

**ATIKOKAN ECONOMIC  
DEVELOPMENT CORPORATION**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2011**

# **ATIKOKAN ECONOMIC DEVELOPMENT CORPORATION**

**DECEMBER 31, 2011**

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## INDEPENDENT AUDITORS' REPORT

### *To the Directors of Atikokan Economic Development Corporation*

We have audited the accompanying financial statements of the Atikokan Economic Development Corporation which comprise the statement of financial position as at December 31, 2011 and the statement of changes in fund balances, statement of operations and statement of 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 generally accepted accounting principles, 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 Board'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 Board's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Atikokan Economic Development Corporation, as at December 31, 2011, its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Thunder Bay, Canada  
April 19, 2012

Vbk

**CHARTERED ACCOUNTANTS**  
Licensed Public Accountants

# ATIKOKAN ECONOMIC DEVELOPMENT CORPORATION

## STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2011

	Operating Fund	Partnership Fund	FedNor Projects Fund	Ministry of Training, Colleges and Universities Projects Fund	Investment Capital Fund	Total 2011	Total 2010
<b>ASSETS</b>							
<b>Current</b>							
Cash	\$ 7,932	\$	\$	\$ 300,809	\$ 94	\$ 308,741	\$ 227,133
Accounts receivable	20,357			3,254		23,705	14,092
Contributions receivable							
FedNor							
- Local Initiative			10,140			10,140	4,699
- Capitalization					42,000	42,000	
Ministry of Training, Colleges and Universities				1,042		1,042	3,462
- Self Employment Benefit						2,366	2,385
Prepaid expenditures	2,366				69	69	73
Inventory							
	30,655		10,140	305,105	42,163	388,063	251,844
	46,859			4,011		50,870	56,118
<b>Capital Assets (Note 4)</b>	77,514		10,140	309,116	42,163	438,933	307,962
<b>Restricted Assets</b>							
Cash and short term					937,100	937,100	600,872
investments (Note 5)					2,433,101	2,433,101	2,404,546
Investments (Note 6)							
					3,370,201	3,370,201	3,005,418
	\$ 77,514	\$	\$ 10,140	\$ 309,116	\$ 3,412,364	\$ 3,809,134	\$ 3,313,380

# ATIKOKAN ECONOMIC DEVELOPMENT CORPORATION

## STATEMENT OF FINANCIAL POSITION (CONTINUED)

DECEMBER 31, 2011

	Operating Fund	Partnership Fund	FedNor Projects Fund	Ministry of Training, Colleges and Universities Projects Fund	Investment Capital Fund	Total 2011	Total 2010
<b>LIABILITIES</b>							
<b>Current</b>							
Accounts payable	\$ 25,222	\$	\$	\$	\$ 5,777	\$ 30,999	\$ 14,532
Due to Ministry of Training, Colleges and Universities (Note 7)				284,948		284,948	194,654
Deferred revenue							
Ministry of Training, Colleges Township of Atikokan - DARC	3,902	11,114 (34,199)	10,140	20,157		11,114	10,539
Interfund balances	29,124	(23,085)	10,140	305,105	5,777	327,061	219,725
<b>FUND BALANCES</b>							
Invested in capital assets (Note 8)	46,859			4,011		50,870	56,118
Restricted (Note 9)	1,531				3,406,587	3,408,118	3,017,693
Unrestricted		23,085				23,085	19,844
	48,390	23,085		4,011	3,406,587	3,482,073	3,093,655
	\$ 77,514	\$	\$ 10,140	\$ 309,116	\$ 3,412,364	\$ 3,809,134	\$ 3,313,380

Approved by the Board: \_\_\_\_\_

Approved by the Board: \_\_\_\_\_

**ATIKOKAN ECONOMIC DEVELOPMENT CORPORATION**

**STATEMENT OF CHANGES IN FUND BALANCES**

**YEAR ENDED DECEMBER 31, 2011**

	Operating Fund	Invested in Capital Assets	Partnership Fund	FedNor Projects Fund	Ministry of Training, Colleges and Universities Projects Fund	Investment Capital Fund	Total 2011	Total 2010
<b>Fund Balance, beginning of year</b>	\$ 12,202	\$ 56,118	\$ 19,844	\$	\$	\$ 3,005,491	\$ 3,093,655	\$ 3,054,045
Excess (Shortfall) of Revenues over Expenditures	(22,405)		5,716		4,011	401,096	388,418	39,610
Reallocate the depreciation of capital assets	10,467	(12,874)			2,407			
Purchase of capital assets	(1,208)	7,626			(6,418)			
Interfund transfer	<u>2,475</u>		<u>(2,475)</u>					
<b>Fund Balance, end of year</b>	<u>\$ 1,531</u>	<u>\$ 50,870</u>	<u>\$ 23,085</u>	<u>\$</u>	<u>\$</u>	<u>\$ 3,406,587</u>	<u>\$ 3,482,073</u>	<u>\$ 3,093,655</u>

**ATIKOKAN ECONOMIC DEVELOPMENT CORPORATION**  
**STATEMENT OF OPERATIONS**  
**YEAR ENDED DECEMBER 31, 2011**

REVENUE	Ministry of Training, Colleges and Universities					Total 2011	Total 2010
	Operating Fund	Partnership Fund	FedNor Projects Fund	Investment Capital Fund			
FedNor/Industry Canada	\$ 300,000	\$	\$ 72,840	\$	\$ 500,000	\$ 872,840	\$ 547,035
Operating contribution							
Ministry of Training, Colleges and Universities				260,841	132,575	260,841	187,559
Investment income						132,575	101,261
Ontario Trillium Foundation	40,000	15,820				55,820	40,000
Municipality of Atikokan		9,360				9,360	17,225
Administration charges - AEC	5,718			2,314	539	8,571	6,363
Other							
Project Revenue							
Career Fair		11,530				11,530	4,361
DARC							9,184
Community Brochure							2,523
	<u>345,718</u>	<u>36,710</u>	<u>72,840</u>	<u>263,155</u>	<u>633,114</u>	<u>1,351,537</u>	<u>915,585</u>

# ATIKOKAN ECONOMIC DEVELOPMENT CORPORATION

## STATEMENT OF OPERATIONS (Continued)

YEAR ENDED DECEMBER 31, 2011

	Operating Fund	Partnership Fund	FedNor Projects Fund	Ministry of Training, Colleges and Universities Projects Fund	Investment Capital Fund	Total 2011	Total 2010
<b>EXPENDITURES (Schedule A)</b>							
Salaries and benefits	\$ 235,564	\$	\$	\$ 127,459	\$	\$ 363,023	\$ 339,260
Occupancy and equipment	53,606			52,589		106,195	102,694
Directors' expense	6,630					6,630	6,580
Community development	25,572	29,949	72,840	58,457		186,818	106,096
Administration	36,284			19,277		55,561	71,310
<b>OTHER EXPENDITURES</b>							
Depreciation	10,467			2,407		12,874	11,458
Bank charges and interest					26	26	157
Investment provision					227,776	227,776	238,420
Professional fees					4,216	4,216	
Interfund		1,045		(1,045)			
	368,123	30,994	72,840	259,144	232,018	963,119	875,975
<b>Excess (Shortfall) of Revenue over Expenditures</b>	<b>\$ (22,405)</b>	<b>\$ 5,716</b>	<b>\$</b>	<b>\$ 4,011</b>	<b>\$ 401,096</b>	<b>\$ 388,418</b>	<b>\$ 39,610</b>



**ATIKOKAN ECONOMIC DEVELOPMENT CORPORATION**

**STATEMENT OF CASH FLOWS**

**YEAR ENDED DECEMBER 31, 2011**

**Ministry of  
Training, Colleges  
and Universities**

	<b>Operating Fund</b>	<b>Partnership Fund</b>	<b>FedNor Projects Fund</b>	<b>Ministry of Training, Colleges and Universities Projects Fund</b>	<b>Investment Capital Fund</b>	<b>Total 2011</b>	<b>Total 2010</b>
<b>CASH PROVIDED BY (USED UP) IN: OPERATING ACTIVITIES</b>							
Excess (Shortfall) of Revenues over expenses for the year excluding interest revenue	\$ (22,405)	\$ 5,716	\$	\$ 4,011	\$ 268,521	\$ 255,843	\$ (61,651)
Interest revenue received					132,575	132,575	101,261
Items not involving cash							
Depreciation	10,467			2,407		12,874	11,458
Provision for doubtful loans					227,776	227,776	238,420
Changes in non-cash operating working balances							
Accounts receivable	(6,918)			(2,601)	(94)	(9,613)	(7,495)
Contributions receivable			(5,441)	2,420		(3,021)	20,285
Prepaid expenditures	19					19	(1,427)
Inventory					4	4	2
Accounts payable	10,690			90,294	(36,223)	64,761	174,943
	(8,147)		(5,441)	96,531	592,559	681,218	475,796
<b>INVESTING ACTIVITIES</b>							
Purchase of capital assets	(1,208)			(6,418)		(7,626)	(4,485)
Investments advanced					(769,584)	(769,584)	(411,333)
Investments repaid					513,253	513,253	397,781
	(1,208)			(6,418)	(256,331)	(263,957)	(18,037)
<b>FINANCING ACTIVITIES</b>							
Deferred revenue		575				575	(198,105)
<b>INTERFUND TRANSFERS</b>							
	(16,002)	(6,291)	5,441	16,852			
<b>INCREASE (DECREASE) IN CASH</b>	(25,357)			106,965	336,228	417,836	259,654
Cash, beginning of year	33,289			193,844	600,872	828,005	568,351
<b>Cash, end of year</b>	<u>\$ 7,932</u>	<u>\$</u>	<u>\$</u>	<u>\$ 300,809</u>	<u>\$ 937,100</u>	<u>\$ 1,245,841</u>	<u>\$ 828,005</u>
<b>Cash consists of:</b>							
Unrestricted cash	\$ 7,932	\$	\$	\$ 300,809	\$	\$ 308,741	\$ 227,133
Restricted cash					897,024	897,024	560,796
Restricted short term investments					40,076	40,076	40,076
	<u>\$ 7,932</u>	<u>\$</u>	<u>\$</u>	<u>\$ 300,809</u>	<u>\$ 937,100</u>	<u>\$ 1,245,841</u>	<u>\$ 828,005</u>

# ATIKOKAN ECONOMIC DEVELOPMENT CORPORATION

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## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

### 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, 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

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, 2011

## 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, 2011

### 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, 2011****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. Significant estimates include allowance for doubtful accounts.

**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 19, 2011 for a one year period ending December 31, 2012. 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

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## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

### 4. CAPITAL ASSETS

	2011			2010
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Furniture and fixtures	\$ 77,557	\$ 60,702	\$ 16,855	\$ 18,813
Leasehold improvements	41,148	9,944	31,204	35,319
Computer equipment	<u>40,705</u>	<u>37,894</u>	<u>2,811</u>	<u>1,986</u>
	<u>\$ 159,410</u>	<u>\$ 108,540</u>	<u>\$ 50,870</u>	<u>\$ 56,118</u>

### 5. RESTRICTED CASH AND SHORT TERM INVESTMENTS

This balance represents an investment bank account with a balance of \$897,024 and a money market cashable Guarantee Investment Certificate (GIC) with a market value of \$40,076 as at December 31, 2011. The GIC has a principal of \$40,000 earning 0.5% interest per annum. The GIC matures March 10, 2012.

### 6. INVESTMENTS

Investments receivable at December 31, 2011 consist of 78 AEDC loans and 1 profit-sharing investment. The Corporation has also participated in 14 investments through the North Western Ontario Investment Pool (NWOIP). Generally the investments have repayment terms ranging from 1 to 5 years, 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	\$ 3,033,723	\$ 710,594	3,744,317
Loans advanced during the year	629,584	140,000	769,584
Loans repaid during the year	<u>(439,688)</u>	<u>(73,565)</u>	<u>(513,253)</u>
Balance, end of year	3,223,619	777,029	4,000,648
Allowance for doubtful loans	<u>(1,476,922)</u>	<u>(90,625)</u>	<u>(1,567,547)</u>
Net balance, end of year	<u>\$ 1,746,697</u>	<u>\$ 686,404</u>	<u>\$ 2,433,101</u>

# ATIKOKAN ECONOMIC DEVELOPMENT CORPORATION

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

### 6. INVESTMENTS (continued)

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

	<u>Investment Fund</u>	<u>NWOIP Loans</u>	<u>Total</u>
Balance, beginning of year	\$ 1,287,896	\$ 51,875	\$ 1,339,771
Current year's provision for investment losses	<u>189,026</u>	<u>38,750</u>	<u>227,776</u>
Balance, end of year	<u>\$ 1,476,922</u>	<u>\$ 90,625</u>	<u>\$ 1,567,547</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 \$ 190,656.

### 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, 2012 which is the program year end. Therefore, the excess funding in the amount of \$284,948 is repayable to the Ministry of Training, Colleges and Universities.

# **ATIKOKAN ECONOMIC DEVELOPMENT CORPORATION**

## **NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2011**

### **8. INVESTED IN CAPITAL ASSETS**

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

	<u><b>2011</b></u>	<u><b>2010</b></u>
Invested in capital assets, beginning of year	\$ 56,118	\$ 63,091
Net change in capital assets for the year	<u>(5,248)</u>	<u>(6,973)</u>
Invested in capital assets, end of year	\$ <u>50,870</u>	\$ <u>56,118</u>

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

	<u><b>2011</b></u>	<u><b>2010</b></u>
Depreciation of capital assets	\$ (12,874)	\$ (11,458)
Purchase of capital assets	<u>7,626</u>	<u>4,485</u>
Net change in capital assets	\$ <u>(5,248)</u>	\$ <u>(6,973)</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. During 2011 the Corporation had a deficit of revenue over eligible expenditures for FedNor purposes in the amount of \$10,671 and the Corporation has requested to apply this deficit against the \$12,202 restricted fund balance. As such \$1,531 remains restricted.

### **10. 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 lease payment is for \$3,606 plus H.S.T. monthly and increases annually based on Consumer Price Index.



**ATIKOKAN ECONOMIC DEVELOPMENT CORPORATION****NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2011****11. 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.

**12. FUTURE ACCOUNTING CHANGES**

In December 2010 the Accounting Standards Board ("AcSB") issued Part III of the CICA Handbook - Accounting to provide Canadian private sector not-for-profit organization with a new financial reporting framework for fiscal years beginning on or after January 1 2012. Early adoption is permitted. The Corporation will adopt Part III of the CICA Handbook for the year ending December 31, 2012.

Until Part III of the Handbook is adopted, the AEDC will continue to follow the pre-changeover accounting standards in Part V of the Handbook.

**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.

**14. COMPARATIVE FIGURES**

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

## ATIKOKAN ECONOMIC DEVELOPMENT CORPORATION

## SCHEDULE OF OPERATING FUND EXPENDITURES

YEAR ENDED DECEMBER 31, 2011

	Operating Fund	Partnership Fund	FedNor Projects Fund (Schedule B)	Ministry of Training, Colleges and Universities Projects Fund (Schedule C)	Total 2011	Total 2010
<b>Salaries and Benefits</b>						
Salaries	\$ 204,402	\$	\$	\$ 104,840	\$ 309,242	\$ 295,599
Benefits	28,574			13,347	41,921	38,453
Training	2,588			9,272	11,860	5,208
	235,564			127,459	363,023	339,260
<b>Occupancy and Equipment</b>						
Rent, taxes & improvements	20,792			24,204	44,996	43,658
Equipment rent	4,313			10,332	14,645	9,202
Repairs, maintenance and cleaning	9,458			6,529	15,987	20,448
Insurance	8,666			2,593	11,259	10,935
Telephone and internet	8,055			5,574	13,629	13,064
Utilities	2,322			3,357	5,679	5,387
	53,606			52,589	106,195	102,694
<b>Directors' Expense</b>						
Meetings	6,459				6,459	6,580
Training	171				171	
	6,630				6,630	6,580
<b>Community Development</b>						
Advertising	4,569			5,307	9,876	5,603
Consulting fees	10,772			2,090	10,772	6,272
Training - clients				47,901	47,901	
Memberships and dues	4,382				4,382	3,768
Local Initiative Projects (Schedule E)	5,849	29,949	72,840	3,159	72,840	71,498
Projects (Schedule D)	25,572	29,949	72,840	58,457	186,818	18,955
						106,096

**ATIKOKAN ECONOMIC DEVELOPMENT CORPORATION**

**SCHEDULE OF OPERATING FUND EXPENDITURES (Continued)**

**YEAR ENDED DECEMBER 31, 2011**

	Operating Fund	Partnership Fund	FedNor Projects Fund (Schedule B)	Ministry of Training, Colleges and Universities Projects Fund (Schedule C)	Total 2011	Total 2010
<b>Administration</b>						
Bank charges and interest	1,818				1,818	1,739
Office supplies	7,440			7,766	15,206	15,477
Other expenses				312	312	23,156
Postage	1,595				1,595	2,383
Professional fees	11,514			6,349	17,863	16,806
Travel	13,917			4,850	18,767	11,749
	<u>36,284</u>			<u>19,277</u>	<u>55,561</u>	<u>71,310</u>
<b>Other</b>						
Investment in capital assets						
<b>Interfund (Schedule B and C)</b>						
		1,045		4,011	4,011	
				(1,045)		
<b>Total Expenditures</b>	<u>\$ 357,656</u>	<u>\$ 30,994</u>	<u>\$ 72,840</u>	<u>\$ 260,748</u>	<u>\$ 722,238</u>	<u>\$ 625,940</u>



**ATIKOKAN ECONOMIC DEVELOPMENT CORPORATION**  
**SCHEDULE OF FEDNOR PROJECTS REVENUE AND EXPENDITURES**  
**YEAR ENDED DECEMBER 31, 2011**

	<b>Local Initiatives 842-508991 2011</b>	<b>Total 2010</b>
<b>Revenue</b>		
Industry Canada/FedNor	\$ 72,840	\$ 71,498
<b>Expenditures</b>		
<b>Community Development</b>		
Local Initiative Projects (Schedule E)	72,840	71,498
<b>Excess of Revenue over Expenditures</b>	\$	\$

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

**YEAR ENDED DECEMBER 31, 2011**

	Atikokan Employment Centre	Self Employment Benefit	Total 2011	Total 2010
<b>Revenue</b>				
Ministry of Training, Colleges and Universities	\$ 240,960	\$ 19,881	\$ 260,841	\$ 187,559
Other revenue	<u>2,314</u>	<u>          </u>	<u>2,314</u>	<u>          </u>
	<u>243,274</u>	<u>19,881</u>	<u>263,155</u>	<u>187,559</u>
<b>Expenditures</b>				
<b>Salaries and benefits</b>				
Salaries	90,201	14,639	104,840	103,822
Benefits	13,347	<u>          </u>	13,347	9,562
Training	<u>9,272</u>	<u>          </u>	<u>9,272</u>	<u>1,093</u>
	<u>112,820</u>	<u>14,639</u>	<u>127,459</u>	<u>114,477</u>
<b>Occupancy and Equipment</b>				
Rent	20,868	3,336	24,204	19,630
Equipment rental	10,332	<u>          </u>	10,332	4,075
Insurance	1,200	1,393	2,593	1,863
Repairs and maintenance	6,529	<u>          </u>	6,529	4,752
Telephone	4,903	671	5,574	2,566
Utilities	<u>2,660</u>	<u>697</u>	<u>3,357</u>	<u>1,497</u>
	<u>46,492</u>	<u>6,097</u>	<u>52,589</u>	<u>34,383</u>

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

**YEAR ENDED DECEMBER 31, 2011**

	<b>Atikokan Employment Centre</b>	<b>Self Employment Benefit</b>	<b>Total 2011</b>	<b>Total 2010</b>
<b>Community Development</b>				
Advertising	5,251	56	5,307	1,779
Training - clients	2,090		2,090	
Training - employers	47,901		47,901	
Project expenses - Career Fair	3,159		3,159	
	<u>58,401</u>	<u>56</u>	<u>58,457</u>	<u>1,779</u>
<b>Administration</b>				
Office supplies	7,632	134	7,766	5,267
Other expenses				
- miscellaneous	312		312	1,611
- direct costs				11,501
- organizational infrastructure cost				10,044
Professional fees	6,349		6,349	750
Travel	4,850		4,850	2,605
	<u>19,143</u>	<u>134</u>	<u>19,277</u>	<u>31,778</u>
<b>Depreciation</b>	<u>2,407</u>		<u>2,407</u>	
<b>Total expenditures</b>	<u>239,263</u>	<u>20,926</u>	<u>260,189</u>	<u>182,417</u>
<b>Allocated to Investment in Capital Assets</b>	<u>4,011</u>		<u>4,011</u>	
<b>Allocated to Partnership Fund</b>		<u>(1,045)</u>	<u>(1,045)</u>	<u>5,142</u>
<b>Excess of Revenue over Expenditures</b>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

**ATIKOKAN ECONOMIC DEVELOPMENT CORPORATION**  
**SCHEDULE OF PROJECT EXPENDITURES**  
**YEAR ENDED DECEMBER 31, 2011**

	<u>2011</u>	<u>2010</u>
<b><u>Operating Fund</u></b>		
Community Development Projects	\$ 5,849	\$ 5,355
Ontario Trillium - assistive listening devices	<u>                    </u>	<u>137</u>
	<u>5,849</u>	<u>5,492</u>
 <b><u>Partnership Fund</u></b>		
Career Fair		3,992
Community Brochure		287
DARC	11,530	9,184
Northern Communities Investment Readiness	15,820	
Telemerge Canada	<u>2,599</u>	<u>                    </u>
	<u>29,949</u>	<u>13,463</u>
	<u>\$ 35,798</u>	<u>\$ 18,955</u>

**ATIKOKAN ECONOMIC DEVELOPMENT CORPORATION**  
**OPERATING FUND**  
**SCHEDULE OF LOCAL INITIATIVES PROGRAM EXPENDITURES**  
**YEAR ENDED DECEMBER 31, 2011**

	<u>2011</u>	<u>2010</u>
<b>2010 FedNor - #842-506858</b>		
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
<b>2011 FedNor</b>		
Atikokan Bass Classic Committee - oxygen metre and stage improvements	4,910	
Atikokan Chamber of Commerce - promote Atikokan	4,700	
Atikokan Chamber of Commerce - implement ideas from Canoe Challenge	5,000	
Atikokan Chamber of Commerce - bike racks	5,000	
Atikokan Native Friendship Centre- Bass Classic promotion	650	
Atikokan Sno-ho Snowmobile Club - signage	3,000	
Atikokan Sportmen's Conservation Club - Little Falls gazebo	10,000	
Atikokan and Ahousal Student Cultural Exchange	5,000	
Atikokan Native Friendship Centre - feasibility report	10,000	
Beaten Path Nordic Ski Club - signage	3,000	
Heart of the Continent Conference	5,000	
Town of Atikokan - Lift Operator Booth	4,500	
Town of Atikokan - produce 2 sided town maps	2,080	
Town of Atikokan - accommodation study	5,000	
Upsala Snowbunnies - sliding hill development	5,000	
	<hr/>	<hr/>
	72,840	
	<hr/>	<hr/>
	\$ 72,840	\$ 71,498