



Grant Thornton

Financial Statements

Atikokan Economic Development Corporation

December 31, 2013

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Independent Auditor's Report

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To the Directors of
Atikokan Economic Development Corporation

We have audited the accompanying financial statements of Atikokan Economic Development Corporation, which comprise the statement of financial position as at December 31, 2013 and the statements of changes in fund balances, 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 accounting standards for not-for-profit organizations, 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 Atikokan Economic Development Corporation as at December 31, 2013, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Grant Thornton LLP

Thunder Bay, Canada
April 1, 2014

Chartered Accountants
Licensed Public Accountants

ATIKOKAN ECONOMIC DEVELOPMENT CORPORATION

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2013

ASSETS	Operating Fund	Partnership Fund	FedNor Projects Fund	Ministry of Training, Colleges and Universities Projects Fund	Investment Capital Fund	2013	2012
Current							
Cash	\$ 20,419	\$ -	\$ -	\$ 119,079	\$ -	\$ 139,498	\$ 202,842
Accounts receivable	438	-	-	-	-	438	1,047
Contributions receivable							
FedNor							
- Local Initiative	-	-	-	-	-	-	7,492
Ministry of Training, Colleges and Universities							
- Self Employment Benefit	-	-	-	5,901	-	5,901	-
Harmonized sales tax receivable	11,123	-	-	2,900	-	14,023	13,578
Prepaid expenditures	3,238	-	-	-	-	3,238	4,168
Inventory	-	-	-	-	60	60	64
	35,218	-	-	127,880	60	163,158	229,191
Capital assets (Note 2)	32,978	-	-	3,046	-	36,024	44,011
	68,196	-	-	130,926	60	199,182	273,202
Restricted assets							
Cash	-	-	-	-	1,037,236	1,037,236	975,769
Accrued interest receivable	-	-	-	-	11,050	11,050	8,381
Loans and mortgages receivable (Note 3)	-	-	-	-	2,098,262	2,098,262	2,341,754
Equity investments (Note 4)	-	-	-	-	70,000	70,000	130,417
	-	-	-	-	3,216,548	3,216,548	3,456,321
	68,196	-	-	130,926	3,216,608	3,415,730	3,729,523

ATIKOKAN ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF FINANCIAL POSITION (CONTINUED)

DECEMBER 31, 2013

	Operating Fund	Partnership Fund	FedNor Projects Fund	Ministry of Training, Colleges and Universities Projects Fund	Investment Capital Fund	2013	2012
LIABILITIES							
Current							
Accounts payable	\$ 15,686	\$ -	\$ -	\$ -	\$ 5,768	\$ 21,454	\$ 26,148
Due to Ministry of Training, Colleges and Universities (Note 5)	-	-	-	56,579	-	56,579	115,494
Deferred contributions							
Ministry of Training, Colleges and Universities							
- Atikokan Employment Centre	-	-	-	63,000	-	63,000	60,000
- Self Employment Benefit	-	-	-	-	-	-	198
Township of Atikokan - DARC	-	-	-	-	-	-	11,114
Other	1,511	-	-	-	-	1,511	-
Interfund balances	18,021	(25,586)	-	8,301	(736)	-	-
	<u>35,218</u>	<u>(25,586)</u>	<u>-</u>	<u>127,880</u>	<u>5,032</u>	<u>142,544</u>	<u>212,954</u>
FUND BALANCES							
Invested in capital assets (Note 6)	32,978	-	-	3,046	-	36,024	44,011
Restricted (Note 8)	-	-	-	-	3,211,576	3,211,576	3,448,468
Unrestricted	-	25,586	-	-	-	25,586	24,090
	<u>32,978</u>	<u>25,586</u>	<u>-</u>	<u>3,046</u>	<u>3,211,576</u>	<u>3,273,186</u>	<u>3,516,569</u>
	<u>\$ 68,196</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 130,926</u>	<u>\$ 3,216,608</u>	<u>\$ 3,415,730</u>	<u>\$ 3,729,523</u>

Approved by the Board: _____

Approved by the Board: _____

ATIKOKAN ECONOMIC DEVELOPMENT CORPORATION

STATEMENT OF CHANGES IN FUND BALANCES

YEAR ENDED DECEMBER 31, 2013

	Operating Fund	Invested in Capital Assets	Partnership Fund	FedNor Projects Fund	Ministry of Training, Colleges and Universities Projects Fund	Investment Capital Fund	Total 2013	Total 2012
Fund balance, beginning of year	\$ -	\$ 44,011	\$ 22,559	\$ -	\$ -	\$ 3,449,999	\$ 3,516,569	\$ 3,482,073
Excess (shortfall) of revenue over expenditures	(12,379)	-	8,202	-	(783)	(238,423)	(243,383)	34,496
Reallocate the amortization of capital assets	10,010	(12,385)	-	-	2,375	-	-	-
Purchase of capital assets	(2,806)	4,398	-	-	(1,592)	-	-	-
Interfund transfer	5,175	-	(5,175)	-	-	-	-	-
Fund balance, end of year	\$ -	\$ 36,024	\$ 25,586	\$ -	\$ -	\$ 3,211,576	\$ 3,273,186	\$ 3,516,569

ATIKOKAN ECONOMIC DEVELOPMENT CORPORATION

STATEMENT OF OPERATIONS YEAR ENDED DECEMBER 31, 2013

	Operating Fund	Partnership Fund	FedNor Projects Fund	Ministry of Training, Colleges and Universities Projects Fund	Investment Capital Fund	Total 2013	Total 2012
REVENUE							
FedNor/Industry Canada	\$ 300,000	\$ -	\$ -	\$ -	\$ -	\$ 300,000	\$ 300,000
Operating contribution	-	-	-	-	-	-	74,992
Local Initiative contribution	-	-	-	-	-	-	-
Ministry of Training, Colleges and Universities	-	-	-	277,056	-	277,056	252,609
Loans and mortgages interest income	-	-	-	-	101,720	101,720	138,797
Municipality of Atikokan	50,000	-	-	-	-	50,000	40,000
Administration charges - AEC	-	10,800	-	-	-	10,800	10,440
Other	3,592	-	-	546	2,382	6,520	8,393
North Claybelt	-	-	-	-	-	-	5,000
	<u>353,592</u>	<u>10,800</u>	<u>-</u>	<u>277,602</u>	<u>104,102</u>	<u>746,096</u>	<u>830,231</u>

ATIKOKAN ECONOMIC DEVELOPMENT CORPORATION

STATEMENT OF OPERATIONS (Continued)

YEAR ENDED DECEMBER 31, 2013

	Operating Fund	Partnership Fund	FedNor Projects Fund	Ministry of Training, Colleges and Universities Projects Fund	Investment Capital Fund	Total 2013	Total 2012
EXPENDITURES (Schedule A)							
Salaries and benefits	\$ 249,947	\$ -	\$ -	\$ 136,709	\$ -	\$ 386,656	\$ 375,096
Occupancy and equipment	50,975	-	-	55,375	-	106,350	112,084
Directors' expense	7,167	-	-	-	-	7,167	6,573
Community development	4,674	2,598	-	42,748	-	50,020	128,785
Administration	43,198	-	-	41,178	-	84,376	64,131
OTHER EXPENDITURES							
Amortization	10,010	-	-	2,375	-	12,385	12,518
Collection costs	-	-	-	-	23,957	23,957	-
Bank charges and interest	-	-	-	-	210	210	229
Investment provision	-	-	-	-	313,786	313,786	92,161
Professional fees	-	-	-	-	4,572	4,572	4,158
	<u>365,971</u>	<u>2,598</u>	<u>-</u>	<u>278,385</u>	<u>342,525</u>	<u>989,479</u>	<u>795,735</u>
Excess (shortfall) of revenue over expenditures	<u>\$ (12,379)</u>	<u>\$ 8,202</u>	<u>\$ -</u>	<u>\$ (783)</u>	<u>\$ (238,423)</u>	<u>\$ (243,383)</u>	<u>\$ 34,496</u>

ATIKOKAN ECONOMIC DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2013

GENERAL

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, Seine River First Nation and Lac des Milles Lac 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

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The standards require entities to select policies appropriate for their circumstances from choices provided in the specific standards. Following are details of the choices selected by the Corporation and applied in these financial statements.

(a) Fund accounting

Revenue 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, revenue 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, revenue 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, revenue and expenses related to the Corporation's Ministry of Training, Colleges and Universities program delivery and administration activities. Capital assets are purchased and amortized in the Ministry of Training, Colleges and Universities Projects Fund.

Revenue 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 revenue 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 THE FINANCIAL STATEMENTS

DECEMBER 31, 2013

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 amortization 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 accounts for its investments using the cost method. The carrying amount of an investment is written-down to its net recoverable amount if a decline in value is judged to be other than temporary.

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.

ATIKOKAN ECONOMIC DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2013

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

(f) Capital assets

Capital assets are amortized 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

Amortization expense is reported in the Operating Fund and Ministry of Training, Colleges and Universities Projects Fund.

(g) Financial instruments

The Corporation considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. The Corporation accounts for the following as financial instruments:

- Cash
- Accounts receivable
- Contributions receivable FedNor and Ministry of Training, Colleges and Universities
- Restricted cash
- Restricted equity investments
- Accounts payable
- Due to Ministry of Training, Colleges and Universities

A financial asset or liability is recognized when the Corporation becomes party to contractual provisions of the instrument.

Measurement

Financial assets or liabilities obtained in arm's-length transactions are initially measured at their fair value. In the case of a financial asset or liability not being subsequently measured at fair value, the initial fair value will be adjusted for financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption.

ATIKOKAN ECONOMIC DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2013

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Initial measurement of related party

Financial assets or liabilities obtained in related party transactions are measured in accordance with the accounting policy for related party transactions except for those transactions that are with a person or entity whose sole relationship with the Corporation is in the capacity of management in which case they are accounted for in accordance with financial instruments.

Financial assets and financial liabilities are subsequently measured according to the following methods:

Financial assets measured at amortized cost include cash, accounts receivables, due from Government of Canada FedNor, and restricted cash.

Financial assets measured at fair value include loans and mortgages receivables and equity investments.

Financial liabilities measured at amortized cost include accounts payable.

Derecognition

The Corporation removes financial liabilities, or a portion of, when the obligation is discharged, cancelled or expires.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. Previously recognized impairment losses are reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in the Statement of Operations.

Management estimates

Management reviews the carrying amounts of items in the financial statements at each financial position date to assess the need for revisions. Many items in the preparation of these financial statements require management's best estimate based on assumptions that reflect the most probable set of economic conditions and planned courses of action.

These estimates are reviewed periodically and adjustments are made to the Statement of Operations as appropriate in the year they become known.

Significant items subject to management estimates include:

Financial statement element

Accounts receivable
Capital assets
Investments

Management estimate

Allowance for doubtful accounts
Asset useful lives
Allowance for doubtful loans

ATIKOKAN ECONOMIC DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2013

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) In-kind contributions

In-kind contributions have been recognized based on the fair value of services provided.

2. CAPITAL ASSETS

	<u>2013</u>			<u>2012</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Computer equipment and software	\$ 56,699	\$ 52,782	\$ 3,917	\$ 5,506
Furniture and fixtures	\$ 71,621	\$ 62,488	\$ 9,133	\$ 11,416
Leasehold improvements	<u>41,148</u>	<u>18,174</u>	<u>22,974</u>	<u>27,089</u>
	<u>\$ 169,468</u>	<u>\$ 133,444</u>	<u>\$ 36,024</u>	<u>\$ 44,011</u>

3. LOANS AND MORTGAGES RECEIVABLE

The loans and mortgages receivable consist of 46 AEDC loans, 2 guarantees and 11 Northwestern Ontario Investment Pool (NWOIP) loans. Of the 11 NWOIP loans, AEDC is the host of 2 loans which are included with the AEDC loans. The loans and mortgages receivable bear various interest rates from 3% to 12% per annum and are fixed for one to five years with amortization periods from one to twenty years. Loans and mortgages receivable include loans made directly by the Corporation to clients and loans where the Corporation has placed corporate funds with a bank in the form of a Guaranteed Investment Certificate or term deposit as security for a client's line of credit. Loan guarantee investments pay an annual fee of Toronto Dominion Bank Prime plus 3%.

The loans and mortgages receivable balance is comprised of:

	<u>Loans *</u> <u>Fund</u>	<u>NWOIP</u> <u>Non-host</u> <u>Loans</u>	<u>Other **</u> <u>Funds</u>	<u>Total</u>
Principal balance, beginning of year	\$ 2,689,518	\$ 397,140	\$ 150,000	\$ 3,236,658
Advanced during the year	334,750	64,600	25,000	424,350
Capitalized loan costs during the year	18,871	-	-	18,871
Repaid during the year	(406,312)	(27,032)	-	(433,344)
Written-off during the year	<u>(266,437)</u>	<u>-</u>	<u>-</u>	<u>(266,437)</u>
Principal balance, end of year	2,370,390	434,708	175,000	2,980,098
Allowance for doubtful loans	<u>(836,836)</u>	<u>(45,000)</u>	<u>-</u>	<u>(881,836)</u>
Net balance, end of year	<u>\$ 1,533,554</u>	<u>\$ 389,708</u>	<u>\$ 175,000</u>	<u>\$ 2,098,262</u>

ATIKOKAN ECONOMIC DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2013

3. LOANS AND MORTGAGES RECEIVABLE (continued)

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

	<u>Loans *</u>	<u>NWOIP</u>	<u>Other **</u>	<u>Total</u>
	<u>Fund</u>	<u>Non-host</u>	<u>Funds</u>	
		<u>Loans</u>		
Balance, beginning of year	\$ 849,904	\$ 45,000	\$ -	\$ 894,904
Written-off during the year	(266,437)	-	-	(266,437)
Current year's provision for impairment	<u>253,369</u>	<u>-</u>	<u>-</u>	<u>253,369</u>
Balance, end of year	<u>\$ 836,836</u>	<u>\$ 45,000</u>	<u>\$ -</u>	<u>\$ 881,836</u>

* Loans include the host CFDC's portion of NWOIP loans

** Other funds include loan guarantees

The Corporation determines the Provision for Uncollectible Loans by providing for specific investment losses after reviewing outstanding investments on a loan-by-loan basis plus the use of an estimated general provision based on past experience for all loans 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 \$346,976.

ATIKOKAN ECONOMIC DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2013

4. EQUITY INVESTMENTS

Equity investments are made to eligible investees. The investments in common shares consists of two Northwestern Ontario Investment Pool (NWOIP) investments.

The loans and mortgages receivable balance is comprised of:

	<u>Equity *</u>	<u>NWOIP Non-host Equity</u>	<u>Total</u>
Balance, beginning of year	\$ -	\$ 161,667	\$ 161,667
Purchased during the year	-	-	-
Redeemed during the year	<u>-</u>	<u>-</u>	<u>-</u>
Balance, end of year	-	161,667	161,667
Allowance for doubtful investment **	<u>-</u>	<u>(91,667)</u>	<u>(91,667)</u>
Net balance, end of year	\$ <u>-</u>	\$ <u>70,000</u>	\$ <u>70,000</u>

* equity includes the host CFDC's portion of pooled investments in shares.

** current year's provision for impairment increased by \$60,417 from the beginning balance of \$31,250.

5. DUE TO MINISTRY OF TRAINING, COLLEGES AND UNIVERSITIES

The Corporation entered into an agreement beginning April 1, 2013 and ending on March 31, 2014 to deliver employment services for Atikokan and the surrounding area to a maximum cost of \$400,309. Current year advances exceed the necessary funding to provide the program services and these funds will be repayable as of March 31, 2014 which is the program year-end. Therefore, the excess funding estimated in the amount of \$56,579 (2013 - \$115,494) is repayable to the Ministry of Training, Colleges and Universities.

ATIKOKAN ECONOMIC DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2013

6. INVESTED IN CAPITAL ASSETS

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

	<u>2013</u>	<u>2012</u>
Invested in capital assets, beginning of year	\$ 44,011	\$ 50,870
Net change in capital assets for the year	<u>(7,987)</u>	<u>(6,859)</u>
Invested in capital assets, end of year	<u>\$ 36,024</u>	<u>\$ 44,011</u>

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

	<u>2013</u>	<u>2012</u>
Depreciation of capital assets	\$ (12,385)	\$ (12,518)
Purchase of capital assets net of insurance proceeds	<u>4,398</u>	<u>5,659</u>
Net change in capital assets	<u>\$ (7,987)</u>	<u>\$ (6,859)</u>

7. 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.

8. INDUSTRY CANADA COMMUNITY FUTURES PROGRAM - CONTRIBUTION AGREEMENTS

The Government of Canada renewed its funding agreement on January 22, 2014 for a one-year period ending December 31, 2014. The agreement provides a maximum of \$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 THE FINANCIAL STATEMENTS

DECEMBER 31, 2013

9. COMMITMENTS

In June 2009, the Corporation entered into a 10-year office lease expiring on May 31, 2019 with an optional one-year renewal. The current lease payment is for \$3,766 plus HST monthly and increases annually based on Consumer Price Index.

10. LINE OF CREDIT

The Corporation has negotiated a line of credit up to a maximum of \$40,000 with TD Canada Trust, none of which was drawn at year-end. The operating line of credit is secured by a general security agreement and bears interest at prime plus 2.0% (5.0% at December 31, 2013).

11. FINANCIAL INSTRUMENTS

[a] Fair value

Financial instruments of the Corporation consist of cash, accounts receivable, Harmonized sales tax receivable, contributions receivable, restricted cash, accrued interest receivable, loans and mortgages receivable and equity investments.

The carrying value of cash, accounts receivable, Harmonized sales tax receivable, contributions receivable, restricted cash, accrued interest receivable, loans and mortgages receivable, and equity investments approximate their fair values due to the relatively short periods to maturity of the instruments.

[b] Credit risk

The credit risk is the risk that a third party will fail to discharge its obligation to the Corporation reducing the expected cash inflow from the Corporation assets recorded on the statement of financial position date. Credit risk can be concentrated in debtors that are similarly affected by economic or other conditions. The Corporation provides for an allowance for doubtful accounts to absorb credit losses.

[c] Interest rate risk

The Corporation is exposed to interest rate risk for certain financial assets and liabilities. The Corporation has short-term assets which would expose the Corporation to fluctuations in interest rates.

12. COMPARATIVE FIGURES

Certain prior year figures have been restated in order to comply with current year financial statement presentation.

ATIKOKAN ECONOMIC DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2013

13. CONTINGENCIES

The Corporation has been named in a lawsuit relating to the alleged improper seizure and sale of assets to which likelihood of any loss is not determinable and the amount, if any, is not reasonably estimable. This lawsuit is being defended by a law firm hired by the Corporation's insurer.

SCHEDULE A

ATIKOKAN ECONOMIC DEVELOPMENT CORPORATION

SCHEDULE OF OPERATING FUND EXPENDITURES

YEAR ENDED DECEMBER 31, 2013

	Operating Fund	Partnership Fund	FedNor Projects Fund (Schedule B)	Ministry of Training, Colleges and Universities Projects Fund (Schedule C)	Total 2013	Total 2012
Salaries and Benefits						
Salaries	\$ 214,713	\$ -	\$ -	\$ 118,587	\$ 333,300	\$ 322,901
Benefits	<u>35,234</u>	<u>-</u>	<u>-</u>	<u>18,122</u>	<u>53,356</u>	<u>52,195</u>
	<u>249,947</u>	<u>-</u>	<u>-</u>	<u>136,709</u>	<u>386,656</u>	<u>375,096</u>
Occupancy and Equipment						
Insurance	4,422	-	-	2,476	6,898	10,880
Equipment rental	5,299	-	-	11,772	17,071	15,725
Rent, taxes and improvements	20,970	-	-	25,862	46,832	46,260
Repairs, maintenance and cleaning	9,211	-	-	6,852	16,063	19,614
Telephone and internet	7,583	-	-	5,463	13,046	13,824
Utilities	<u>3,490</u>	<u>-</u>	<u>-</u>	<u>2,950</u>	<u>6,440</u>	<u>5,781</u>
	<u>50,975</u>	<u>-</u>	<u>-</u>	<u>55,375</u>	<u>106,350</u>	<u>112,084</u>
Directors' Expense						
Meetings	7,153	-	-	-	7,153	6,197
Training	<u>14</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14</u>	<u>376</u>
	<u>7,167</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,167</u>	<u>6,573</u>
Community Development						
Consulting fees	-	-	-	-	-	2,599
Training - clients	-	-	-	1,932	1,932	2,400
Training - employers	-	-	-	40,816	40,816	31,311
Local Initiative Projects (Schedule E)	-	-	-	-	-	74,992
Projects (Schedule D)	<u>4,674</u>	<u>2,598</u>	<u>-</u>	<u>-</u>	<u>7,272</u>	<u>17,483</u>
	<u>4,674</u>	<u>2,598</u>	<u>-</u>	<u>42,748</u>	<u>50,020</u>	<u>128,785</u>

SCHEDULE A

ATIKOKAN ECONOMIC DEVELOPMENT CORPORATION

SCHEDULE OF OPERATING FUND EXPENDITURES (Continued)

YEAR ENDED DECEMBER 31, 2013

	Operating Fund	Partnership Fund	FedNor Projects Fund (Schedule B)	Ministry of Training, Colleges and Universities Projects Fund (Schedule C)	Total 2013	Total 2012
Administration						
Advertising	3,144	-	-	5,803	8,947	8,674
Bank charges and interest	2,050	-	-	756	2,806	2,600
Employee training	2,484	-	-	17,659	20,143	6,621
Office supplies	6,096	-	-	5,888	11,984	12,619
Memberships and dues	4,442	-	-	-	4,442	4,230
Postage	963	-	-	-	963	513
Professional fees	12,430	-	-	4,397	16,827	15,985
Travel	11,589	-	-	6,675	18,264	12,889
	<u>43,198</u>	<u>-</u>	<u>-</u>	<u>41,178</u>	<u>84,376</u>	<u>64,131</u>
Total Expenditures	\$ 355,961	\$ 2,598	\$ -	\$ 276,010	\$ 634,569	\$ 686,669

ATIKOKAN ECONOMIC DEVELOPMENT CORPORATION
SCHEDULE OF FEDNOR PROJECTS REVENUE AND EXPENDITURES
YEAR ENDED DECEMBER 31, 2013

	<u>Total 2013</u>	<u>Total 2012</u>
Revenue		
Industry Canada/FedNor	\$ <u>-</u>	\$ <u>74,992</u>
Expenditures		
Community Development		
Local Initiative Projects (Schedule E)	<u>-</u>	<u>74,992</u>
Excess of Revenue over Expenditures	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>

SCHEDULE C

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

YEAR ENDED DECEMBER 31, 2013

	Atikokan Employment Centre	Self Employment Benefit	Total 2013	Total 2012
Revenue				
Ministry of Training, Colleges and Universities	\$ 256,075	\$ 20,981	\$ 277,056	\$ 252,609
Other revenue	<u>546</u>	<u>-</u>	<u>546</u>	<u>615</u>
	<u>256,621</u>	<u>20,981</u>	<u>277,602</u>	<u>253,224</u>
Expenditures				
Salaries and benefits				
Salaries	102,421	16,166	118,587	112,121
Benefits	<u>18,122</u>	<u>-</u>	<u>18,122</u>	<u>18,238</u>
	<u>120,543</u>	<u>16,166</u>	<u>136,709</u>	<u>130,359</u>
Occupancy and Equipment				
Rent, taxes and improvements	23,268	2,594	25,862	25,558
Equipment rental	11,772	-	11,772	11,412
Insurance	1,800	676	2,476	3,005
Repairs, maintenance and cleaning	6,852	-	6,852	9,899
Telephone and internet	4,929	534	5,463	5,361
Utilities	<u>2,400</u>	<u>550</u>	<u>2,950</u>	<u>2,923</u>
	<u>51,021</u>	<u>4,354</u>	<u>55,375</u>	<u>58,158</u>

SCHEDULE C

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

YEAR ENDED DECEMBER 31, 2013

	Atikokan Employment Centre	Self Employment Benefit	Total 2013	Total 2012
Community Development				
Training - clients	1,932		1,932	2,400
Training - employers	40,816	-	40,816	31,311
Project expenses - Career Fair	-	-	-	4,089
	<u>42,748</u>	<u>-</u>	<u>42,748</u>	<u>37,800</u>
Administration				
Advertising	5,400	403	5,803	4,829
Employee training	17,659	-	17,659	4,062
Office supplies	5,830	58	5,888	6,979
Bank charges	756		756	728
Professional fees	4,397	-	4,397	4,399
Travel	6,675	-	6,675	2,358
	<u>40,717</u>	<u>461</u>	<u>41,178</u>	<u>23,355</u>
Amortization	<u>2,375</u>	<u>-</u>	<u>2,375</u>	<u>3,736</u>
Total expenditures	<u>257,404</u>	<u>20,981</u>	<u>278,385</u>	<u>253,408</u>
Allocated to Partnership Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenue over Expenditures	<u>\$ (783)</u>	<u>\$ -</u>	<u>\$ (783)</u>	<u>\$ (184)</u>

ATIKOKAN ECONOMIC DEVELOPMENT CORPORATION

SCHEDULE OF PROJECT EXPENDITURES

YEAR ENDED DECEMBER 31, 2013

	<u>2013</u>	<u>2012</u>
<u>Operating Fund</u>		
Community Development Projects	\$ 4,674	\$ 10,796
<u>Partnership Fund</u>		
Telemerge Canada	2,598	2,598
<u>Atikokan Employment Centre</u>		
Career Fair	-	4,089
	<u>\$ 7,272</u>	<u>\$ 17,483</u>

ATIKOKAN ECONOMIC DEVELOPMENT CORPORATION
OPERATING FUND
SCHEDULE OF LOCAL INITIATIVES PROGRAM EXPENDITURES
YEAR ENDED DECEMBER 31, 2013

	<u>2013</u>	<u>2012</u>
2012 FedNor - #851-509919		
Atikokan Bass Classic Committee - reefer unit	\$ -	\$ 5,000
Atikokan Beaten Path Nordic Trail Committee - consultant	-	4,700
Atikokan Beaten Path Nordic Trail Committee - install bridge on trail	-	10,000
Atikokan Chamber of Commerce - advertising	-	1,600
Atikokan Chamber of Commerce - display case	-	1,200
Atikokan Chamber of Commerce - media stock photo project	-	4,996
Atikokan Chamber of Commerce - the Atikokan song	-	4,990
Atikokan Chamber of Commerce - trade show	-	718
Investment Readiness Committee - consultant for housing study	-	1,000
Investment Readiness Committee - consultant for phase 2 GIS project	-	1,875
Investment Readiness Committee - consultant for prospectus sites	-	3,125
Northwest Training & Adjustment Board - regional mining report	-	5,000
Pictograph Gallery - signage	-	2,688
Sportsman Conservation Club - extend walkway	-	5,000
Sportsman Conservation Club - highway signs	-	5,000
Town of Atikokan - community tent	-	10,000
Town of Atikokan - signage	-	3,100
Upsala Regional Development Association - event shelters	-	5,000
	<u>\$ -</u>	<u>\$ 74,992</u>