



Financial Statements

Elliot Lake Residential Development Commission

December 31, 2007

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Grant Thornton

Auditors' 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 statement of financial position of the Elliot Lake Residential Development Commission as at December 31, 2007 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 this financial statement 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, 2007 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

April 17, 2008

Grant Thornton LLP
Chartered accountants
Licensed public accountants

Elliot Lake Residential Development Commission

Statement of Financial Activities

For the Year Ended December 31

					2007	2006
	Budget	Current Fund	Capital Fund	Reserve Funds	Total	Total
	(unaudited)	Actual	Actual	Actual		
Revenue						
Land sale proceeds	\$ 3,384,100	\$ -	\$ 3,083,663	\$ -	\$ 3,083,663	\$ 2,708,894
Federal grant contribution	25,000	-	21,768	-	21,768	-
Interest	65,000	-	165,760	12,192	177,952	100,236
Other	31,000	-	3,800	-	3,800	8,400
	<u>3,505,100</u>	<u>-</u>	<u>3,274,991</u>	<u>12,192</u>	<u>3,287,183</u>	<u>2,817,530</u>
Expenditures						
Professional fees	63,900	3,954	18,473	-	22,427	14,927
Administration	27,625	28,125	-	-	28,125	25,471
Salaries and honorariums	191,525	187,189	-	-	187,189	152,844
Travel	2,000	1,398	-	-	1,398	778
Consultant fees	10,000	9,200	-	-	9,200	10,600
Contracted services	2,000	1,597	-	-	1,597	489
Building rental	11,120	13,605	-	-	13,605	9,740
Vehicle and equipment rental	8,400	8,192	-	-	8,192	3,999
Land acquisition	375,000	-	-	-	-	674,952
Pre-development	100,000	-	98,001	-	98,001	74,765
Planning, survey and subdivision plan	60,500	-	57,548	-	57,548	25,348
Lot buyback	-	-	24,710	-	24,710	43,520
Roads	876,000	-	855,085	-	855,085	939,619
Hydro services	440,975	-	258,285	-	258,285	442,013
Boat launches & parking	30,000	-	211	-	211	224
Marketing	317,345	-	314,474	-	314,474	282,205
Administration and management	170,000	-	771	-	771	21,571
Furniture and equipment	27,000	-	17,981	-	17,981	4,898
	<u>2,713,390</u>	<u>253,260</u>	<u>1,645,539</u>	<u>-</u>	<u>1,898,799</u>	<u>2,727,963</u>
Net revenues (expenditures)	<u>\$ 791,710</u>	<u>\$ (253,260)</u>	<u>\$ 1,629,452</u>	<u>\$ 12,192</u>	<u>\$ 1,388,384</u>	<u>\$ 89,567</u>

See accompanying notes to the financial statements.

Elliot Lake Residential Development Commission

Statement of Commission Position

For the Year Ended December 31

				2007	2006
	Current Fund Actual	Capital Fund Actual	Reserve Fund Actual	Total	Total
Fund balances at beginning of year	\$ -	\$ 1,144,612	\$ 303,929	\$ 1,448,541	\$ 1,358,974
Net revenue (expenditures)	(253,260)	1,629,452	12,192	1,388,384	89,567
Net appropriations between funds	<u>253,260</u>	<u>-</u>	<u>(253,260)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>-</u>	<u>1,629,452</u>	<u>(241,068)</u>	<u>1,388,384</u>	<u>89,567</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 2,774,064</u>	<u>\$ 62,861</u>	<u>\$ 2,836,925</u>	<u>\$ 1,448,541</u>

See accompanying notes to the financial statements.

Elliot Lake Residential Development Commission

Statement of Financial Position

As at December 31 2007 2006

Assets

Capital Reserve Fund		
Cash	\$ 2,893,145	\$ 1,144,612
 Reserve Fund		
Due from the City of Elliot Lake	<u>62,861</u>	<u>303,929</u>
	<u>\$ 2,956,006</u>	<u>\$ 1,448,541</u>

Liabilities

Capital reserve fund payable to City of Elliot Lake	\$ <u>119,081</u>	\$ -
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Commission position

Capital reserve fund (Note 2)	2,774,064	1,144,612
Reserve fund	<u>62,861</u>	<u>303,929</u>
	<u>2,836,925</u>	<u>1,448,541</u>
	<u>\$ 2,956,006</u>	<u>\$ 1,448,541</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

2007

2006

Operating activities

Net revenue	<u>\$ 1,388,384</u>	<u>\$ 89,567</u>
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Financing activities

Decrease in due from the City of Elliot Lake	241,068	199,203
Increase in Capital reserve fund cash	(1,748,533)	(288,770)
Transfer from (to) the City of Elliot Lake	<u>119,081</u>	<u>-</u>
	<u>(1,388,384)</u>	<u>(89,567)</u>

Net increase in operating cash	-	-
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Operating cash

Beginning of year	<u>-</u>	<u>-</u>
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End of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
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See accompanying notes to the financial statements.

Elliot Lake Residential Development Commission

Notes to the Financial Statements

For the Year Ended December 31, 2007

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 revenues in the period in which the transactions or events occurred that gave rise to the revenues and expenditures, 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

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 sale of all property.

(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 and which relate to the Commission are reflected in the Statement of Financial Activities.

(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.

Elliot Lake Residential Development Commission

Notes to the Financial Statements

For the Year Ended December 31, 2007

1. Significant accounting policies (continued)

(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.

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 \$8,463 (2006: \$7,758) was contributed to OMERS.

Elliot Lake Residential Development Commission

Notes to the Financial Statements

For the Year Ended December 31, 2007

5. Tangible capital assets

Transitional provisions

Effective January 1, 2007, The Residential Development Commission adopted Accounting Guideline 7 (PSG-7) of the Public Sector Accounting Handbook of the Canadian Institute of Chartered Accountants ("CICA") with respect to the disclosure of tangible capital assets of local governments. PSG-7 provides transitional guidance on presenting information related to tangible capital assets until Section 3150 - Tangible Capital Assets of the Public Sector Accounting Handbook comes into effect on January 1, 2009.

During 2007, 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. As of December 31, 2007, the City of Elliot Lake has obtained a listing and values for all significant asset classes related to the Commission. The process of determining the accumulated amortization is currently underway and is expected to be completed by December 31, 2008.

Elliot Lake Residential Development Commission

Schedule of Financial Activities – Dunlop Lake

For the Year Ended December 31, 2007
(Unaudited)

	Capital Fund Budget	Capital Fund Actual
Revenues		
Land sale completed	\$ 2,069,400	\$ 1,591,759
Land sales conditional deposits	115,000	195,162
Province of Ontario grants contribution	-	-
Total revenues	2,184,400	1,786,921
Expenditures		
Road	801,000	817,281
Hydro services	440,975	215,539
Land acquisition	320,000	-
Survey	40,000	-
Legal	10,840	9,140
Health Unit	5,500	-
Plan revision	6,000	37,975
Engineering	25,000	55,353
Other	-	-
Boat launches	30,000	-
Lot buybacks	-	-
Contract liabilities	-	-
Project coordination	170,000	493
Deferred land purchase	-	-
Total expenditures	1,849,315	1,135,781
Excess of revenues over expenditures	\$ 335,085	\$ 651,140

Elliot Lake Residential Development Commission

Schedule of Financial Activities – Quirke Lake

For the Year Ended December 31, 2007
(Unaudited)

	Capital Fund Budget	Capital Fund Actual
Revenues		
Land sale completed	\$ 844,700	\$ 1,176,700
Land sales conditional deposits	35,000	60,042
Province of Ontario grants contribution	-	-
Total revenues	<u>879,700</u>	<u>1,236,742</u>
Expenditures		
Road	-	37,417
Hydro services	-	42,746
Land acquisition	-	-
Survey	-	-
Legal	5,281	8,700
Health Unit	-	-
Plan revision	-	835
Engineering	-	9,278
Other	-	-
Boat launches	-	-
Lot buybacks	-	24,710
Contract liabilities	-	-
Project coordination	-	-
Deferred land purchase	-	-
Total expenditures	<u>5,281</u>	<u>123,686</u>
Excess of revenues over expenditures	<u>\$ 874,419</u>	<u>\$ 1,113,056</u>

Elliot Lake Residential Development Commission

Schedule of Financial Activities – McCarthy Lake

For the Year Ended December 31, 2007
(Unaudited)

	Capital Fund Budget	Capital Fund Actual
Revenues		
Land sale completed	\$ -	\$ -
Land sales conditional deposits	-	-
Province of Ontario grants contribution	-	-
Total revenues	-	-
Expenditures		
Road	-	-
Hydro services	-	-
Land acquisition	-	-
Survey	-	-
Legal	-	-
Health Unit	-	-
Plan revision	-	1,827
Engineering	-	1,114
Other	-	-
Boat launches	-	-
Lot buybacks	-	-
Contract liabilities	-	-
Project coordination	-	-
Deferred land purchase	-	-
Total expenditures	-	2,941
Excess of expenditures over revenues	\$ -	\$ (2,941)

Elliot Lake Residential Development Commission

Schedule of Financial Activities – Popeye Lake

For the Year Ended December 31, 2007
(Unaudited)

	Capital Fund Budget	Capital Fund Actual
Revenues		
Land sale completed	\$ 300,000	\$ -
Land sales conditional deposits	20,000	60,000
Province of Ontario grants contribution	<u>-</u>	<u>-</u>
Total revenues	<u>320,000</u>	<u>60,000</u>
Expenditures		
Road	75,000	133
Hydro services	-	-
Land acquisition	55,000	-
Survey	20,500	-
Legal	2,779	633
Health Unit	1,000	-
Plan revision	-	11,803
Engineering	-	8,046
Other	-	-
Boat launches	-	211
Lot buybacks	-	-
Contract liabilities	-	-
Project coordination	-	-
Deferred land purchase	<u>-</u>	<u>-</u>
Total expenditures	<u>154,279</u>	<u>20,826</u>
Excess of revenue over expenditures	<u>\$ 165,721</u>	<u>\$ 39,174</u>

Elliot Lake Residential Development Commission

Schedule of Financial Activities – Depot Lake

For the Year Ended December 31, 2007
(Unaudited)

	Capital Fund Budget	Capital Fund Actual
Revenues		
Land sale completed	\$ -	\$ -
Land sales conditional deposits	-	-
Province of Ontario grants contribution	-	-
Total revenues	<u>-</u>	<u>-</u>
Expenditures		
Road	-	-
Hydro services	-	-
Land acquisition	-	-
Survey	-	-
Legal	-	-
Health Unit	-	-
Plan revision	-	4,847
Engineering	-	14,561
Other	-	-
Boat launches	-	-
Lot buybacks	-	-
Contract liabilities	-	-
Project coordination	-	278
Deferred land purchase	-	-
Total expenditures	<u>-</u>	<u>19,686</u>
Excess of expenditures over revenues	<u>\$ -</u>	<u>\$ (19,686)</u>

Elliot Lake Residential Development Commission

Schedule of Financial Activities – Esten Lake

For the Year Ended December 31, 2007
(Unaudited)

	Capital Fund Budget	Capital Fund Actual
Revenues		
Land sale completed	\$ -	\$ -
Land sales conditional deposits	-	-
Province of Ontario grants contribution	-	-
Total revenues	<u>-</u>	<u>-</u>
Expenditures		
Road	-	254
Hydro services	-	-
Land acquisition	-	-
Survey	-	-
Legal	-	-
Health Unit	-	-
Plan revision	-	261
Engineering	-	9,649
Other	-	-
Boat launches	-	-
Lot buybacks	-	-
Contract liabilities	-	-
Project coordination	-	-
Deferred land purchase	-	-
Total expenditures	<u>-</u>	<u>10,164</u>
Excess of expenditures over revenues	<u>\$ -</u>	<u>\$ (10,164)</u>

Elliot Lake Residential Development Commission

Schedule of Financial Activities – Quimby Lake

For the Year Ended December 31, 2007
(Unaudited)

	Capital Fund Budget	Capital Fund Actual
Revenues		
Land sale completed	\$ -	\$ -
Land sales conditional deposits	-	-
Province of Ontario grants contribution	-	-
Total revenues	<u>-</u>	<u>-</u>
Expenditures		
Road	-	-
Hydro services	-	-
Land acquisition	-	-
Survey	-	-
Legal	-	-
Health Unit	-	-
Plan revision	-	-
Engineering	-	-
Other	-	-
Boat launches	-	-
Lot buybacks	-	-
Contract liabilities	-	-
Project coordination	-	-
Deferred land purchase	-	-
Total expenditures	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>

Elliot Lake Residential Development Commission

Schedule of Financial Activities –Gullbeak Lake

For the Year Ended December 31, 2007
(Unaudited)

	Capital Fund Budget	Capital Fund Actual
Revenues		
Land sale completed	\$ -	\$ -
Land sales conditional deposits	-	-
Province of Ontario grants contribution	-	-
	-	-
Total revenues	-	-
Expenditures		
Road	-	-
Hydro services	-	-
Land acquisition	-	-
Survey	-	-
Legal	-	-
Health Unit	-	-
Plan revision	-	-
Engineering	-	-
Other	-	-
Boat launches	-	-
Lot buybacks	-	-
Contract liabilities	-	-
Project coordination	-	-
Deferred land purchase	-	-
	-	-
Total expenditures	-	-
Excess of revenues over expenditures	\$ -	\$ -

Elliot Lake Residential Development Commission

Schedule of Financial Activities – King’s Lake

For the Year Ended December 31, 2007
(Unaudited)

	Capital Fund Budget	Capital Fund Actual
Revenues		
Land sale completed	\$ -	\$ -
Land sales conditional deposits	-	-
Province of Ontario grants contribution	-	-
Total revenues	<u>-</u>	<u>-</u>
Expenditures		
Road	-	-
Hydro services	-	-
Land acquisition	-	-
Survey	-	-
Legal	-	-
Health Unit	-	-
Plan revision	-	-
Engineering	-	-
Other	-	-
Boat launches	-	-
Lot buybacks	-	-
Contract liabilities	-	-
Project coordination	-	-
Deferred land purchase	-	-
Total expenditures	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>

Elliot Lake Residential Development Commission

Schedule of Financial Activities – Marshland, Grandeur and Trout Lakes

For the Year Ended December 31, 2007
(Unaudited)

	Capital Fund Budget	Capital Fund Actual
Revenues		
Land sale completed	\$ -	\$ -
Land sales conditional deposits	-	-
Province of Ontario grants contribution	-	-
Total revenues	<u>-</u>	<u>-</u>
Expenditures		
Road	-	-
Hydro services	-	-
Land acquisition	-	-
Survey	-	-
Legal	-	-
Health Unit	-	-
Plan revision	-	-
Engineering	-	-
Other	-	-
Boat launches	-	-
Lot buybacks	-	-
Contract liabilities	-	-
Project coordination	-	-
Deferred land purchase	-	-
Total expenditures	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>