

**Elliot Lake Residential Development Commission**  
**Financial Statements**  
For the year ended December 31, 2016

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## 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, 2016 and the statements of operations 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 auditor's 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 entity'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 entity'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 Lake Residential Development Commission as at December 31, 2016 and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants, Licensed Public Accountants  
Sault Ste. Marie, Ontario  
May 8, 2017

**Elliot Lake Residential Development Commission**  
**Statement of Financial Position**

<u>December 31</u>	<u>2016</u>	<u>2015</u>
<b>Financial assets</b>		
Cash	\$ 2,432,391	\$ 2,051,619
<b>Liabilities</b>		
Due to City of Elliot Lake	<u>290,944</u>	<u>7,418</u>
<b>Accumulated surplus</b>	<u>\$ 2,141,447</u>	<u>\$ 2,044,201</u>

On behalf of the Commission:

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The accompanying notes are an integral part of these financial statements.

## Elliot Lake Residential Development Commission Statement of Operations

For the year ended December 31	Budget	2016	2015
<b>Revenue</b>			
Land sale proceeds	\$ 765,000	\$ 396,500	\$ 184,800
Lot buy-backs	-	(215,760)	(39,920)
Interest	22,000	22,659	22,280
	<u>787,000</u>	<u>203,399</u>	<u>167,160</u>
<b>Expenses</b>			
<b>Administration</b>			
General office	5,000	2,482	4,031
Honorariums and salaries	5,000	3,600	1,934
Marketing	10,500	1,413	1,615
Professional fees	75,000	88,413	85,882
Travel	1,500	-	-
<b>Development costs</b>			
Land acquisition	58,864	-	-
Legal fees	7,000	9,203	4,718
Planning, survey and subdivision plan	23,000	149	165
Pre-development	18,750	893	8,914
Utilities	-	-	3,715
	<u>204,614</u>	<u>106,153</u>	<u>110,974</u>
<b>Annual surplus</b>	582,386	97,246	56,186
<b>Accumulated surplus, beginning of year</b>	2,044,201	2,044,201	1,988,015
<b>Accumulated surplus, end of year</b>	<u>\$ 2,626,587</u>	<u>\$ 2,141,447</u>	<u>\$ 2,044,201</u>

The accompanying notes are an integral part of these financial statements.

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**Elliot Lake Residential Development Commission**  
**Statement of Cash Flows**

<u>For the year ended December 31</u>	<u>2016</u>	<u>2015</u>
<b>Operating transactions</b>		
Annual surplus	\$ 97,246	\$ 56,186
Changes in non-cash operating balances		
Due to the City of Elliot Lake	<u>283,526</u>	<u>(33,935)</u>
<b>Net change in cash</b>	<b>380,772</b>	<b>22,251</b>
Cash, beginning of year	<u>2,051,619</u>	<u>2,029,368</u>
<b>Cash, end of year</b>	<b>\$ 2,432,391</b>	<b>\$ 2,051,619</b>

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The accompanying notes are an integral part of these financial statements.

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# Elliot Lake Residential Development Commission

## Notes to Financial Statements

December 31, 2016

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### 1. Summary of significant accounting policies

<b>Basis of accounting</b>	The financial statements of the Elliot Lake Residential Development Commission are the representation of management prepared in accordance with Canadian public sector accounting standards, as recommended by the Public Sector Accounting Board.
<b>Nature of operations</b>	The Elliot Lake Residential Development Commission was established to manage the development for residential purposes of land acquired from the Province of Ontario.
<b>Land sale proceeds and pre-development costs</b>	<p>The proceeds of sale of certain land owned by City of Elliot Lake are designated for use of the Commission. These proceeds reimburse the City and the Commission for the expenses related to pre-development and sale, with the remainder being retained for economic development upon completion of the project.</p> <p>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.</p>
<b>Revenue recognition</b>	Land sale proceeds are recorded at the time of sale, when title passes. Revenue from grants is recognized as revenue when received or receivable, except to extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Interest revenue is recorded on an accrual basis.
<b>Use of estimates</b>	The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

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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 four years from the date of the initial purchase and for water access only properties, within five years from the date of the initial purchase. The City's management has estimated the potential repurchase requirements and has reserved an amount to fund these repurchases in the books of the Corporation of the City of Elliot Lake. As per the terms of the City of Elliot Lake Act, ownership of the land resides with the City, and therefore there is no land asset recorded in the books of the Commission.

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**Elliot Lake Residential Development Commission**  
**Schedule of Financial Activities - Dunlop Lake**

<u>For the year ended December 31</u>	<u>2016</u>	<u>2015</u>
<b>Revenue</b>		
Land sale completed	\$ 156,900	\$ 104,900
Lot buy-backs	(119,920)	-
	<hr/> 36,980	<hr/> 104,900
<b>Expenses</b>		
Legal	4,582	704
Utilities	-	3,715
	<hr/> 4,582	<hr/> 4,419
<b>Excess (deficiency) of revenue over expenses</b>	<hr/> <b>\$ 32,398</b>	<hr/> <b>\$ 100,481</b>

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The accompanying notes are an integral part of these financial statements.

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**Elliot Lake Residential Development Commission**  
**Schedule of Financial Activities - Quirke Lake**

For the year ended December 31	2016	2015
<b>Revenue</b>		
Land sale completed	\$ -	\$ 79,900
<b>Expenses</b>		
Legal	-	760
<b>Excess (deficiency) of revenue over expenses</b>	<b>\$ -</b>	<b>\$ 79,140</b>

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**Elliot Lake Residential Development Commission**  
**Schedule of Financial Activities - Popeye Lake**

<u>For the year ended December 31</u>	<u>2016</u>	<u>2015</u>
<b>Revenue</b>		
Land sale completed	\$ 239,600	\$ -
Lot buy-backs	<u>(95,840)</u>	<u>(39,920)</u>
	<u>143,760</u>	<u>(39,920)</u>
<b>Expenses</b>		
Legal	<u>4,622</u>	<u>3,255</u>
<b>Deficiency of revenue over expenses</b>	<b>\$ 139,138</b>	<b>\$ (43,175)</b>

The accompanying notes are an integral part of these financial statements.