



Financial Statements

Elliot Lake Residential Development Commission

December 31, 2008

Contents

	Page
Auditors' report	1
Statement of financial activities	2
Statement of commission position	3
Statement of financial position	4
Statement of changes in financial position	5
Notes to the financial statements	6-8
Schedules of financial activities by site	9-21



Grant Thornton

Auditors' report

Grant Thornton LLP
5th Floor, Station Tower
421 Bay Street
Sault Ste. Marie, ON
P6A 1X3
T (705) 945-9700
F (705) 945-9705
www.GrantThornton.ca

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 statement of financial position of the Elliot Lake Residential Development Commission as at December 31, 2008 and the statements of financial activities, commission position and changes in financial position for the year then ended. These financial statements are the responsibility of the Elliot Lake Residential Development Commission'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 disclosure 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 Elliot Lake Residential Development Commission as at December 31, 2008 and the results of its operations and changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Budget figures are provided for comparative purposes and have not been subject to audit procedures. Accordingly, we do not express an opinion on the budget figures. Schedules of financial activities by site are provided for information purposes and have not been subject to audit procedures. Accordingly, we do not express an opinion on these schedules.

Sault Ste. Marie, Ontario

March 17, 2009

Grant Thornton LLP

Chartered accountants

Licensed public accountants

Elliot Lake Residential Development Commission

Statement of Financial Activities

For the Year Ended December 31

					2008	2007
	Budget	Current Fund	Capital Fund	Reserve Funds	Total	Total
	(unaudited)	Actual	Actual	Actual		
Revenue						
Land sale proceeds (Note 1 d)	\$ 3,570,300	\$ -	\$2,337,437	\$ -	\$2,337,437	\$ 3,083,663
Federal grant contribution	-	-	-	-	-	21,768
Interest	132,610	-	119,255	-	119,255	177,952
Other	4,625	-	7,819	-	7,819	3,800
	<u>3,707,535</u>	<u>-</u>	<u>2,464,511</u>	<u>-</u>	<u>2,464,511</u>	<u>3,287,183</u>
Expenditures						
Professional fees	4,500	893	21,129	-	22,022	22,427
Administration	28,635	28,235	-	-	28,235	28,125
Salaries and honorariums	247,067	241,972	-	-	241,972	187,189
Travel	2,000	38	-	-	38	1,398
Consultant fees	21,000	27,532	-	-	27,532	9,200
Contracted services	1,500	640	-	-	640	1,597
Building rental	14,400	13,245	-	-	13,245	13,605
Vehicle and equipment rental and repair	16,900	11,193	-	-	11,193	8,192
Land acquisition (Note 1 d)	465,925	-	241,642	-	241,642	-
Pre-development (Note 1 d)	-	-	136,055	-	136,055	98,001
Planning, survey and subdivision plan	52,120	-	13,231	-	13,231	57,548
Lot buyback	-	-	46,005	-	46,005	24,710
Roads	405,000	-	130,010	-	130,010	855,085
Hydro services	217,500	-	37,123	-	37,123	258,285
Boat launches and parking	60,000	-	28,321	-	28,321	211
Marketing	170,625	147,650	-	-	147,650	314,474
Administration and management	279,675	-	1,038	-	1,038	771
Furniture and equipment	-	-	6,835	-	6,835	17,981
	<u>1,986,847</u>	<u>471,398</u>	<u>661,389</u>	<u>-</u>	<u>1,132,787</u>	<u>1,898,799</u>
Net revenues (expenditures)	<u>\$ 1,720,688</u>	<u>\$ (471,398)</u>	<u>\$1,803,122</u>	<u>\$ -</u>	<u>\$1,331,724</u>	<u>\$ 1,388,384</u>

See accompanying notes to the financial statements.

Elliot Lake Residential Development Commission

Statement of Commission Position

For the Year Ended December 31

				2008	2007
	Current Fund Actual	Capital Fund Actual	Reserve Fund Actual	Total	Total
Fund balances, at beginning of year	\$ -	\$ 2,774,064	\$ 62,861	\$ 2,836,925	\$ 1,448,541
Net revenue (expenditures)	(471,398)	1,803,122	-	1,331,724	1,388,384
Net appropriations between funds	<u>62,861</u>	<u>-</u>	<u>(62,861)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(408,537)</u>	<u>1,803,122</u>	<u>(62,861)</u>	<u>1,331,724</u>	<u>1,388,384</u>
Fund balances, at end of year	\$ (408,537)	\$ 4,577,186	\$ -	\$ 4,168,649	\$ 2,836,925

See accompanying notes to the financial statements.

Elliot Lake Residential Development Commission

Statement of Financial Position

As at December 31 2008 2007

Assets

Capital Reserve Fund		
Cash	\$ 4,347,738	\$ 2,893,145
 Reserve Fund		
Due from the City of Elliot Lake	<u>-</u>	<u>62,861</u>
	<u>\$ 4,347,738</u>	<u>\$ 2,956,006</u>

Liabilities

Capital Reserve Fund payable to City of Elliot Lake	\$ <u>179,089</u>	\$ 119,081
---	-------------------	------------

Commission position

Current Fund	(408,537)	-
Capital Fund (Note 2)	4,577,186	2,774,064
Reserve Fund	<u>-</u>	<u>62,861</u>
	<u>4,168,649</u>	<u>2,836,925</u>
	<u>\$ 4,347,738</u>	<u>\$ 2,956,006</u>

Commitment (Note 3)

On behalf of the Commission

See accompanying notes to the financial statements.

Elliot Lake Residential Development Commission

Statement of Changes in Financial Position

For the Year Ended December 31

2008

2007

Operating activities

Net revenue	<u>\$ 1,331,724</u>	<u>\$ 1,388,384</u>
-------------	---------------------	---------------------

Financing activities

Decrease in due from the City of Elliot Lake	62,861	241,068
Increase in Capital reserve fund cash	(1,454,593)	(1,748,533)
Transfer from (to) the City of Elliot Lake	<u>60,008</u>	<u>119,081</u>
	<u>(1,331,724)</u>	<u>(1,388,384)</u>

Net increase in operating cash	-	-
--------------------------------	---	---

Operating cash

Beginning of year	<u>-</u>	<u>-</u>
-------------------	----------	----------

End of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
-------------	--------------------	--------------------

See accompanying notes to the financial statements.

Elliot Lake Residential Development Commission

Notes to the Financial Statements

For the Year Ended December 31, 2008

1. Significant accounting policies

The financial statements of the Elliot Lake Residential Development Commission ("the Commission") are prepared by management in accordance with Canadian generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Commission are as follows:

(a) Reporting entity

The financial statements reflect the assets, liabilities, revenue, expenditures and changes in fund balances and in financial position of the reporting entity.

(b) Basis of accounting

The basis of accounting followed in the financial statement presentation includes recognizing revenues in the period in which the transactions or events occurred that gave rise to the revenues. Expenditures are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.

(c) Fund accounting

Funds within the financial statements consist of the operating, capital and reserve funds. Transfers between funds are recorded as adjustments to the appropriate fund balance.

(d) Land sale proceeds, land acquisition and pre-development costs

The proceeds of sale of certain land owned by the City of Elliot Lake are designated for the use of the Commission. These proceeds reimburse the City for the Commission's expenses paid by the City, with the remainder being retained for economic development upon completion of the project.

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. These costs are reflected in the financial statements of the Commission as they are allowable expenditures to be funded by the Trust bank account maintained by the City and reflected in these financial statements.

(e) Revenue recognition

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.

(f) Province of Ontario grants

Province of Ontario grants received by the City of Elliot Lake which relate to the Commission are reflected in the Statement of Financial Activities.

Elliot Lake Residential Development Commission

Notes to the Financial Statements

For the Year Ended December 31, 2008

1. Significant accounting policies (continued)

(g) Capital assets

The historical cost and accumulated depreciation for capital assets are not reported for municipal purposes. Capital assets are reported as an expenditure on the Statement of Financial Activities in the year of acquisition.

(h) Reserve Fund

Certain amounts, as approved by the City, are set aside in reserves for future expenditures. Transfers to and from reserves are reflected as an adjustment to the respective fund.

(i) Use of estimates

The preparation of financial statements in accordance 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 expenditures during the reporting period. Actual results could differ from those estimates.

2. Capital fund

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. Management has estimated the potential repurchase requirements and has reserved an amount to fund these repurchases.

3. Commitment

The Commission operates out of leased premises. The lease agreement commenced on November 1, 2007 and extends to October 31, 2009. Annual lease payments under the agreement total \$11,220.

In addition, the Commission leases a vehicle at a rate of \$666 per month. The lease is for a three year term which expires on June 7, 2009.

Elliot Lake Residential Development Commission

Notes to the Financial Statements

For the Year Ended December 31, 2008

4. Pension agreements

The Municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of one member of its staff. The plan is a deferred benefit plan, which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

Commencing January 1, 2007, contribution rates ranged from 6.5% to 9.6% depending on the proposed retirement age and the level of coverage. As a result, \$14,652 (2007: \$8,463) was contributed to OMERS.

5. Tangible capital assets

During 2008, the Commission, through work done by the City of Elliot Lake, continued to work towards compliance with the new recommendations for accounting for tangible capital assets. The work conducted by the City of Elliot Lake has determined that the Commission does not own any tangible capital assets at December 31, 2008.

6. Subsequent event

Subsequent to the year end on May 1, 2009, the Board of Directors of the Elliot Lake Residential Development Commission recommended to the Council of the City of Elliot Lake that the Commission office be closed.

It is the intention of the Commission and City Council to re-open the office at such time as sufficient land has been acquired by the City to resume the Commission's operations.

The capital reserve funds held in trust for the purposes of the operation of the Commission remain in trust and have not been reverted to the City for economic development purposes.

Elliot Lake Residential Development Commission

Schedule of Financial Activities – Dunlop Lake

For the Year Ended December 31, 2008
(Unaudited)

	Capital Fund Budget	Capital Fund Actual
Revenues		
Land sale completed	\$ 3,180,800	\$ 2,147,637
Land sales conditional deposits	-	20,000
Province of Ontario grants contribution	-	-
Total revenues	<u>3,180,800</u>	<u>2,167,637</u>
Expenditures		
Road	-	129,845
Hydro services	-	19,915
Land acquisition	1,280,595	241,643
Survey	-	12,679
Legal	-	19,391
Administration and management	-	460
Boat launches	-	28,017
Lot buybacks	-	46,005
Equipment	-	485
Predevelopment costs	-	89,830
Total expenditures	<u>1,280,595</u>	<u>588,270</u>
Excess of revenues over expenditures	<u>\$ 1,900,205</u>	<u>\$ 1,579,367</u>

Elliot Lake Residential Development Commission

Schedule of Financial Activities – Quirke Lake

For the Year Ended December 31, 2008
(Unaudited)

	Capital Fund Budget	Capital Fund Actual
Revenues		
Land sale completed	\$ -	\$ 184,800
Land sales conditional deposits	-	-
Province of Ontario grants contribution	<u>-</u>	<u>-</u>
Total revenues	<u>-</u>	<u>184,800</u>
Expenditures		
Hydro services	-	17,207
Legal	-	865
Administration and management	-	578
Boat launches	-	293
Predevelopment costs	<u>-</u>	<u>8,318</u>
Total expenditures	<u>-</u>	<u>27,261</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ 157,539</u>

Elliot Lake Residential Development Commission

Schedule of Financial Activities – McCarthy Lake

For the Year Ended December 31, 2008
(Unaudited)

	Capital Fund Budget	Capital Fund Actual
Revenues		
Land sale completed	\$ -	\$ -
Land sales conditional deposits	-	-
Province of Ontario grants contribution	<u>-</u>	<u>-</u>
Total revenues	<u>-</u>	<u>-</u>
Expenditures		
Predevelopment costs	-	7,676
Equipment	<u>-</u>	<u>2,116</u>
Total expenditures	<u>-</u>	<u>9,792</u>
Excess of expenditures over revenues	<u>\$ -</u>	<u>\$ 9,792</u>

Elliot Lake Residential Development Commission

Schedule of Financial Activities – Popeye Lake

For the Year Ended December 31, 2008
(Unaudited)

	Capital Fund Budget	Capital Fund Actual
Revenues		
Land sale completed	\$ -	\$ -
Land sales conditional deposits	-	15,000
Province of Ontario grants contribution	-	-
Total revenues	-	<u>15,000</u>
Expenditures		
Road	-	164
Survey	-	553
Legal	-	873
Boat launches	-	11
Predevelopment costs	-	<u>2,249</u>
Total expenditures	-	<u>3,850</u>
Excess of revenue over expenditures	<u>\$ -</u>	<u>\$ 11,150</u>

Elliot Lake Residential Development Commission

Schedule of Financial Activities – Depot Lake

For the Year Ended December 31, 2008
(Unaudited)

	Capital Fund Budget	Capital Fund Actual
Revenues		
Land sale completed	\$ -	\$ -
Land sales conditional deposits	-	-
Province of Ontario grants contribution	<u>-</u>	<u>-</u>
Total revenues	<u>-</u>	<u>-</u>
Expenditures		
Predevelopment costs	-	7,274
Equipment	<u>-</u>	<u>2,116</u>
Total expenditures	<u>-</u>	<u>9,390</u>
Excess of expenditures over revenues	<u>\$ -</u>	<u>\$ 9,390</u>

Elliot Lake Residential Development Commission

Schedule of Financial Activities – Esten Lake

For the Year Ended December 31, 2008
(Unaudited)

	Capital Fund Budget	Capital Fund Actual
Revenues		
Land sale completed	\$ -	\$ -
Land sales conditional deposits	-	-
Province of Ontario grants contribution	<u>-</u>	<u>-</u>
Total revenues	<u>-</u>	<u>-</u>
Expenditures		
Predevelopment costs	<u>-</u>	<u>6,755</u>
Total expenditures	<u>-</u>	<u>6,755</u>
Excess of expenditures over revenues	<u>\$ -</u>	<u>\$ 6,755</u>

Elliot Lake Residential Development Commission

Schedule of Financial Activities –Gullbeak Lake

For the Year Ended December 31, 2008
(Unaudited)

	Capital Fund Budget	Capital Fund Actual
Revenues		
Land sale completed	\$ -	\$ -
Land sales conditional deposits	-	-
Province of Ontario grants contribution	<u>-</u>	<u>-</u>
Total revenues	<u>-</u>	<u>-</u>
Expenditures		
Predevelopment costs	<u>-</u>	<u>122</u>
Total expenditures	<u>-</u>	<u>122</u>
Excess of expenditures over revenue	<u>\$ -</u>	<u>\$ 122</u>

Elliot Lake Residential Development Commission

Schedule of Financial Activities – King’s Lake

For the Year Ended December 31, 2008
(Unaudited)

	Capital Fund Budget	Capital Fund Actual
Revenues		
Land sale completed	\$ -	\$ -
Land sales conditional deposits	-	-
Province of Ontario grants contribution	<u>-</u>	<u>-</u>
Total revenues	<u>-</u>	<u>-</u>
Expenditures		
Predevelopment costs	<u>-</u>	<u>315</u>
Total expenditures	<u>-</u>	<u>315</u>
Excess of expenditures over revenues	<u>\$ -</u>	<u>\$ 315</u>

Elliot Lake Residential Development Commission

Schedule of Financial Activities – Marshland, Grandeur and Trout Lakes

For the Year Ended December 31, 2008
(Unaudited)

	Capital Fund Budget	Capital Fund Actual
Revenues		
Land sale completed	\$ -	\$ -
Land sales conditional deposits	-	-
Province of Ontario grants contribution	-	-
Total revenues	-	-
Expenditures		
Predevelopment costs	-	6,824
Equipment	-	2,116
Total expenditures	-	8,940
Excess of expenditures over revenues	<u>\$ -</u>	<u>\$ 8,940</u>

Elliot Lake Residential Development Commission

Schedule of Financial Activities – May Lake

For the Year Ended December 31, 2008
(Unaudited)

	Capital Fund Budget	Capital Fund Actual
Revenues		
Land sale completed	\$ -	\$ -
Land sales conditional deposits	-	-
Province of Ontario grants contribution	<u>-</u>	<u>-</u>
Total revenues	<u>-</u>	<u>-</u>
Expenditures		
Predevelopment costs	<u>-</u>	<u>2,774</u>
Total expenditures	<u>-</u>	<u>2,774</u>
Excess of expenditures over revenues	<u>\$ -</u>	<u>\$ 2,774</u>

Elliot Lake Residential Development Commission

Schedule of Financial Activities – Summers Lake

For the Year Ended December 31, 2008
(Unaudited)

	Capital Fund Budget	Capital Fund Actual
Revenues		
Land sale completed	\$ -	\$ -
Land sales conditional deposits	-	-
Province of Ontario grants contribution	<u>-</u>	<u>-</u>
Total revenues	<u>-</u>	<u>-</u>
Expenditures		
Predevelopment costs	<u>-</u>	<u>1,821</u>
Total expenditures	<u>-</u>	<u>1,821</u>
Excess of expenditures over revenues	<u>\$ -</u>	<u>\$ 1,821</u>

Elliot Lake Residential Development Commission

Schedule of Financial Activities – Hough Lake

For the Year Ended December 31, 2008
(Unaudited)

	Capital Fund Budget	Capital Fund Actual
Revenues		
Land sale completed	\$ -	\$ -
Land sales conditional deposits	-	-
Province of Ontario grants contribution	<u>-</u>	<u>-</u>
Total revenues	<u>-</u>	<u>-</u>
Expenditures		
Predevelopment costs	<u>-</u>	<u>615</u>
Total expenditures	<u>-</u>	<u>615</u>
Excess of expenditures over revenues	<u>\$ -</u>	<u>\$ 615</u>

Elliot Lake Residential Development Commission

Schedule of Financial Activities – Pecors Lake

For the Year Ended December 31, 2008
(Unaudited)

	Capital Fund Budget	Capital Fund Actual
Revenues		
Land sale completed	\$ -	\$ -
Land sales conditional deposits	-	-
Province of Ontario grants contribution	<u>-</u>	<u>-</u>
Total revenues	<u>-</u>	<u>-</u>
Expenditures		
Predevelopment costs	<u>-</u>	<u>1,484</u>
Total expenditures	<u>-</u>	<u>1,484</u>
Excess of expenditures over revenues	<u>\$ -</u>	<u>\$ 1,484</u>
