



Financial Statements

**Elliot Lake Residential Development Commission**

December 31, 2010

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Grant Thornton

# Independent 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 accompanying financial statements of the Elliot Lake Residential Development Commission, which comprise the statement of financial position as at December 31, 2010, 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.

## **Auditors' 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, 2010, 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

April 27, 2011

*Grant Thornton LLP*

Chartered accountants

Licensed public accountants

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# Elliot Lake Residential Development Commission

## Statement of Financial Position

December 31	2010	2009
<b>Financial assets</b>		
Cash	\$ 2,968,578	\$ 3,630,130
<b>Liabilities</b>		
Accrued liabilities	2,400	-
Payable to the City of Elliot Lake	<u>-</u>	<u>156,945</u>
<b>Net financial assets</b>	2,966,178	3,473,185
<b>Non financial assets</b>		
Land inventory	<u>232,607</u>	<u>98,925</u>
<b>Accumulated surplus</b>	<u>\$ 3,198,785</u>	<u>\$ 3,572,110</u>

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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

				2010	2009
	Budget (unaudited)	Residential Development Actual	City of Elliot Lake Actual	Total	Total
<b>Revenue</b>					
Land sale proceeds (Note 1 d)	\$ 1,249,200	\$ 331,908	\$ -	\$ 331,908	\$ 302,200
Cost of land sales	-	158,670	-	158,670	30,000
	<u>1,249,200</u>	<u>173,238</u>	<u>-</u>	<u>173,238</u>	<u>272,200</u>
<b>Expenditures</b>					
Administration					
Professional fees	8,400	6,574	-	6,574	8,933
Administration	3,790	3,825	-	3,825	11,728
Salaries and honorariums	10,200	9,641	-	9,641	249,003
Travel	-	-	-	-	147
Marketing	1,675	1,728	-	1,728	21,080
Consultant fees	-	-	-	-	3,825
Contracted services	-	-	-	-	726
Building rental	-	-	-	-	3,740
Vehicle and equipment rental and repair	-	-	-	-	7,047
Lot Related Expenditures					
Legal	21,500	14,235	-	14,235	-
Pre-development (Note 1 d)	164,765	45,346	100,396	145,742	135,202
Planning, survey and subdivision plan	10,000	16,599	-	16,599	9,385
Project management	20,000	-	-	-	-
Roads	207,550	116,368	-	116,368	455,382
Hydro services	282,000	176,307	-	176,307	69,823
Boat launches and parking	82,000	80,166	-	80,166	8,041
	<u>811,880</u>	<u>470,789</u>	<u>100,396</u>	<u>571,185</u>	<u>984,062</u>
<b>Other revenue</b>					
Interest	58,860	24,622	-	24,622	33,528
Other	-	-	-	-	790
	<u>58,860</u>	<u>24,622</u>	<u>-</u>	<u>24,622</u>	<u>34,318</u>
<b>Annual surplus (deficit)</b>	<u>\$ 496,180</u>	<u>\$ (272,929)</u>	<u>\$ (100,396)</u>	<u>(373,325)</u>	<u>(677,544)</u>
Opening accumulated surplus				<u>3,572,110</u>	<u>4,249,654</u>
Ending accumulated surplus				<u>\$ 3,198,785</u>	<u>\$ 3,572,110</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 2010 2009

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**Consists of**

**Reserves set aside by the Board**

Reserve for operations	\$ 2,966,178	\$ 3,473,185
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**Surpluses**

Invested in land inventory	<u>232,607</u>	<u>98,925</u>
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**Accumulated surplus**

	<u>\$ 3,198,785</u>	<u>\$ 3,572,110</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

2010

2009

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	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Annual surplus (deficit)	\$ 496,180	\$ (373,325)	\$ (677,544)
Acquisition of land inventory	(229,400)	(292,352)	(47,920)
Sale of land inventory	<u>-</u>	<u>158,670</u>	<u>30,000</u>
Change in net financial assets	<u>\$ 266,780</u>	<u>(507,007)</u>	<u>(695,464)</u>
Net financial assets, beginning of year		<u>3,473,185</u>	<u>4,168,649</u>
Net financial assets, end of year		<u>\$ 2,966,178</u>	<u>\$ 3,473,185</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	2010	2009
<b>Cash flows from operating transactions</b>		
Annual surplus (deficit)	\$ (373,325)	\$ (677,544)
<b>Non-cash charges to operations</b>		
Accrued liabilities	2,400	-
Payable to the City of Elliot Lake	(156,945)	(22,144)
Inventory	<u>(133,682)</u>	<u>(17,920)</u>
Net increase (decrease) in operating cash	(661,552)	(717,608)
<b>Operating cash</b>		
Cash, beginning of year	<u>3,630,130</u>	<u>4,347,738</u>
Cash, end of year	<u>\$ 2,968,578</u>	<u>\$ 3,630,130</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, 2010

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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, 2010

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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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## Elliot Lake Residential Development Commission

### Schedule of Financial Activities – Dunlop Lake

December 31, 2010  
(Unaudited)

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	Budget	Actual
<b>Revenues</b>		
Land sale completed	\$ 175,900	\$ 199,800
Cost of land sales	<u>-</u>	<u>98,925</u>
Net land sales revenue	<u>175,900</u>	<u>100,875</u>
<b>Expenditures</b>		
Road	150,000	106,293
Hydro services	82,000	13,812
Land acquisition	4,000	-
Legal	3,000	3,771
Boat launches	17,000	19,348
Pre-development	<u>16,020</u>	<u>3,879</u>
Total expenditures	<u>272,020</u>	<u>147,103</u>
Excess of expenditures over revenues	<u>\$ (96,120)</u>	<u>\$ (46,228)</u>

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## Elliot Lake Residential Development Commission

### Schedule of Financial Activities – Quirke Lake

December 31, 2010  
(Unaudited)

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	Budget	Actual
<b>Revenues</b>		
Land sale completed	\$ -	\$ 55,900
Cost of land sales	<u>-</u>	<u>39,920</u>
Net land sales	<u>-</u>	<u>15,980</u>
<b>Expenditures</b>		
Hydro services	36,000	2,757
Legal	-	7,303
Roads	-	2,463
Boat launches	40,000	60,818
Pre-development	<u>2,520</u>	<u>5,763</u>
Total expenditures	<u>78,520</u>	<u>79,104</u>
Excess of expenditures over revenues	<u>\$ (78,520)</u>	<u>\$ (63,124)</u>

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# Elliot Lake Residential Development Commission

## Schedule of Financial Activities – Popeye Lake

December 31, 2010  
(Unaudited)

	Budget	Actual
<b>Revenues</b>		
Land sale completed	\$ 1,073,300	\$ 101,208
Land sales conditional deposits	-	10,000
Refund of land sales conditional deposits	-	<u>(35,000)</u>
Land sale revenue	1,073,300	76,208
Cost of land sales	<u>-</u>	<u>19,825</u>
 Total revenues	 <u>1,073,300</u>	 <u>56,383</u>
<b>Expenditures</b>		
Road	57,550	7,612
Hydro	164,000	159,738
Survey	10,000	16,599
Land acquisition	168,500	-
Legal	18,500	3,161
Project coordination	20,000	-
Boat launches	25,000	-
Predevelopment	<u>10,125</u>	<u>6,720</u>
 Total expenditures	 <u>473,675</u>	 <u>193,830</u>
 Excess of revenue over expenditures (expenditures over revenues)	 <u>\$ 599,625</u>	 <u>\$ (137,447)</u>

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## Elliot Lake Residential Development Commission

### Schedule of Financial Activities – Pecors Lake

December 31, 2010  
(Unaudited)

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	Budget	Actual
<b>Revenues</b>		
Land sale completed	\$ -	\$ -
<b>Expenditures</b>		
Pre-development	<u>-</u>	<u>4,816</u>
Excess of expenditures over revenues	<u>\$ -</u>	<u>\$ (4,816)</u>

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# Elliot Lake Residential Development Commission

## Schedule of Financial Activities – May Lake

December 31, 2010  
(Unaudited)

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	Budget	Actual
<b>Revenues</b>		
Land sale completed	\$ -	\$ -
<b>Expenditures</b>		
Pre-development	<u>-</u>	<u>4,816</u>
Excess of expenditures over revenues	<u>\$ -</u>	<u>\$ (4,816)</u>

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# Elliot Lake Residential Development Commission

## Schedule of Financial Activities – McCarthy Lake

December 31, 2010  
(Unaudited)

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	Budget	Actual
<b>Revenues</b>		
Land sale completed	\$ -	\$ -
<b>Expenditures</b>		
Pre-development	<u>-</u>	<u>7,714</u>
Excess of expenditures over revenues	<u>\$ -</u>	<u>\$ (7,714)</u>

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# Elliot Lake Residential Development Commission

## Schedule of Financial Activities – Esten Lake

December 31, 2010  
(Unaudited)

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	Budget	Actual
<b>Revenues</b>		
Land sale completed	\$ -	\$ -
<b>Expenditures</b>		
Pre-development	<u>-</u>	<u>4,905</u>
Excess of expenditures over revenues	<u>\$ -</u>	<u>\$ (4,905)</u>

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# Elliot Lake Residential Development Commission

## Schedule of Financial Activities – Marshland / Grandeur Lake

December 31, 2010  
(Unaudited)

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	Budget	Actual
<b>Revenues</b>		
Land sale completed	\$ -	\$ -
<b>Expenditures</b>		
Pre-development	<u>-</u>	<u>4,816</u>
Excess of expenditures over revenues	<u>\$ -</u>	<u>\$ (4,816)</u>

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## Elliot Lake Residential Development Commission

### Schedule of Financial Activities – Other

December 31, 2010  
(Unaudited)

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	Budget	Actual
<b>Revenues</b>		
Land sale completed	\$ -	\$ -
<b>Expenditures</b>		
Pre-development	<u>-</u>	<u>1,917</u>
Excess of expenditures over revenues	<u>\$ -</u>	<u>\$ (1,917)</u>

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