creditworthiness of all its debtors and records an allowance for doubtful accounts when those accounts are deemed uncollectible.

15 Comparative figures

Certain comparative figures from the previous year were reclassified in order to conform to the basis of presentation adopted in the current year.

Société en commandite Stationnement de Montréal

Schedule of Operating Expenses

For the year ended December 31, 2009

	2009 \$	2008 \$
Salaries*	3,569,923	3,562,385
Payroll taxes*	812,670	908,523
External services	1,100,673	528,140
Leasing/maintenance of equipment and parking lots	1,290,327	1,029,604
Advertising, transportation and communications	558,255	524,176
Supplies	287,649	389,579
Administrative expenses of Ville de Montréal	132,610	128,625
Bank, credit card and money handling charges	869,879	786,590
Insurance	71,397	63,610
Other expenses	52,267	55,715
	<u>8,745,650</u>	<u>7,976,947</u>

* Salaries and payroll taxes include amounts paid to Ville de Montréal in respect of the obligation under the concession contract to lease the services of Ville de Montréal employees whose duties relate directly to the management of parking, under conditions provided for in the collective agreement with Ville de Montréal. Salaries and benefits are presented net of the portion charged back to controlled entities, for an amount of \$830,494 (2008 – \$298,380).

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704 St. Jacques Street, Montréal (Québec) H3C 1E9
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ISBN 978-2-922594-21-8

Legal deposit, May 2010
Bibliothèque nationale du Québec

Printed in Canada