

Elliot Lake Residential Development Commission
Financial Statements
For the year ended December 31, 2020

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Tel: 705-945-0990
Fax: 705-942-7979
Toll-Free: 800-520-3005
0190
www.bdo.ca

BDO Canada LLP
747 Queen Street E
PO Box 1109
Sault Ste. Marie ON P6A 5N7 Canada

Independent Auditor's Report

To the Members of the Elliot Lake Residential Development Commission Board,
Council, Inhabitants and Ratepayers of The Corporation of the City of Elliot Lake

Opinion

We have audited the accompanying financial statements of Elliot Lake Residential Development Commission (the Commission), which comprise the statement of financial position as at December 31, 2020, and the statements of operations, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Commission as at December 31, 2020, and its results of operations, its change in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Commission in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Commission's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Commission or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Commission's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent Auditor's Report (continued)

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Commission's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Commission to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Chartered Professional Accountants, Licensed Public Accountants
Sault Ste. Marie, Ontario
September 13, 2021

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

December 31	2020	Restated (see Note 4) 2019
Financial assets		
Cash	\$ 2,739,882	\$ 2,572,806
Liabilities		
Due to City of Elliot Lake	99,093	14,581
Deposits (Note 3)	24,000	32,000
	123,093	46,581
Net financial assets	2,616,789	2,526,225
Non-financial assets		
Tangible capital assets (Schedule 1)	14,223	-
Accumulated surplus	\$ 2,631,012	\$ 2,526,225

On behalf of the Commission:





**Elliot Lake Residential Development Commission
Statement of Operations**

For the year ended December 31	Budget	2020	Restated (see Note 4) 2019
Revenue			
Land sale proceeds	\$ -	\$ 126,000	\$ 228,106
Interest	-	34,331	66,944
	-	160,331	295,050
Expenses			
Administration			
Amortization	-	1,094	-
General office	-	6,879	8,344
Honorariums and salaries	-	1,504	2,309
Marketing	-	328	2,507
Professional fees	-	43,586	73,235
Travel	-	961	1,155
Development costs			
Legal fees	-	1,128	1,432
Planning, survey and subdivision plan	-	64	102
	-	55,544	89,084
Annual surplus	-	104,787	205,966
Accumulated surplus, beginning of year	-	2,526,225	2,320,259
Accumulated surplus, end of year	\$ -	\$ 2,631,012	\$ 2,526,225

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

**Elliot Lake Residential Development Commission
Statement of Change in Net Financial Assets**

For the year ended December 31	Budget	2020	Restated (see Note 4) 2019
Annual surplus	\$ -	\$ 104,787	\$ 205,966
Acquisition of tangible capital assets	-	(15,317)	-
Amortization of tangible capital assets	-	1,094	-
Net change in net financial assets	-	90,564	205,966
Net financial assets, beginning of year	-	2,526,225	2,320,259
Net financial assets, end of year	\$ -	\$ 2,616,789	\$ 2,526,225

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

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

For the year ended December 31	2020	2019
Operating transactions		
Annual surplus	\$ 104,787	\$ 205,966
Amortization	1,094	-
	<u>105,881</u>	205,966
Changes in non-cash operating balances		
Deposits	(8,000)	16,000
Due to the City of Elliot Lake	84,512	(423,486)
	<u>182,393</u>	(201,520)
Capital transactions		
Acquisition of tangible capital assets	(15,317)	-
Net change in cash	167,076	(201,520)
Cash, beginning of year	2,572,806	2,774,326
Cash, end of year	\$ 2,739,882	\$ 2,572,806

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

Elliot Lake Residential Development Commission

Notes to Financial Statements

December 31, 2020

1. Summary of significant accounting policies

Management Responsibility	The financial statements of the Elliot Lake Residential Development Commission are the responsibility of management. The Board of the Commission reviews and approves the financial statements.
Basis of accounting	The financial statements of the Elliot Lake Residential Development Commission are prepared in accordance with Canadian public sector accounting standards, as recommended by the Public Sector Accounting Board.
Nature of operations	The Elliot Lake Residential Development Commission was established to manage the development for residential purposes of land acquired from the Province of Ontario.
Land sale proceeds and pre-development costs	<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>
Revenue recognition	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.
Tangible capital assets	<p>Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition, construction, development or betterment of the tangible capital asset. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:</p> <p style="margin-left: 40px;">Vehicles - 5 to 20 years</p>
Use of estimates	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.

Elliot Lake Residential Development Commission Notes to Financial Statements

December 31, 2020

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.

3. Deposits

Under terms of some of the purchase and sale agreements for land sold by the city, upon on the purchaser commencing construction on the property and installing an electrical hydro meter within four years of the closing date, the Commission is required to refund \$8,000 of the purchase price. At December 31, 2020, there is \$24,000 of deposits held for refund (2019 - \$32,000).

4. Prior period correction

During the year it was determined that refundable deposits related to hydro connections had been incorrectly recognized as revenue. As a result, liabilities were understated and revenue was overstated. The financial statement amounts that are presented for comparative purposes have been restated to correct this error as follows:

Increase in 2019 deposits	\$32,000
Decrease in 2019 land sale proceeds	\$16,000
Decrease in 2019 annual surplus	\$16,000
Decrease in 2019 accumulated surplus, beginning of year	\$16,000
Decrease in 2019 accumulated surplus, end of year	\$32,000

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

For the year ended December 31	2020	2019
Revenue		
Land sale completed	\$ 126,000	\$ 228,106
Expenses		
Legal	1,128	1,432
Excess of revenue over expenses	\$ 124,872	\$ 226,674

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

**Elliot Lake Residential Development Commission
Schedule 1 - Tangible Capital Assets**

For the year ended December 31, 2020

	Vehicles
Cost, beginning of year	\$ -
Additions	<u>15,317</u>
Cost, end of year	<u>15,317</u>
Accumulated amortization, beginning of year	-
Amortization	<u>1,094</u>
Accumulated amortization, end of year	<u>1,094</u>
Net carrying amount, end of year	<u>\$ 14,223</u>
