



Financial Statements

Elliot Lake Residential Development Commission

December 31, 2009

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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, 2009 and the statements of operations, accumulated surplus, changes in net financial assets and cash flow 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, 2009 and the results of its operations, accumulated surplus, changes in net financial assets and cash flows 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 10, 2010

*Grant Thornton LLP*

Chartered accountants

Licensed public accountants

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# Elliot Lake Residential Development Commission

## Statement of Financial Position

| December 31                        | 2009                       | 2008                       |
|------------------------------------|----------------------------|----------------------------|
| <b>Financial assets</b>            |                            |                            |
| Cash                               | \$ 3,630,130               | \$ 4,347,738               |
| <b>Liabilities</b>                 |                            |                            |
| Payable to the City of Elliot Lake | <u>156,945</u>             | <u>179,089</u>             |
| <b>Net financial assets</b>        | <b>3,473,185</b>           | 4,168,649                  |
| <b>Non financial assets</b>        |                            |                            |
| Land inventory                     | <u>98,925</u>              | <u>81,005</u>              |
| <b>Accumulated surplus</b>         | <b><u>\$ 3,572,110</u></b> | <b><u>\$ 4,249,654</u></b> |

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On behalf of the Commission

  

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See accompanying notes to the financial statements.

# Elliot Lake Residential Development Commission

## Statement of Operations

Year Ended December 31

|   |                       |                                      |                                  | 2009                | 2008                |
|---|-----------------------|--------------------------------------|----------------------------------|---------------------|---------------------|
|   | Budget<br>(unaudited) | Residential<br>Development<br>Actual | City of<br>Elliot Lake<br>Actual | Total               | Total               |
| <b>Revenue</b>                          |                       |                                      |                                  |                     |                     |
| Land sale proceeds (Note 1 d)           | \$ 1,277,700          | \$ 302,200                           | \$ -                             | \$ 302,200          | \$ 2,337,437        |
| Cost of land sales                      | -                     | 30,000                               | -                                | 30,000              | 89,710              |
|   | <u>1,277,700</u>      | <u>272,200</u>                       | <u>-</u>                         | <u>272,200</u>      | <u>2,247,727</u>    |
| <b>Expenditures</b>                     |                       |                                      |                                  |                     |                     |
| Administration                          |                       |                                      |                                  |                     |                     |
| Professional fees                       | 16,375                | 8,933                                | -                                | 8,933               | 22,022              |
| Administration                          | 13,794                | 11,728                               | -                                | 11,728              | 28,235              |
| Salaries and honorariums                | 262,799               | 249,003                              | -                                | 249,003             | 241,972             |
| Travel                                  | 439                   | 147                                  | -                                | 147                 | 38                  |
| Consultant fees                         | 8,000                 | 3,825                                | -                                | 3,825               | 27,532              |
| Contracted services                     | -                     | 726                                  | -                                | 726                 | 640                 |
| Building rental                         | 6,000                 | 3,740                                | -                                | 3,740               | 13,245              |
| Vehicle and equipment rental and repair | 8,203                 | 7,047                                | -                                | 7,047               | 11,193              |
| Lot Related Expenditures                |                       |                                      |                                  |                     |                     |
| Land acquisition (Note 1 d)             | 170,000               | -                                    | -                                | -                   | 241,642             |
| Pre-development (Note 1 d)              | 108,220               | 34,720                               | 100,482                          | 135,202             | 143,928             |
| Planning, survey and subdivision plan   | 10,000                | 9,385                                | -                                | 9,385               | 13,231              |
| Roads                                   | 230,000               | 455,382                              | -                                | 455,382             | 130,010             |
| Hydro services                          | 241,849               | 69,823                               | -                                | 69,823              | 37,123              |
| Boat launches and parking               | 75,000                | 8,041                                | -                                | 8,041               | 28,321              |
| Marketing                               | 31,500                | 21,080                               | -                                | 21,080              | 147,650             |
|   | <u>1,182,179</u>      | <u>883,580</u>                       | <u>100,482</u>                   | <u>984,062</u>      | <u>1,086,782</u>    |
| <b>Other revenue</b>                    |                       |                                      |                                  |                     |                     |
| Interest                                | 59,583                | 33,528                               | -                                | 33,528              | 119,255             |
| Other                                   | 750                   | 790                                  | -                                | 790                 | 7,819               |
|   | <u>60,333</u>         | <u>34,318</u>                        | <u>-</u>                         | <u>34,318</u>       | <u>127,074</u>      |
| <b>Annual surplus (deficit)</b>         | <u>\$ 155,854</u>     | <u>\$ (577,062)</u>                  | <u>\$ (100,482)</u>              | <u>(677,544)</u>    | 1,288,019           |
| Opening accumulated surplus             |                       |                                      |                                  | <u>4,249,654</u>    | <u>3,141,635</u>    |
| Ending accumulated surplus              |                       |                                      |                                  | <u>\$ 3,572,110</u> | <u>\$ 4,429,654</u> |

See accompanying notes to the financial statements.

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# Elliot Lake Residential Development Commission

## Statement of Accumulated Surplus

Year Ended December 31

2009

2008

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### Consists of

#### Reserves set aside by the Board

|                        |              |              |
|------------------------|--------------|--------------|
| Reserve for operations | \$ 3,473,185 | \$ 4,168,649 |
|------------------------|--------------|--------------|

#### Surpluses

|                            |               |               |
|----------------------------|---------------|---------------|
| Invested in land inventory | <u>98,925</u> | <u>81,005</u> |
|----------------------------|---------------|---------------|

#### Accumulated surplus

|  |                     |                     |
|--|---------------------|---------------------|
|  | <u>\$ 3,572,110</u> | <u>\$ 4,249,654</u> |
|--|---------------------|---------------------|

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See accompanying notes to the financial statements.

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## Elliot Lake Residential Development Commission

### Statement of Changes in Net Financial Assets

Year Ended December 31

2009

2008

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|   | <u>Budget</u>     | <u>Actual</u>       | <u>Actual</u>       |
|---|-------------------|---------------------|---------------------|
| Annual surplus (deficit)                | \$ 155,854        | \$ (677,544)        | \$ 1,288,019        |
| Acquisition of land inventory           | -                 | (47,920)            | (46,005)            |
| Sale of land inventory                  | <u>-</u>          | <u>30,000</u>       | <u>89,710</u>       |
| Change in net financial assets          | <u>\$ 155,854</u> | <u>(695,464)</u>    | 1,331,724           |
| Net financial assets, beginning of year |                   | <u>4,168,649</u>    | <u>2,836,925</u>    |
| Net financial assets, end of year       |                   | <u>\$ 3,473,185</u> | <u>\$ 4,168,649</u> |

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See accompanying notes to the financial statements.

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## Elliot Lake Residential Development Commission

### Statement of Cash Flows

| Year Ended December 31                        | 2009                | 2008                |
|---|---------------------|---------------------|
| <b>Cash flows from operating transactions</b> |                     |                     |
| Annual surplus (deficit)                      | \$ (677,544)        | \$ 1,288,019        |
| <b>Non-cash charges to operations</b>         |                     |                     |
| Payable to the City of Elliot Lake            | (22,144)            | 122,869             |
| Inventory                                     | <u>(17,920)</u>     | <u>43,705</u>       |
| Net increase (decrease) in operating cash     | (717,608)           | 1,454,593           |
| <b>Operating cash</b>                         |                     |                     |
| Cash, beginning of year                       | <u>4,347,738</u>    | <u>2,893,145</u>    |
| Cash, end of year                             | <u>\$ 3,630,130</u> | <u>\$ 4,347,738</u> |

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See accompanying notes to the financial statements.



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# Elliot Lake Residential Development Commission

## Notes to the Financial Statements

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December 31, 2009

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### 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.

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# Elliot Lake Residential Development Commission

## Notes to the Financial Statements

December 31, 2009

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### 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.

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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. 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.

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### 3. 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.

Contribution rates ranged from 6.5% to 9.6% depending on the proposed retirement age and the level of coverage. As a result, \$4,379 (2008: \$14,652) was contributed to OMERS.

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## Elliot Lake Residential Development Commission

### Schedule of Financial Activities – Dunlop Lake

December 31, 2009  
(Unaudited)

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|                                      | Budget            | Actual           |
|--------------------------------------|-------------------|------------------|
| <b>Revenues</b>                      |                   |                  |
| Land sale completed                  | \$ 290,200        | \$ 147,400       |
| Cost of land sales                   | <u>-</u>          | <u>20,000</u>    |
| Net land sales revenue               | <u>290,200</u>    | <u>127,400</u>   |
| <b>Expenditures</b>                  |                   |                  |
| Road                                 | -                 | 9,432            |
| Hydro services                       | 90,000            | 32,218           |
| Land acquisition                     | -                 | -                |
| Survey                               | -                 | 700              |
| Legal                                | 3,600             | 4,019            |
| Administration and management        | -                 | -                |
| Boat launches                        | 25,000            | 6,927            |
| Equipment                            | <u>-</u>          | <u>5,661</u>     |
| Total expenditures                   | <u>118,600</u>    | <u>58,957</u>    |
| Excess of revenues over expenditures | <u>\$ 171,600</u> | <u>\$ 68,443</u> |

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## Elliot Lake Residential Development Commission

### Schedule of Financial Activities – Quirke Lake

December 31, 2009  
(Unaudited)

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|                                      | Budget           | Actual           |
|--------------------------------------|------------------|------------------|
| <b>Revenues</b>                      |                  |                  |
| Land sale completed                  | \$ 139,800       | \$ 139,800       |
| Cost of land sales                   | <u>-</u>         | <u>10,000</u>    |
| Net land sales                       | <u>139,800</u>   | <u>129,800</u>   |
| <b>Expenditures</b>                  |                  |                  |
| Hydro services                       | -                | 36,608           |
| Legal                                | 1,200            | 1,144            |
| Boat launches                        | 50,000           | 1,114            |
| Equipment                            | <u>-</u>         | <u>1,439</u>     |
| Total expenditures                   | <u>51,200</u>    | <u>40,305</u>    |
| Excess of revenues over expenditures | <u>\$ 88,600</u> | <u>\$ 89,495</u> |

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## Elliot Lake Residential Development Commission

### Schedule of Financial Activities – Popeye Lake

December 31, 2009  
(Unaudited)

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|   | Budget            | Actual              |
|---|-------------------|---------------------|
| <b>Revenues</b>   |                   |                     |
| Land sale completed   | \$ 847,700        | \$ -                |
| Land sales conditional deposits                                     | <u>-</u>          | <u>15,000</u>       |
| Total revenues  | <u>847,700</u>    | <u>15,000</u>       |
| <b>Expenditures</b>   |                   |                     |
| Road  | 230,000           | 445,950             |
| Hydro   | 151,849           | 997                 |
| Survey  | 10,000            | 8,095               |
| Land acquisition  | 170,000           | -                   |
| Legal   | 11,575            | 3,770               |
| Predevelopment costs  | <u>13,220</u>     | <u>27,621</u>       |
| Total expenditures  | <u>586,644</u>    | <u>486,433</u>      |
| Excess of revenue over expenditures<br>(expenditures over revenues) | <u>\$ 261,056</u> | <u>\$ (471,433)</u> |

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# Elliot Lake Residential Development Commission

## Schedule of Financial Activities – Depot Lake

December 31, 2009  
(Unaudited)

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|                                       | Budget | Actual   |
|---------------------------------------|--------|----------|
| <b>Revenues</b>                       |        |          |
| Land sale completed                   | \$ -   | \$ -     |
| <b>Expenditures</b>                   |        |          |
| Planning, survey and subdivision plan | -      | 295      |
| Total expenditures                    | -      | 295      |
| Excess of expenditures over revenues  | \$ -   | \$ (295) |

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## Elliot Lake Residential Development Commission

### Schedule of Financial Activities – May Lake

December 31, 2009  
(Unaudited)

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|                                       | Budget     | Actual         |
|---------------------------------------|------------|----------------|
| <b>Revenues</b>                       |            |                |
| Land sale completed                   | \$ _____ - | \$ _____ -     |
| <b>Expenditures</b>                   |            |                |
| Planning, survey and subdivision plan | _____ -    | _____ 295      |
| Total expenditures                    | _____ -    | _____ 295      |
| Excess of expenditures over revenues  | \$ _____ - | \$ _____ (295) |

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