

Elliot Lake Residential Development Commission
Financial Statements
For the year ended December 31, 2015

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Independent Auditor's Report

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, 2015 and the statements of operations 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, 2015 and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Sault Ste. Marie, Ontario
August 22, 2016

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

<u>December 31</u>	<u>2015</u>	<u>2014</u>
Financial assets		
Cash	\$ 2,051,619	\$ 2,029,368
Liabilities		
Due to City of Elliot Lake	<u>7,418</u>	41,353
Accumulated surplus	<u>\$ 2,044,201</u>	<u>\$ 1,988,015</u>

On behalf of the Commission:

Elliot Lake Residential Development Commission Statement of Operations

For the year ended December 31	Budget	2015	2014
Revenue			
Land sale proceeds	\$ 663,000	\$ 184,800	\$ -
Lot buy-backs	-	(39,920)	(192,517)
Interest	22,000	22,280	29,016
	<u>685,000</u>	<u>167,160</u>	<u>(163,501)</u>
Expenses			
Administration			
General office	5,000	4,031	7,866
Honorariums and salaries	5,000	1,934	3,340
Marketing	10,500	1,615	893
Professional fees	65,000	85,882	64,109
Travel	1,500	-	-
Development costs			
Land acquisition	58,864	-	-
Legal fees	7,000	4,718	3,518
Planning, survey and subdivision plan	23,000	165	149
Pre-development	244,000	8,914	127,033
Utilities	55,102	3,715	26,913
	<u>474,966</u>	<u>110,974</u>	<u>233,821</u>
Annual surplus (deficit)	210,034	56,186	(397,322)
Accumulated surplus, beginning of year	1,988,015	1,988,015	2,385,337
Accumulated surplus, end of year	<u>\$ 2,198,049</u>	<u>\$ 2,044,201</u>	<u>\$ 1,988,015</u>

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

Elliot Lake Residential Development Commission
Statement of Cash Flows

<u>For the year ended December 31</u>	<u>2015</u>	<u>2014</u>
Operating transactions		
Annual surplus (deficit)	\$ 56,186	\$ (397,322)
Changes in non-cash operating balances		
Due to the City of Elliot Lake	<u>(33,935)</u>	34,965
Net change in cash	22,251	(362,357)
Cash, beginning of year	<u>2,029,368</u>	<u>2,391,725</u>
Cash, end of year	<u>\$ 2,051,619</u>	<u>\$ 2,029,368</u>

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

Elliot Lake Residential Development Commission

Notes to Financial Statements

December 31, 2015

1. Summary of significant accounting policies

Management responsibility	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.
Nature of operations	The Elliot Lake Residential Development Commission was established to manage the development for residential purposes of land acquired from the Province of Ontario.
Basis of accounting	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.
Land sale proceeds and pre-development costs	<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 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>
Revenue recognition	Land sale proceeds are recorded at the time of sale, when title passes. Revenue from grants is recognized as revenue when received or receivable, except to extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Interest revenue is recorded on an accrual basis.
Use of estimates	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.

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 four 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.

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

For the year ended December 31	2015	2014
Revenue		
Land sale completed	\$ 104,900	\$ -
Expenses		
Legal	704	2,123
Utilities	3,715	5,231
	<u>4,419</u>	<u>7,354</u>
Excess (deficiency) of revenue over expenses	\$ 100,481	\$ (7,354)

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

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

For the year ended December 31	2015	2014
Revenue		
Land sale completed	\$ 79,900	\$ -
Expenses		
Legal	760	-
Utilities	-	21,682
	<u>760</u>	<u>21,682</u>
Excess (deficiency) of revenue over expenses	\$ 79,140	\$ (21,682)

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

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

For the year ended December 31	2015	2014
Revenue		
Land sale completed	\$ -	\$ -
Expenses		
Legal	3,255	1,396
Deficiency of revenue over expenses	\$ (3,255)	\$ (1,396)

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