

**Elliot Lake Residential Development Commission**  
**Financial Statements**  
For the year ended December 31, 2013

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## Independent Auditor's Report

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To the Members of the Board of Directors of the Elliot Lake Residential Development Commission, Council, Inhabitants and Ratepayers of The Corporation of the City of Elliot Lake

We have audited the accompanying financial statements of the Elliot Lake Residential Development Commission, which comprise the statement of financial position as at December 31, 2013 and the statements of operations, accumulated surplus and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Elliot Lake Residential Development Commission as at December 31, 2013 and the results of its operations, accumulated surplus and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### ***Other Matters***

The financial statements of the Elliot Lake Residential Development Commission for the year ended December 31, 2012, were audited by another auditor who expressed an unmodified opinion on those statements on May 13, 2013.

Chartered Accountants, Licensed Public Accountants  
Sault Ste. Marie, Ontario  
April 14, 2014

**Elliot Lake Residential Development Commission  
Statement of Financial Position**

<u>December 31, 2013</u>	<u>2013</u>	<u>2012</u>
<b>Financial assets</b>		
Cash	\$ 2,391,725	\$ 2,722,921
<b>Liabilities</b>		
Due to City of Elliot Lake	6,388	227,830
Deposits	-	5,000
	<u>6,388</u>	<u>232,830</u>
<b>Accumulated surplus</b>	<u>\$ 2,385,337</u>	<u>\$ 2,490,091</u>

On behalf of the Commission:

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**Elliot Lake Residential Development Commission**  
**Statement of Operations**

<b>For the year ended December 31, 2013</b>	<b>Budget</b>	<b>2013</b>	<b>2012</b>
<b>Revenue</b>			
Land sale proceeds	\$ 209,700	\$ 224,944	\$ 182,700
Lot buy-backs	-	(45,243)	(274,080)
Interest	35,000	31,886	41,524
Other	-	-	565
	<u>244,700</u>	<u>211,587</u>	<u>(49,291)</u>
<b>Expenses</b>			
<b>Administration</b>			
General office	6,000	5,687	9,855
Honorariums and salaries	22,000	5,267	5,935
Marketing	6,000	760	6,494
Professional fees	6,000	6,454	11,110
Travel	700	-	638
<b>Lot related expenses</b>			
Legal	9,000	3,765	9,194
Planning, survey and subdivision plan	47,500	66,697	2,586
Pre-development	175,000	216,216	485,262
Utilities	-	11,495	10,432
	<u>272,200</u>	<u>316,341</u>	<u>541,506</u>
<b>Annual deficit</b>	(27,500)	(104,754)	(590,797)
<b>Accumulated surplus, beginning of year</b>	2,531,828	2,490,091	3,080,888
<b>Accumulated surplus, end of year</b>	<u>\$ 2,504,328</u>	<u>\$ 2,385,337</u>	<u>\$ 2,490,091</u>

The accompanying notes are an integral part of these financial statements.

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**Elliot Lake Residential Development Commission**  
**Statement of Cash Flows**

<b>For the year ended December 31, 2013</b>	<b>2013</b>	<b>2012</b>
<b>Operating transactions</b>		
Annual deficit	\$ (104,754)	\$ (590,797)
Changes in non-cash operating balances		
Accounts payable and accrued liabilities	-	(2,250)
Deferred revenue	5,000	(5,000)
Due to the City of Elliot Lake	(221,442)	-
	<hr/>	<hr/>
<b>Net change in cash</b>	<b>(331,196)</b>	<b>(598,047)</b>
<b>Cash, beginning of year</b>	<b>2,722,921</b>	<b>3,320,968</b>
	<hr/>	<hr/>
<b>Cash, end of year</b>	<b>\$ 2,391,725</b>	<b>\$ 2,722,921</b>

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The accompanying notes are an integral part of these financial statements.

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# Elliot Lake Residential Development Commission

## Notes to Financial Statements

December 31, 2013

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### 1. Summary of significant accounting policies

<b>Management responsibility</b>	The financial statements of the Elliot Lake Residential Development Commission are the representation of management prepared in accordance with Canadian public sector accounting standards, as recommended by the Public Sector Accounting Board.
<b>Nature of operations</b>	Elliot Lake Residential Development Commission was established to manage the development for residential purposes of land acquired from the Province of Ontario.
<b>Basis of accounting</b>	Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.
<b>Land sale proceeds and pre-development costs</b>	<p>The proceeds of sale of certain land owned by City of Elliot Lake are designated for use of the Commission. These proceeds reimburse the the City and the Commission for the expenses related to pre-development and sale, with the remainder being retained for economic development upon completion of the project.</p> <p>The land acquired for sale is the responsibility of the City of Elliot Lake. In addition, any costs incurred in the pre-development stage, prior to the acquisition of the land, are the responsibility of the City.</p>
<b>Revenue recognition</b>	Land sale proceeds are recorded at the time of sale. Province of Ontario grants are recorded when the grant is received or receivable. Interest revenue is recorded on an accrual basis.
<b>Use of estimates</b>	The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of 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 management's best estimates as additional information becomes available in the future.

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### 2. Lot buybacks

Under the terms of the purchase and sale agreements for land sold by the Corporation of the City of Elliot Lake, the City has the option to purchase the land sold, at 80% of the initial sale price, should the purchaser not commence construction on the property within three years from the date of the initial purchase and for water access only properties, within five years from the date of the initial purchase. The City's management has estimated the potential repurchase requirements and has reserved an amount to fund these repurchases in the books of the Corporation of the City of Elliot Lake. As per the terms of the City of Elliot Lake Act, ownership of the land resides with the City, and therefore there is no land asset recorded in the books of the Commission.

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### 3. Comparative figures

Comparative figures have been reclassified where necessary to conform with current year presentation.

**Elliot Lake Residential Development Commission**  
**Schedule of Financial Activities - Dunlop Lake**

<b>For the year ended December 31, 2013</b>	<b>Budget</b>	<b>Actual</b>
<b>Revenue</b>		
Land sale completed	\$ 100,000	\$ 40,000
<b>Expenses</b>		
Legal	4,500	694
Professional fees	-	89
Utilities	-	11,495
	<u>4,500</u>	<u>12,278</u>
<b>Excess of revenue over expenses</b>	<b>\$ 95,500</b>	<b>\$ 27,722</b>

The accompanying notes are an integral part of these financial statements.

**Elliot Lake Residential Development Commission**  
**Schedule of Financial Activities - Quirke Lake**

<b>For the year ended December 31, 2013</b>	<b>Budget</b>	<b>Actual</b>
<b>Revenue</b>		
Land sale completed	\$ -	\$ 115,044
<b>Expenses</b>		
Legal	-	693
<b>Excess of revenue over expenses</b>	<b>\$ -</b>	<b>\$ 114,351</b>

The accompanying notes are an integral part of these financial statements.



**Elliot Lake Residential Development Commission  
Schedule of Financial Activities - Popeye Lake**

<b>For the year ended December 31, 2013</b>	<b>Budget</b>	<b>Actual</b>
<b>Revenue</b>		
Land sale completed	\$ 109,700	\$ 69,900
<b>Expenses</b>		
Legal	4,500	694
<b>Excess of revenue over expenses</b>	<b>\$ 105,200</b>	<b>\$ 69,206</b>

The accompanying notes are an integral part of these financial statements.