



Financial Statements

Elliot Lake Residential Development Commission

December 31, 2011

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Grant Thornton

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, 2011, the statements of operations, accumulated surplus, changes in net financial assets 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 auditors' 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 Organization'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 Organization'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 Residential Development Commission as at December 31, 2011, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Sault Ste. Marie, Ontario

Grant Thornton LLP

September 24, 2012

Chartered accountants
Licensed public accountants

Elliot Lake Residential Development Commission

Statement of Financial Position

December 31	2011	2010
Financial assets		
Cash	\$ 3,320,968	\$ 2,968,578
Liabilities		
Accrued liabilities	<u>2,250</u>	<u>2,400</u>
Net financial assets	3,318,718	2,966,178
Non financial assets		
Land inventory	<u>175,174</u>	<u>232,607</u>
Accumulated surplus	<u>\$ 3,493,892</u>	<u>\$ 3,198,785</u>

On behalf of the Commission

See accompanying notes to the financial statements.

Elliot Lake Residential Development Commission

Statement of Operations

Year Ended December 31

				2011	2010
	Budget (unaudited)	Residential Development Actual	City of Elliot Lake Actual	Total	Total
Revenue					
Land sale proceeds (Note 1 d)	\$ 717,837	\$ 644,737	\$ -	\$ 644,737	\$ 331,908
Cost of land sales	-	175,815	-	175,815	158,670
	<u>717,837</u>	<u>468,922</u>	<u>-</u>	<u>468,922</u>	<u>173,238</u>
Expenditures					
Administration					
Professional fees	7,200	8,640	-	8,640	6,574
Administration	12,010	4,301	-	4,301	3,825
Salaries and honorariums	10,800	9,487	-	9,487	9,641
Travel	500	982	-	982	-
Marketing	28,200	27,562	-	27,562	1,728
Lot related expenditures					
Legal	7,000	11,171	-	11,171	14,235
Pre-development (Note 1 c)	42,880	17,849	25,801	43,650	145,742
Planning, survey and subdivision plan	-	-	-	-	16,599
Roads	-	68,802	-	68,802	116,368
Hydro services	11,970	31,709	-	31,709	176,307
Boat launches and parking	60,000	9,322	-	9,322	80,166
	<u>180,560</u>	<u>189,825</u>	<u>25,801</u>	<u>215,626</u>	<u>571,185</u>
Other revenue					
Interest	37,530	40,472	-	40,472	24,622
Other	-	1,339	-	1,339	-
	<u>37,530</u>	<u>41,811</u>	<u>-</u>	<u>41,811</u>	<u>24,622</u>
Annual surplus (deficit)	<u>\$ 499,747</u>	<u>\$ 320,908</u>	<u>\$ (25,801)</u>	<u>295,107</u>	<u>(373,325)</u>
Opening accumulated surplus				<u>3,198,785</u>	<u>3,572,110</u>
Ending accumulated surplus				<u>\$ 3,493,892</u>	<u>\$ 3,198,785</u>

See accompanying notes to the financial statements.

Elliot Lake Residential Development Commission Statement of Accumulated Surplus

Year Ended December 31

2011

2010

Consists of

Reserves set aside by the Board

Reserve for operations	\$ 3,318,718	\$ 2,966,178
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Surpluses

Invested in land inventory	<u>175,174</u>	<u>232,607</u>
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Accumulated surplus

	<u>\$ 3,493,892</u>	<u>\$ 3,198,785</u>
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See accompanying notes to the financial statements.

Elliot Lake Residential Development Commission Statement of Changes in Net Financial Assets

Year Ended December 31

2011

2010

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Annual surplus (deficit)	\$ 676,740	\$ 295,107	\$ (373,325)
Acquisition of land inventory	(436,826)	(118,382)	(292,352)
Sale of land inventory	<u>-</u>	<u>175,815</u>	<u>158,670</u>
Change in net financial assets	<u>\$ 239,914</u>	352,540	(507,007)
Net financial assets, beginning of year		<u>2,966,178</u>	<u>3,473,185</u>
Net financial assets, end of year		<u>\$ 3,318,718</u>	<u>\$ 2,966,178</u>

See accompanying notes to the financial statements.

Elliot Lake Residential Development Commission

Statement of Cash Flows

Year Ended December 31	2011	2010
Cash flows from operating transactions		
Annual surplus (deficit)	\$ 295,107	\$ (373,325)
Non-cash charges to operations		
Accrued liabilities	(150)	2,400
Payable to the City of Elliot Lake	-	(156,945)
Inventory	<u>57,433</u>	<u>(133,682)</u>
Net increase (decrease) in operating cash	352,390	(661,552)
Operating cash		
Cash, beginning of year	<u>2,968,578</u>	<u>3,630,130</u>
Cash, end of year	<u>\$ 3,320,968</u>	<u>\$ 2,968,578</u>

See accompanying notes to the financial statements.

Elliot Lake Residential Development Commission

Notes to the Financial Statements

December 31, 2011

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

Effective January 1, 2009 the Commission adopted CICA Public Sector Handbook Section 1200 Financial Statement Presentation and Section 3150 Tangible Capital Assets. The statements reflect the new Statement of Changes in Net Financial Assets and no longer reflect the Statement of Financial Activities.

The accrual basis of accounting is followed in the financial statement presentation which 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.

c) 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.

d) 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.

e) 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 Operations.

Elliot Lake Residential Development Commission

Notes to the Financial Statements

December 31, 2011

1. Significant accounting policies (continued)

f) Land Inventory

Land inventory is carried at the lower of cost and fair market value.

g) Tangible capital assets

The historical cost and accumulated depreciation for capital assets would be recorded under the accounting policy for tangible capital assets, however, the Commission does not hold any tangible capital assets.

h) Reserves for future expenditures

Certain amounts, as approved by the City, are set aside in reserves for future operating expenditures.

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.

j) Budget figures

The operating budget approved by the Commission is reflected on the statement of operations. Budget figures have been restated to be comparable with the PSAB reporting format.

k) Cash and cash equivalents

Cash includes cash on hand and funds held on deposit at financial institutions.

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. Management has estimated the potential repurchase requirements and has reserved an amount to fund these repurchases. Repurchases of lots are included as additions to land inventory on the Statement of Financial Position.

Elliot Lake Residential Development Commission

Schedule of Financial Activities – Dunlop Lake

December 31, 2011
(Unaudited)

	Budget	Actual
Revenues		
Land sale completed	\$ 104,900	\$ 123,000
Land sale conditional deposits		10,000
Cost of land sales	<u>-</u>	<u>96,516</u>
Net land sales	<u>104,900</u>	<u>36,484</u>
Expenditures		
Road	-	3,167
Hydro services	-	14,246
Land acquisition	85,600	-
Legal	-	5,632
General	-	472
Boat launches	-	-
Pre-development	<u>-</u>	<u>-</u>
Total expenditures	<u>85,600</u>	<u>23,517</u>
Excess of revenues over expenditures	<u>\$ 19,300</u>	<u>\$ 12,967</u>

Elliot Lake Residential Development Commission

Schedule of Financial Activities – Quirke Lake

December 31, 2011
(Unaudited)

	Budget	Actual
Revenues		
Land sale completed	\$ -	\$ -
Cost of land sales	<u>-</u>	<u>-</u>
Net land sales	<u>-</u>	<u>-</u>
Expenditures		
Hydro services	-	11,793
Land acquisition	50,840	4,500
Legal	-	-
Roads	-	-
Boat launches	-	-
Pre-development	<u>-</u>	<u>-</u>
Total expenditures	<u>50,840</u>	<u>16,293</u>
Excess of expenditures over revenues	<u>\$ (50,840)</u>	<u>\$ (16,293)</u>

Elliot Lake Residential Development Commission

Schedule of Financial Activities – Popeye Lake

December 31, 2011
(Unaudited)

	Budget	Actual
Revenues		
Land sale completed	\$ 612,937	\$ 501,737
Land sale conditional deposits	-	10,000
Cost of land sales	<u>-</u>	<u>79,299</u>
Net land sales	<u>612,937</u>	<u>432,438</u>
Expenditures		
Road	-	65,635
Hydro	11,970	814
Survey	-	-
Land acquisition	100,386	-
Legal	7,000	5,539
Engineering	-	8,156
Boat launches	60,000	9,322
Pre-development	<u>-</u>	<u>-</u>
Total expenditures	<u>179,356</u>	<u>89,466</u>
Excess of revenue over expenditures	<u>\$ 433,581</u>	<u>\$ 342,972</u>
