

Elliot Lake Residential Development Commission
Financial Statements
For the year ended December 31, 2023

Contents

Independent Auditor's Report	2
Financial Statements	
Statement of Financial Position	4
Statement of Operations	5
Statement of Change in Net Financial Assets	6
Statement of Cash Flows	7
Notes to Financial Statements	8
Schedule 1 - Tangible Capital Assets	11



Tel: (705) 945-0990
Fax: +(705) 942-7979

www.bdo.ca

BDO Canada LLP
747 Queen Street East
P.O. Box 1109
Sault Ste. Marie, Ontario
P6A 5N7

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, 2023, 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, 2023, 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Sault Ste. Marie, Ontario
October 28, 2024

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

December 31	2023	2022
Financial assets		
Cash	<u>\$ 2,973,358</u>	<u>\$ 2,823,707</u>
Liabilities		
Due to City of Elliot Lake	<u>157,624</u>	153,582
Deposits (Note 4)	<u>8,000</u>	8,000
	<u>165,624</u>	161,582
Net financial assets	2,807,734	2,662,125
Non-financial assets		
Tangible capital assets (Schedule 1)	<u>7,659</u>	9,847
Accumulated surplus	<u>\$ 2,815,393</u>	<u>\$ 2,671,972</u>

On behalf of the Commission:





Elliot Lake Residential Development Commission Statement of Operations

For the year ended December 31	Budget	2023	2022
Revenue			
Interest	\$ -	\$ 149,651	\$ 60,997
Expenses			
Administration			
Amortization	-	2,188	2,188
General office	-	1,091	1,372
Honorariums and salaries	-	11	163
Professional fees	-	2,940	2,885
Development costs			
Planning, survey and subdivision plan	-	-	9
	-	6,230	6,617
Annual surplus	-	143,421	54,380
Accumulated surplus, beginning of year	2,671,972	2,671,972	2,617,592
Accumulated surplus, end of year	\$ 2,671,972	\$ 2,815,393	\$ 2,671,972

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	2023	2022
Annual surplus	\$ -	\$ 143,421	\$ 54,380
Amortization of tangible capital assets	-	2,188	2,188
Net change in net financial assets	-	145,609	56,568
Net financial assets , beginning of year	2,662,125	2,662,125	2,605,557
Net financial assets , end of year	\$ 2,662,125	\$ 2,807,734	\$ 2,662,125

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	2023	2022
Operating transactions		
Annual surplus	\$ 143,421	\$ 54,380
Item not involving cash		
Amortization	<u>2,188</u>	2,188
	145,609	56,568
Changes in non-cash operating balances		
Deposits	-	(8,000)
Due to the City of Elliot Lake	<u>4,042</u>	12,429
Net change in cash	149,651	60,997
Cash, beginning of year	<u>2,823,707</u>	2,762,710
Cash, end of year	\$ 2,973,358	\$ 2,823,707

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

Elliot Lake Residential Development Commission

Notes to Financial Statements

December 31, 2023

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> <table style="margin-left: 40px;"><tr><td style="padding-right: 40px;">Vehicles</td><td>- 5 to 20 years</td></tr></table>	Vehicles	- 5 to 20 years
Vehicles	- 5 to 20 years		
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, 2023

1. Summary of significant accounting policies (continued)

Financial Instruments	Cash balances are measured at fair value. Term deposits are measured at cost or amortized cost. Accounts receivable and accounts payable are measured at cost or amortized cost. The carrying amount of each of these financial instruments is presented on the statement of financial position. The investment income is recognized as revenue in the period in which the resources are earned. For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense. All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations. Transaction costs are added to the carrying value for financial instruments measured using cost or amortized cost.
Asset Retirement Obligations	A liability for an asset retirement obligation is recognized when there is a legal obligation to incur retirement costs in relation to a capital asset; the past transaction or event giving rise to the liability has occurred; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability is recorded at an amount that is the best estimate of the expenditure required to retire a capital asset at the financial statement date. This liability is subsequently reviewed at each financial reporting date and adjusted for the passage of time and for any revisions to the timing, amount required to settle the obligation or the discount rate. Upon the initial measurement of an asset retirement obligation, a corresponding asset retirement cost is added to the carrying value of the related capital asset if it is still in productive use. This cost is amortized over the useful life of the capital asset. If the related capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

2. Change in accounting policy

Effective January 1, 2023, the Commission adopted new Public Sector Accounting Handbook Standard, PS Section 3280, Asset Retirement Obligations. The Standard requires an obligation to be recognized related to legal obligations associated with the retirement of capital assets. The Commission completed a detailed assessment of its assets and leased assets and concluded that there were no legal obligations to incur retirement costs in relation to these assets. Therefore, the Commission has not recognized an asset retirement obligation.

Also on January 1, 2023, the Commission adopted PS 3450 Financial instruments which establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. This standard is required to be adopted prospectively. The Commission did not have any unrealized gains and losses on investments for the year ended December 31, 2023, and therefore in the new statement, the statement of measurement gains and losses, was not presented. The comparative figures have not been restated from the presentation and disclosure requirements of the previous financial reporting framework adopted by the Commission.

Elliot Lake Residential Development Commission

Notes to Financial Statements

December 31, 2023

3. 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.

4. Deposits

Under terms of some of the purchase and sale agreements for land sold by the city, upon 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, 2023, there is \$8,000 of deposits held for refund (2022 - \$8,000).

5. Future direction of the Commission

The Corporation of the City of Elliot Lake has passed a resolution that it intends to pursue dissolving the Commission and transferring any funds of the Commission to City reserves designated for economic development projects as required under the Elliot Lake Act of 2001.

6. Financial instruments

The Commission is exposed to credit risk and liquidity risk from its financial instruments. This note describes the Commission's objectives, policies and processes for managing those risks and the methods used to measure them. Further qualitative and quantitative information in respect of these risks is presented below and throughout these financial statements.

a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Commission's maximum exposure to credit risk at the financial statement date is the carrying value of its cash as presented on the statement of financial position. The Commission holds its cash accounts with a large reputable financial institution, from which management believes the risk of loss due to credit risk to be remote.

b) Liquidity risk

Liquidity risk is the risk that the company cannot repay its obligations when they become due to its creditors. The Commission is exposed to this risk relating to its accounts payable and accrued liabilities.

The Commission reduces its exposure to liquidity risk by monitoring cash and expected outflow to maintain enough cash to repay trade creditors as payables become due. In the opinion of management, the liquidity risk exposure to the Commission is low.

There have not been any changes from the prior year in the Commission's exposure to all of the above risks or the policies, procedures and methods it uses to measure these risks.

Elliot Lake Residential Development Commission
Schedule 1 - Tangible Capital Assets

For the year ended December 31	2023	2022
Vehicles		
Cost , beginning and end of year	\$ 15,317	\$ 15,317
Accumulated amortization , beginning of year	5,470	3,282
Amortization	2,188	2,188
Accumulated amortization , end of year	7,658	5,470
Net carrying amount , end of year	\$ 7,659	\$ 9,847