

**ATIKOKAN ECONOMIC
DEVELOPMENT CORPORATION**

FINANCIAL STATEMENTS

DECEMBER 31, 2010

ATIKOKAN ECONOMIC DEVELOPMENT CORPORATION

DECEMBER 31, 2010

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AUDITORS' REPORT

To the Directors of Atikokan Economic Development Corporation

We have audited the statement of financial position of the Atikokan Economic Development Corporation as at December 31, 2010 and the statement of operations and changes in fund balances for the operating fund, Partnership fund, FedNor projects fund, Ministry of Training, Colleges and Universities projects fund and investment capital fund and the statement of cash flows for the year then ended. These financial statements are the responsibility of the Corporation'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 disclosures 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 Corporation as at December 31, 2010 and the results of its operations and change in fund balances and cash flows for the year then ended in accordance with Canadian generally accepted accounting policies.

Thunder Bay, Canada
April 11, 2011

CHARTERED ACCOUNTANTS
Licensed Public Accountants

ATIKOKAN ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2010

	Operating Fund	Partnership Fund	FedNor Projects Fund	Ministry of Training, Colleges and Universities Projects Fund	Investment Capital Fund	Total 2010	Total 2009
ASSETS							
Current							
Cash	\$ 33,289	\$	\$	\$ 193,844	\$	\$ 227,133	\$ 103,081
Accounts receivable	13,439			653		14,092	6,597
Contributions receivable							
FedNor			4,699			4,699	7,300
- Local Initiative							
Ministry of Training, Colleges and Universities				3,462		3,462	3,216
- Self Employment Benefit							14,092
- Atikokan Employment Centre							3,838
Province of Ontario - LLAC							958
Prepaid expenditures	2,385				73	2,385	75
Inventory						73	
	49,113		4,699	197,959	73	251,844	139,157
	56,118					56,118	63,091
Capital Assets (Note 4)	105,231		4,699	197,959	73	307,962	202,248
Restricted Assets							
Cash and short term					600,872	600,872	465,270
investments (Note 5)					2,404,546	2,404,546	2,629,415
Investments (Note 6)					3,005,418	3,005,418	3,094,685
	\$ 105,231	\$	\$ 4,699	\$ 197,959	\$ 3,005,491	\$ 3,313,380	\$ 3,296,933

ATIKOKAN ECONOMIC DEVELOPMENT CORPORATION

STATEMENT OF FINANCIAL POSITION (CONTINUED)

DECEMBER 31, 2010

	Operating Fund	Partnership Fund	FedNor Projects Fund	Ministry of Training, Colleges and Universities Projects Fund	Investment Capital Fund	Total 2010	Total 2009
LIABILITIES							
Current							
Accounts payable	\$ 14,532	\$	\$	\$	\$	\$ 14,532	\$ 34,243
Due to Ministry of Training, Colleges and Universities (Note 7)				194,654		194,654	
Deferred revenue							
FedNor - Operating 2010							75,000
FedNor - Investment							125,537
Township of Atikokan - DARC		10,539				10,539	5,512
Ontario Trillium Foundation							74
Other							2,522
Interfund balances	22,379	(30,383)	4,699	3,305			
	36,911	(19,844)	4,699	197,959		219,725	242,888
FUND BALANCES							
Invested in capital assets (Note 8)	56,118					56,118	63,091
Restricted (Note 9)	12,202				3,005,491	3,017,693	2,979,115
Unrestricted		19,844				19,844	11,839
	68,320	19,844			3,005,491	3,093,655	3,054,045
	\$ 105,231	\$	\$ 4,699	\$ 197,959	\$ 3,005,491	\$ 3,313,380	\$ 3,296,933

Approved by the Board: _____

Approved by the Board: _____



ATIKOKAN ECONOMIC DEVELOPMENT CORPORATION

STATEMENT OF CHANGES IN FUND BALANCES

YEAR ENDED DECEMBER 31, 2010

	<u>Operating Fund</u>	<u>Invested in Capital Assets</u>	<u>Partnership Fund</u>	<u>FedNor Projects Fund</u>	<u>Ministry of Training, Colleges and Universities Projects Fund</u>	<u>Investment Capital Fund</u>	<u>Total 2010</u>	<u>Total 2009</u>	
Fund Balance, beginning of year	\$ 12,202	\$ 63,091	\$ 11,839	\$	\$	\$ 2,966,913	\$ 3,054,045	\$ 2,800,180	
Excess (Shortfall) of Revenues over Expenditures	(23,940)		24,972			38,578	39,610	253,865	
Reallocate the depreciation of capital assets	11,458	(11,458)							
Purchase of capital assets	(4,485)	4,485							
Interfund transfer	<u>16,967</u>		<u>(16,967)</u>						
Fund Balance, end of year	<u>\$ 12,202</u>	<u>\$ 56,118</u>	<u>\$ 19,844</u>	<u>\$</u>	<u>\$</u>	<u>\$ 3,005,491</u>	<u>\$ 3,093,655</u>	<u>\$ 3,054,045</u>	

ATIKOKAN ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2010

	Operating Fund	Partnership Fund	FedNor Projects Fund	Ministry of Training, Colleges and Universities Projects Fund	Investment Capital Fund	Total 2010	Total 2009
REVENUE							
FedNor/Industry Canada	\$ 300,000	\$	\$ 71,498	\$	\$ 175,537	\$ 547,035	\$ 699,263
Operating contribution							
Northern Ontario Heritage Fund Corporation							
- Infrastructure and Community Development Program							
- Emerging Technology Ministry of Training, Colleges and Universities				187,559		187,559	7,321
Investment income					101,261	101,261	313,520
Ontario Trillium Foundation	74					74	110,380
Municipality of Atikokan	40,000					40,000	276
Administration charges - AEC		17,225				17,225	40,000
Other	6,006				159	6,165	24,114
Project Revenue							16,837
Career Fair		4,361				4,361	1,500
DARC		9,184				9,184	13,022
Community Brochure		2,523				2,523	7,477
	<u>346,080</u>	<u>33,293</u>	<u>71,498</u>	<u>187,559</u>	<u>276,957</u>	<u>915,387</u>	<u>1,258,710</u>

ATIKOKAN ECONOMIC DEVELOPMENT CORPORATION

STATEMENT OF OPERATIONS (Continued)

YEAR ENDED DECEMBER 31, 2010

	Operating Fund	Partnership Fund	FedNor Projects Fund	Ministry of Training, Colleges and Universities Projects Fund	Investment Capital Fund	Total 2010	Total 2009
EXPENDITURES (Schedule A)							
Salaries and benefits	\$ 224,783	\$	\$	\$ 114,477	\$	\$ 339,260	\$ 420,842
Occupancy and equipment	68,311			34,383		102,694	93,601
Directors' expense	6,580					6,580	6,658
Community development	19,356	13,463	71,498	1,779		106,096	143,641
Administration	39,532			31,778		71,310	147,195
OTHER EXPENDITURES							
Depreciation	11,458					11,458	9,418
Bank charges and interest					157	157	84
Investment provision					238,222	238,222	170,702
Relocation							11,015
Travel							1,689
Interfund		(5,142)		5,142			
	<u>370,020</u>	<u>8,321</u>	<u>71,498</u>	<u>187,559</u>	<u>238,379</u>	<u>875,777</u>	<u>1,004,845</u>
Excess (Shortfall) of Revenue over Expenditures	\$ <u>(23,940)</u>	\$ <u>24,972</u>	\$	\$	\$ <u>38,578</u>	\$ <u>39,610</u>	\$ <u>253,865</u>

ATIKOKAN ECONOMIC DEVELOPMENT CORPORATION

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2010

	Operating Fund	Partnership Fund	FedNor Projects Fund	Ministry of Training, Colleges and Universities Projects Fund	Investment Capital Fund	Total 2010	Total 2009
CASH PROVIDED BY (USED UP) IN: OPERATING ACTIVITIES							
Excess (Shortfall) of Revenues over expenses for the year excluding interest revenue	\$ (23,940)	\$ 24,972	\$	\$	\$ (62,683)	\$ (61,651)	\$ 143,485
Interest revenue received					101,261	101,261	110,380
Items not involving cash							
Depreciation	11,458					11,458	9,418
Provision for doubtful loans					238,420	238,420	171,158
Changes in non-cash operating working balances							
Accounts receivable	(6,842)			(653)		(7,495)	2,839
Contributions receivable	3,838		2,601	13,846		20,285	625
Prepaid expenditures	(1,427)					(1,427)	24,959
Inventory					2	2	5
Accounts payable	(17,773)			194,654	(1,938)	174,943	11,370
	<u>(34,686)</u>	<u>24,972</u>	<u>2,601</u>	<u>207,847</u>	<u>275,062</u>	<u>475,796</u>	<u>474,239</u>
INVESTING ACTIVITIES							
Purchase of capital assets	(4,485)					(4,485)	(63,570)
Investments advanced					(411,333)	(411,333)	(483,738)
Investments repaid	<u>(4,485)</u>				<u>397,781</u>	<u>397,781</u>	<u>297,747</u>
	<u>(77,595)</u>	<u>5,027</u>			<u>(13,552)</u>	<u>(18,037)</u>	<u>(249,561)</u>
FINANCING ACTIVITIES							
Deferred revenue					(125,537)	(198,105)	165,145
INTERFUND TRANSFERS							
	<u>47,074</u>	<u>(29,999)</u>	<u>(2,601)</u>	<u>(14,103)</u>	<u>(371)</u>		
INCREASE (DECREASE) IN CASH	<u>(69,692)</u>			<u>193,744</u>	<u>135,602</u>	<u>259,654</u>	<u>389,823</u>
Cash, beginning of year	<u>102,981</u>			<u>100</u>	<u>465,270</u>	<u>568,351</u>	<u>178,528</u>
Cash, end of year	<u>\$ 33,289</u>	<u>\$</u>	<u>\$</u>	<u>\$ 193,844</u>	<u>\$ 600,872</u>	<u>\$ 828,005</u>	<u>\$ 568,351</u>
Cash consists of:							
Unrestricted cash	\$ 33,289	\$	\$	\$ 193,844	\$	\$ 227,133	\$ 103,081
Restricted cash					560,796	560,796	424,404
Restricted short term investments					<u>40,076</u>	<u>40,076</u>	<u>40,866</u>
	<u>\$ 33,289</u>	<u>\$</u>	<u>\$</u>	<u>\$ 193,844</u>	<u>\$ 600,872</u>	<u>\$ 828,005</u>	<u>\$ 568,351</u>

ATIKOKAN ECONOMIC DEVELOPMENT CORPORATION**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2010****INCORPORATION**

Atikokan Economic Development Corporation is incorporated under the laws of Ontario as a non-profit corporation without share capital and is exempt from tax under the Income Tax Act.

The Corporation has an Operating Fund to cover the costs of providing business counselling and advisory services to the communities of Atikokan, Sapawe, Upsala, Lac La Croix First Nation and Seine River First Nation and their surrounding areas. The Operating Fund also assists these communities in developing a community work plan for the development and support of additional permanent private sector employment through research and projects.

The Corporation has an Investment Fund for the same communities to create new small businesses and to expand, stabilize and protect existing businesses resulting in the generation and maintenance of permanent employment.

1. SIGNIFICANT ACCOUNTING POLICIES

The Corporation follows Canadian generally accepted accounting principles. In the preparation of these financial statements, the more significant of these policies are:

(a) Fund Accounting

Revenues and expenses related to program delivery and administration activities are reported in the Operating Fund. Capital assets are purchased and amortized in the Operating Fund.

The Partnership Fund reports the assets, liabilities, revenues and expenses related to the Corporation's other programs that are not part of any other fund.

The FedNor Projects Fund reports the assets, liabilities, revenues and expenses related to the Corporation's Industry Canada/FedNor program delivery and administration activities.

The Ministry of Training, Colleges and Universities Projects Fund reports the assets, liabilities, revenues and expenses related to the Corporation's Ministry of Training, Colleges and Universities program delivery and administration activities.

Revenues and expenses related to investment activities are reported in the Investment Capital Fund. Investment income earned on resources of the Investment Capital Fund is reported in the Investment Capital Fund.

(b) Basis of accounting

These financial statements were prepared using the accrual basis of accounting. The accrual basis recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipts of goods or services and the creation of a legal obligation to pay.

ATIKOKAN ECONOMIC DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Revenue Recognition

The deferral method of accounting for contributions is used whereby restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Dividends are recorded as investment income as they are received. In the event that an equity investment is converted into a loan during the year any capitalized dividends will be recorded as investment income to the extent that the loan is collectible as determined by management.

Interest income is recorded as earned unless the terms of the loan provide that interest payments shall not commence until 12 months after the date the funds are disbursed. Interest income will be recorded on these deferred interest loans when received. Interest income is recorded on a cash basis on those loans that are in default.

Administration charges result when contribution agreements permit an "overhead" charge equal to a percentage of identifiable eligible expenditures to be included in the project expenses for the purposes of calculating revenue earned.

Contributions relating to capital assets are credited to deferred capital contributions and recognized as revenue on the same basis as depreciation on the related asset is charged against operations.

(d) Investments

A loan is considered doubtful when in management's view the loan has suffered an impairment in value that is not considered temporary in which case the loan is written down to net realizable value. Once a loan client has defaulted on one or more of the loan agreement terms, management measures the value of the loan based on the expected future cash flows discounted at the loan's effective interest rate and on the estimated fair value of the security underlying the loan.

All equity investments are with incorporated private businesses and are subject to formal agreements. If in management's opinion equity investments have suffered an impairment in value, they are written down to net realizable value.

The Corporation has also estimated a General Provision for Uncollectible Investments based on past experience for all investments which no specific provision has been established.

(e) Inventory

Inventory consists of prints of the White Otter Castle. They are valued at \$1 each and proceeds are recorded as investment recoveries in the Investment Capital Fund as they are sold.

ATIKOKAN ECONOMIC DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Capital Assets

Capital assets are depreciated over the assets estimated useful life as follows:

Computer equipment and software	2 years straight line method
Furniture and Fixtures	20% declining balance method
Leasehold Improvements	10 years straight line method

Depreciation expense is reported in the Operating Fund.

(g) Provision for Future Expenditures

Provision is made in the accounts for a future liability where the Board of Directors has approved an expenditure out of the current year's budget and the expenditure has not yet been made.

(h) Financial Instruments

The Corporation classifies its financial instruments into one of the following categories based on the purpose for which the asset was acquired. The Corporation's accounting policy for each category is as follows:

Assets or liabilities held-for-trading

Financial instruments classified as assets or liabilities held-for-trading are reported at fair value at each balance sheet date, and any change in fair value is recognized in net income (loss) in the period during which the change occurs. Transaction costs are expensed when incurred.

Cash, temporary investments and inventory have been classified as held-for-trading.

Loans and receivables and other financial liabilities

Financial instruments classified as loans and receivables and other financial liabilities are carried at amortized cost using the effective interest method. Interest income or expense is included in net income (loss) over the expected life of the instrument. Transaction costs are expensed when incurred.

Accounts receivable have been classified as loans and receivables.

Accounts payable and long term debt have been classified as other financial liabilities.

Unless otherwise noted, it is management's opinion that the Corporation is not exposed to significant interest, currency, or credit risks arising from its financial instruments.

ATIKOKAN ECONOMIC DEVELOPMENT CORPORATION**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2010****1. SIGNIFICANT ACCOUNTING POLICIES (continued)****(i) Donated Goods and Services**

Donated goods and services in kind are to be recorded at fair market value where the fair value can be reasonably estimated by the Corporation and where the goods or services would have had to be purchased.

(j) Use of Estimates

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles 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. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

2. ECONOMIC DEPENDENCE

The Corporation is dependent on annual contributions from Industry Canada/FedNor in order to finance its general fund operations. Should these contributions cease, the Corporation would be unable to continue its current operations.

3. INDUSTRY CANADA COMMUNITY FUTURES PROGRAM - CONTRIBUTION AGREEMENTS

The Government of Canada renewed its funding agreement on December 9, 2010 for a one year period ending December 31, 2011. The agreement provides \$300,000 to the Operating Fund to cover the costs of providing business counselling and advisory services to the community and to maintain an Investment Capital Fund. This agreement contains specific restrictions on interest rates on Investment Capital Funds, how the funds are to be invested and how surplus funds can be used.

ATIKOKAN ECONOMIC DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

4. CAPITAL ASSETS

	2010		2009	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Furniture and fixtures	\$ 75,552	\$ 56,739	\$ 18,813	\$ 22,938
Leasehold improvements	41,148	5,829	35,319	39,434
Computer equipment	<u>35,084</u>	<u>33,098</u>	<u>1,986</u>	<u>719</u>
	<u>\$ 151,784</u>	<u>\$ 95,666</u>	<u>\$ 56,118</u>	<u>\$ 63,091</u>

5. RESTRICTED CASH AND SHORT TERM INVESTMENTS

This balance represents an investment bank account with a balance of \$560,823 and a money market cashable Guarantee Investment Certificate (GIC) with a market value of \$40,049 as at December 31, 2010. The GIC is compounded monthly at 0.15% interest on a principal of \$40,000. The GIC matures March 10, 2011.

6. INVESTMENTS

Investments receivable at December 31, 2010 consist of 80 AEDC loans and 1 profit-sharing investment. The Corporation has also participated in 13 investments through the North Western Ontario Investment Pool (NWOIP). Generally the investments have repayment terms ranging from 12 to 120 months, amortization periods of up to 20 years and interest and dividend rates varying between 2.25% and 12% per year. Loans receivable include loans made directly by the Corporation to clients and loans where the Corporation has placed corporate funds with a bank as security for a client's line of credit.

The loans receivable balance is comprised of:

	<u>Investment Fund</u>	<u>NWOIP Loans</u>	<u>Total</u>
Balance, beginning of year	\$ 3,671,150	\$ 699,438	4,370,588
Loans advanced during the year	353,000	58,333	411,333
Loans repaid during the year	(350,604)	(47,177)	(397,781)
Loans written off during the year	<u>(639,823)</u>	<u> </u>	<u>(639,823)</u>
Balance, end of year	3,033,723	710,594	3,744,317
Allowance for doubtful loans	<u>(1,287,896)</u>	<u>(51,875)</u>	<u>(1,339,771)</u>
Net balance, end of year	<u>\$ 1,745,827</u>	<u>\$ 658,719</u>	<u>\$ 2,404,546</u>

ATIKOKAN ECONOMIC DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

6. INVESTMENTS (continued)

The activity in the Allowance for Doubtful Investments account is as follows:

	Investment Fund	NWOIP Loans	Total
Balance, beginning of year	\$ 1,689,299	\$ 51,875	\$ 1,741,174
Investments written off during the year	(639,823)		(639,823)
Current year's provision for investment losses	<u>238,420</u>	<u> </u>	<u>238,420</u>
Balance, end of year	\$ <u>1,287,896</u>	\$ <u>51,875</u>	\$ <u>1,339,771</u>

The Corporation determines the Provision for Uncollectible Investments by providing for specific investment losses after reviewing outstanding investments on an investment-by-investment basis plus the use of an estimated general provision based on past experience for all investments for which no specific provision has been established.

Investments in default are generally defined as any loan which has missed regular payments during the year and/or has defaulted on one or more of the loan agreement terms.

As collateral for the investments, the Corporation generally requires either promissory notes, general security agreements, registered security charges over specific assets, conditional sales contracts, personal guarantees, postponements of claims or some combination thereof depending on the investment circumstances. Investments generally are not fully secured.

The loan principal repayments due to be received over the next year is \$ 324,716.

7. DUE TO MINISTRY OF TRAINING, COLLEGES AND UNIVERSITIES

The Corporation entered into an agreement beginning August 31, 2010 and ending on March 31, 2012 to deliver employment services for Atikokan and the surrounding area to a maximum cost of \$1,017,830. Current year advances exceed the necessary funding to provide the program services and these funds will be repayable as of March 31, 2011 which is the program year end. Therefore, the excess funding in the amount of \$193,654 is repayable to the Ministry of Training, Colleges and Universities.

ATIKOKAN ECONOMIC DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

8. INVESTED IN CAPITAL ASSETS

(a) Investment in capital asset is calculated as follows:

	<u>2010</u>	<u>2009</u>
Invested in capital assets, beginning of year	\$ 63,091	\$ 8,939
Net change in capital assets for the year	<u>(6,973)</u>	<u>54,152</u>
Invested in capital assets, end of year	<u>\$ 56,118</u>	<u>\$ 63,091</u>

(b) Changes in net assets invested in capital assets is comprised of the following:

	<u>2010</u>	<u>2009</u>
Depreciation of capital assets	\$ <u>(11,458)</u>	\$ <u>(9,418)</u>
Deficiency of revenues over expenditures	(11,458)	(9,418)
Purchase of capital assets	<u>4,485</u>	<u>63,570</u>
Net change in capital assets	<u>\$ (6,973)</u>	<u>\$ 54,152</u>

9. RESTRICTED FUND BALANCES

Operating Fund

In prior years, the Corporation had an excess of revenues over eligible expenditures in the amount of \$12,202 for FedNor purposes which FedNor allowed the Corporation to retain to be spent on specific activities.

10. COMMITMENTS

The Corporation entered into a 10 year office lease expiring on May 31, 2019 with an optional one year renewal. The lease payment is for \$3,549 plus H.S.T. monthly.

ATIKOKAN ECONOMIC DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

11. CHANGE IN ACCOUNTING POLICYCurrent Year Changes:

Effective January 1, 2010 the Corporation adopted the following standards; however, there has been no resultant impact on these financial statements:

CICA Handbook Section 1540, Cash Flow Statements, was amended to include not-for-profit organizations within its scope.

CICA Handbook Section 4400, Financial Statement Presentation by Not-For-Profit Organizations, has been amended to permit a not-for-profit organization to present net assets invested in equipment as a category of internally restricted net assets and clarification of presentation of revenue and expenses on a gross basis when the entity is acting as the principal in a transaction.

CICA Handbook Section 4430, Capital Assets Held by Not-For-Profit Organizations, has been amended to reflect the changes in Section 4400.

CICA Handbook Section 4460, Disclosure of Related Party Transactions by Not-For-Profit Organizations, has been amended to align the definition of related parties with Related Party Transactions, Section 3840.

The CICA has introduced Section 4470, Disclosure of Allocated Expenses by Not-For-Profit Organization, which establishes disclosure standards for not-for-profit organizations that choose to classify their expenses by function and allocate expenses from one function to another.

Future Accounting Changes:

The Corporation is currently assessing the impact, if any, of the following future accounting standards effective for the annual financial statements relating to fiscal periods beginning on or after January 1, 2012.

In March 2010, the Accounting Standards Board (AcSB) issued an Exposure Draft entitled "Accounting Standards for Not-for-Profit Organizations (NPO)" and the Public Sector Accounting Board (PSAB) issued its own Exposure Draft entitled "Financial Reporting by Government Not-for-Profit Organizations (GNPOs)". The AcSB is proposing a choice between the accounting standards for private enterprises plus the current NPO-specific standards (with minor modifications) and International Financial Reporting Standards (IFRS). Once the PSAB GNPO standards are finalized, they may also allow those as a choice. The PSAB has proposed that GNPOs follow Public Sector Accounting Standards with the current NPO-specific standards added on (with minor modifications). The standards would be effective for year ends beginning on or after January 1, 2012. Until the Boards make a final decision, all NPOs will continue to follow the current Canadian Institute of Chartered Accountants Handbook Part V - Accounting.

ATIKOKAN ECONOMIC DEVELOPMENT CORPORATION**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2010****12. CAPITAL DISCLOSURES**

Atikokan Economic Development Corporation receives externally restricted funding from various funders for the delivery of specific programs. These funds are maintained and disbursed under the terms of the relevant funding agreements and management is responsible for adhering to the provisions of these agreements and adhering to the mission and goals of the corporation.

The Corporation's objectives when managing capital are to safeguard its ability to continue as a going concern so that it can continue to provide delivery of its services to the community.

Management maintains its capital by ensuring that annual operating and capital budgets are developed (and approved by the Board of Directors) based on known or estimated sources of funding available each year. These budgets are shared with all management of the Corporation to ensure that the capital of the Corporation is maintained.

13. FINANCIAL INSTRUMENTS

Atikokan Economic Development Corporation's financial instruments consist of cash, short-term investments, accounts receivable, long-term investments not subject to significant influence, and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that Atikokan Economic Development Corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carry values, unless otherwise noted. Atikokan Economic Development Corporation has chosen to apply Handbook Sections 3861, Financial Instrument Disclosure and Presentation in place of Handbook Section 3862, Financial Instruments Disclosure and 3863, Financial Instrument Presentation as permitted by the CICA Handbook.

ATIKOKAN ECONOMIC DEVELOPMENT CORPORATION

SCHEDULE OF OPERATING FUND EXPENDITURES

YEAR ENDED DECEMBER 31, 2010

	Ministry of Training, Colleges and Universities				Total 2010	Total 2009
	Operating Fund	Partnership Fund	FedNor Projects Fund (Schedule B)	Projects Fund (Schedule C)		
Salaries and Benefits						
Salaries	\$ 191,777	\$	\$	\$ 103,822	\$ 295,599	\$ 367,950
Benefits	28,891			9,562	38,453	49,022
Training	4,115			1,093	5,208	3,870
	<u>224,783</u>			<u>114,477</u>	<u>339,260</u>	<u>420,842</u>
Occupancy and Equipment						
Rent, taxes & improvements	24,028			19,630	43,658	43,164
Equipment rent	5,127			4,075	9,202	5,881
Repairs and maintenance	15,696			4,752	20,448	14,737
Insurance	9,072			1,863	10,935	11,961
Telephone	10,498			2,566	13,064	13,969
Utilities	3,890			1,497	5,387	3,889
	<u>68,311</u>			<u>34,383</u>	<u>102,694</u>	<u>93,601</u>
Directors' Expense						
Meetings	2,041				2,041	3,685
Training	4,539				4,539	2,973
	<u>6,580</u>				<u>6,580</u>	<u>6,658</u>
Community Development						
Advertising	3,824			1,779	5,603	4,602
Consulting fees	6,272				6,272	
Memberships and dues	3,768				3,768	4,074
Local Initiative Projects (Schedule E)			71,498		71,498	74,800
Projects (Schedule D)	5,492	13,463			18,955	60,165
	<u>19,356</u>	<u>13,463</u>	<u>71,498</u>	<u>1,779</u>	<u>106,096</u>	<u>143,641</u>

ATIKOKAN ECONOMIC DEVELOPMENT CORPORATION
SCHEDULE OF OPERATING FUND EXPENDITURES (Continued)

YEAR ENDED DECEMBER 31, 2010

	Operating Fund	Partnership Fund	FedNor Projects Fund (Schedule B)	Ministry of Training, Colleges and Universities Projects Fund (Schedule C)	Total 2010	Total 2009
Administration						
Bank charges and interest	1,739				1,739	1,970
Office supplies	10,210			5,267	15,477	15,240
Other expenses				23,906	23,906	103,402
Postage	2,383				2,383	1,955
Professional fees	16,056				16,056	18,308
Travel	9,144			2,605	11,749	6,320
	<u>39,532</u>			<u>31,778</u>	<u>71,310</u>	<u>147,195</u>
Interfund (Schedule B and C)		(5,142)		5,142		
Total Expenditures	<u>\$ 358,562</u>	<u>\$ 8,321</u>	<u>\$ 71,498</u>	<u>\$ 187,559</u>	<u>\$ 625,940</u>	<u>\$ 811,937</u>

ATIKOKAN ECONOMIC DEVELOPMENT CORPORATION
SCHEDULE OF FEDNOR PROJECTS REVENUE AND EXPENDITURES

YEAR ENDED DECEMBER 31, 2010

	Local Initiatives 842-504100 2010	Total 2009
Revenue		
Industry Canada/FedNor	\$ 71,498	\$ 74,800
Expenditures		
Community Development		
Local Initiative Projects (Schedule E)	71,498	74,800
Excess of Revenue over Expenditures	<u>\$</u>	<u>\$</u>

**ATIKOKAN ECONOMIC DEVELOPMENT CORPORATION
SCHEDULE OF MINISTRY OF TRAINING, COLLEGES AND UNIVERSITIES
PROJECTS REVENUE AND EXPENDITURES**

YEAR ENDED DECEMBER 31, 2010

	Atikokan Employment Centre	Self Employment Benefit	Local Labour Adjustment Committee	Total 2010	Total 2009
Revenue					
Ministry of Training, Colleges and Universities	\$ 147,128	\$ 17,836	22,595	\$ 187,559	\$ 313,520
Other revenue	<u>147,128</u>	<u>17,836</u>	<u>22,595</u>	<u>187,559</u>	<u>325,530</u>
Expenditures					
Salaries and benefits					
Salaries	77,624	12,554	13,644	103,822	170,425
Benefits	8,557		1,005	9,562	13,504
Training	<u>1,093</u>			<u>1,093</u>	
	<u>87,274</u>	<u>12,554</u>	<u>14,649</u>	<u>114,477</u>	<u>183,929</u>
Occupancy and Equipment					
Rent	17,128	2,502		19,630	19,806
Equipment rental	4,075			4,075	155
Insurance	500	1,363		1,863	1,436
Repairs and maintenance	4,752			4,752	3,607
Telephone	1,995	571		2,566	601
Utilities	<u>1,000</u>	<u>497</u>		<u>1,497</u>	<u>412</u>
	<u>29,450</u>	<u>4,933</u>		<u>34,383</u>	<u>26,017</u>

ATIKOKAN ECONOMIC DEVELOPMENT CORPORATION
SCHEDULE OF MINISTRY OF TRAINING, COLLEGES AND UNIVERSITIES
PROJECTS REVENUE AND EXPENDITURES (continued)

YEAR ENDED DECEMBER 31, 2010

	Atikokan Employment Centre	Self Employment Benefit	Local Labour Adjustment Committee	Total 2010	Total 2009
Community Development					
Advertising	1,692	87		1,779	2,540
Administration					
Office supplies	5,005	262		5,267	2,408
Other expenses					
- miscellaneous	2,361			2,361	3,117
- direct costs	4,061		7,440	11,501	83,113
- organizational infrastructure cost	10,044			10,044	17,172
Travel	2,605			2,605	227
	24,076	262	7,440	31,778	106,037
Total expenditures	142,492	17,836	22,089	182,417	318,523
Allocated to Operating Fund					7,007
Allocated to Partnership Fund	4,636		506	5,142	
Excess of Revenue over Expenditures	\$	\$	\$	\$	\$

ATIKOKAN ECONOMIC DEVELOPMENT CORPORATION
SCHEDULE OF PROJECT EXPENDITURES
YEAR ENDED DECEMBER 31, 2010

	<u>2010</u>	<u>2009</u>
<u>Operating Fund</u>		
Career Fair	\$	\$ 1,464
Community Brochure		7,477
Community Development Projects	5,355	3,970
DARC		13,022
Ontario Trillium - assistive listening devices	137	276
Timber Beach Resources		7,321
Website		1,635
White Otter Productions		25,000
	5,492	60,165
 <u>Partnership Fund</u>		
Career Fair	3,992	
Community Brochure	287	
DARC	9,184	
	13,463	
	\$ 18,955	\$ 60,165

ATIKOKAN ECONOMIC DEVELOPMENT CORPORATION
OPERATING FUND
SCHEDULE OF LOCAL INITIATIVES PROGRAM EXPENDITURES
YEAR ENDED DECEMBER 31, 2010

	<u>2010</u>	<u>2009</u>
2009 FedNor - #842-504100		
Atikokan Bass Classic Committee	\$	\$ 5,000
Atikokan Labour Action Centre		5,000
Atikokan Learning Centre		3,010
Atikokan Native Friendship Centre		3,840
Bow to Stern Association		4,250
Atikokan Youth Centre		4,500
Centennial Triple P Planning Committee		1,000
Community Assets Inventory		1,663
Community Brochure		5,000
Downtown Atikokan Renewal Committee		5,000
Friends of Quetico Park		5,000
High School Reunion Committee		1,000
Intergenerational Centre for Arts		600
Masonic Hall		5,000
Northwestern Ontario Tourism Association		2,500
Perch Lake Bass Challenge Committee		5,000
SnoHo Club		2,887
Trade Show		750
Transcription Services Feasibility Committee		5,000
Upsala Local Services Board - curling equipment		3,800
Upsala Local Services Board - washrooms		5,000
	<hr/>	<hr/>
		74,800
2010 FedNor - #842-506858		
Atikokan Bass Classic Committee	10,000	
Atikokan Beaten Path Nordic Ski	2,500	
Atikokan Chamber of Commerce - mystery shopper	975	
Atikokan Chamber of Commerce - website	3,700	
Atikokan Chamber of Commerce - Eco-friendly shopping bags	5,000	
Atikokan Employment Centre	1,350	
Atikokan High School Committee	5,000	
Atikokan Integration Centre for Arts	5,000	
Atikokan Township	1,000	
Atikokan Youth Initiative	5,000	
Centennial Triple P Planning Committee	898	
Charleson Recreation Association	3,060	
Confederation College - new product market intelligence	4,000	
Investment Readiness Committee	5,051	
Niobe Lake & Area Property Inc.	3,393	
Northwest Legal Clinic	5,000	
Royal Canadian Legion Ladies Auxiliary - Branch 145	5,000	
Sportsman Conservation Club	923	
Upsala Regional Development Association	4,648	
	<hr/>	<hr/>
	71,498	
	<hr/>	<hr/>
	\$ 71,498	\$ 74,800