

**NORTHERN ONTARIO HERITAGE FUND CORPORATION  
ANNUAL REPORT  
2011 – 2012**

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Lieutenant Colonel The Honourable David C. Onley  
Lieutenant Governor of the Province of Ontario

May it please Your Honour:

For the information of Your Honour and the Legislative Assembly,  
I have the privilege of presenting the annual report of the  
Northern Ontario Heritage Fund Corporation for the fiscal year  
ending March 31, 2012.

Respectfully submitted,

Hon. Rick Bartolucci  
Chair  
Northern Ontario Heritage Fund Corporation  
Minister of Northern Development and Mines

## Chair's Message

I am pleased to present the 2011-2012 Annual Report of the Northern Ontario Heritage Fund Corporation (NOHFC). This report highlights how the Fund is continuing to help northerners build strong communities and a more competitive economy in times of global economic uncertainty.

In the March 2012 Ontario Budget, I was very pleased that the McGuinty government confirmed its allocation of \$100 million to the NOHFC for this fiscal year.

As we approach the 25<sup>th</sup> anniversary of the Northern Ontario Heritage Fund Corporation, established in June 1988 by the Peterson government, we continue to strengthen the Fund's focus on supporting job creation and economic development across Northern Ontario.

Over the past nine years, we have delivered on that commitment. From October 2003 to April 2012, the NOHFC committed more than \$728 million to 4,500 northern projects, which are helping to create or sustain nearly 18,000 jobs across the North, generating more than \$2.4 billion in total investments.

Our government recognizes the unique challenges facing Northern Ontario. That's why we will continue to work with all our northern partners to help lever a broad range of investments aimed at boosting the economy, improving our quality of life and building a more prosperous North.

Rick Bartolucci  
Chair, Northern Ontario Heritage Fund  
Corporation  
Minister of Northern Development and Mines

## Board of Directors as at March 31, 2012

NAME	POSITION	TENURE
Hon. Rick Bartolucci	Chair, NOHFC Minister, Northern Development and Mines	Oct 20, 2011 - n/a
Victoria Hanson	First Vice Chair, Timmins	Apr 23, 2008 – Apr 22, 2014
Sharon Lenore Hacio	Second Vice Chair, Marathon	Jun 20, 2007 – Jun 19, 2013
David Sinclair	Kenora	Dec 18, 2002 – Dec 17, 2012
Murray Alan Scott	Sudbury	May 17, 1999 – Jun 16, 2012
Paul Gray	Nobel	Jun 2, 2004 – Jul 1, 2012
John Atwood	Thunder Bay	Feb 7, 2007 – Feb 6, 2013
Marielle Brown	Elliot Lake	Mar 24, 2010 – Mar 23, 2013
Robert George Norris	New Liskeard	Mar 24, 2010 – Mar 23, 2013
Lorraine H. T. Irvine	Kirkland Lake	Apr 7, 2004 – Apr 6, 2013
Curtis Lee Belcher	Sudbury	Jun 15, 2010 – Jun 14, 2013
Geordi Kakepetum	Red Lake	Nov 17, 2010 – Nov 16, 2013
Carolyn Lane-Rock	Manitoulin	May 16, 2007 – May 15, 2014
Ella-Jean Richter	Sault Ste. Marie	May 16, 2007 – May 15, 2014
Michael Fox	Thunder Bay	May 17, 2011 – May 16, 2014
James Caicco	Sault Ste. Marie	May 17, 2011 – May 16, 2014

## Staff as at March 31, 2012

NAME	POSITION
Bruce Strapp	Executive Director
Melanie Muncaster	Manager, Program Services
Aaron Hoffe	A/Senior Business Planner
Eugene Wilson	Program Coordinator
John Barbeau	Program Coordinator
Jennifer Wilson	A/Program Coordinator
Robert Tarantini	Program Coordinator
Mike Murray	Manager Financial Services
Susan Richichi	Senior Financial Consultant
Vacant	Senior Financial Officer
Angela Scullino	Financial Officer
Franca Cavaliere	Financial Officer
Marisa Albidone	Financial Officer
Michel Lavoie	Communications Officer
Regan Copeland	A/Marketing Coordinator
Rogan Harpur	New Media Coordinator
Kaitlin Diangelo	Administrative Assistant
Debbie Atkinson	Administrative Assistant
Pauline Martin	Administrative Support Clerk
Nicole Tessier	Administrative Clerk
Maria Pacione	Administrative Clerk

## **The Northern Ontario Heritage Fund Corporation (NOHFC)**

The NOHFC was established in 1988 with a mandate to promote and stimulate economic development initiatives in Northern Ontario by providing financial assistance to projects that stabilize, diversify and foster the economic growth and diversification of the region.

The NOHFC is an agency of the Ministry of Northern Development and Mines, and is governed by a Board of Directors from across the North that is appointed by the Government of Ontario.

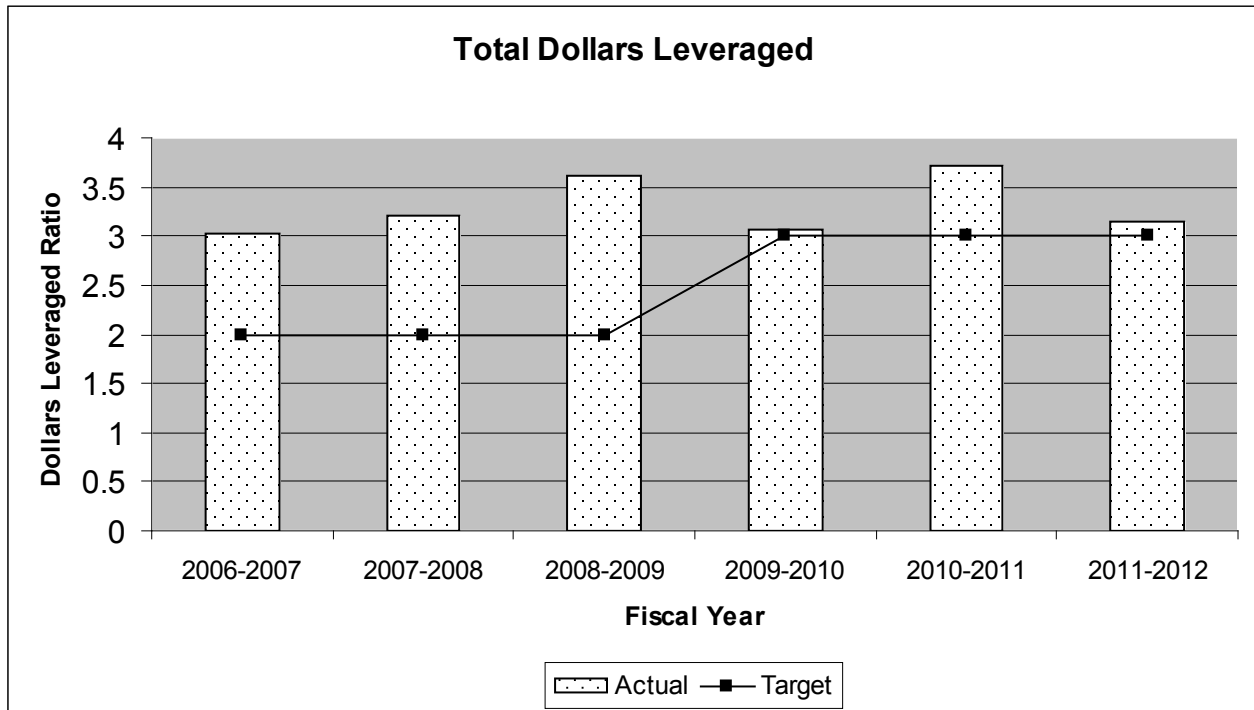
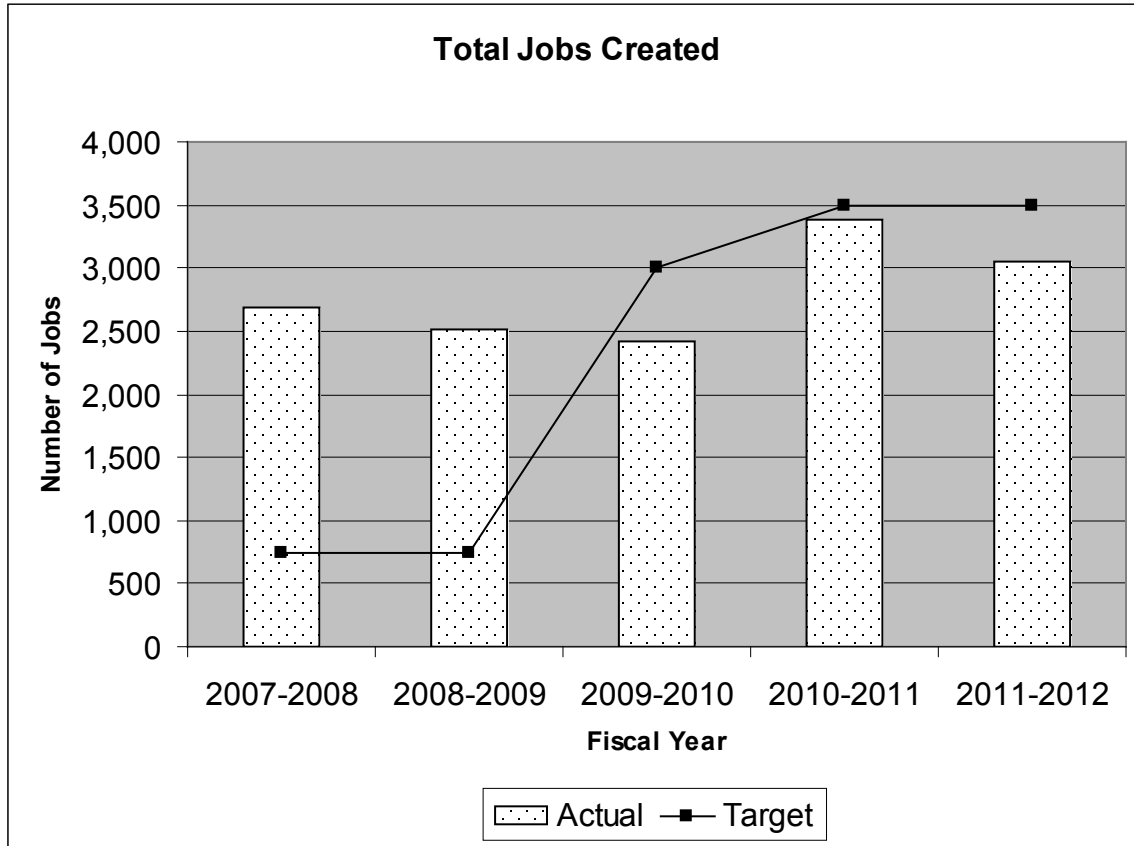
The Corporation provides financial assistance for approved projects in the territorial districts of Northern Ontario, namely Algoma, Cochrane, Kenora, Manitoulin, Nipissing, Parry Sound, Rainy River, Sudbury, Thunder Bay and Timiskaming.

In October 2004, the NOHFC received Cabinet approval for a refocused mandate under the following themes: Growing Jobs; Youth; Community Development; Energy Conservation; Emerging Technologies and Telecommunications. Individual businesses were once more permitted to apply for financial assistance. New programs under the mandate were announced in January 2005, designed to foster job creation and strengthen the economies of northern communities. These 6 new programs were the Enterprises North Job Creation Program, the Youth Internship and Co-op Program, the Infrastructure and Community Development Program, the Young Entrepreneur Program, the Northern Energy Program and the Emerging Technology Program. In May 2009, the NOHFC received Treasury Board/Management Board of Cabinet approval for a seventh program, Northern Ontario Entrepreneur Program, under the Growing Jobs theme.

NOHFC committed approximately \$115 million toward 739 projects in 2011-12. The investments made in priority projects throughout the year were within the corporation's fiscal capacity as total approvals did not exceed available cash; NOHFC had a significant cash reserve that was made available for project approvals.

NOHFC reached a target of 3,059 for jobs created and achieved its operational targets for 2011-12 as significant investments continued to be made in priority projects throughout Northern Ontario.

## NOHFC Performance Measures – Targets and Results



## NOHFC Financial Performance

### Schedule of Revenue, Expenses and Net Investment by The Province of Ontario for the Three Years Ended March 31, 2012

	Year Ended March 31, 2012		Year Ended March 31, 2011		Year Ended March 31, 2010			
	(000's)	Budget (000's)	Audited (000's)	Audited (000's)	Audited (000's)	Audited (000's)		
<b>Revenue</b>								
Province of Ontario grant	\$	100,000	\$	100,000	\$	90,000	\$	80,000
Interest on cash and cash equivalents		2,122		2,723		2,294		2,499
Interest on loans receivable		1,369	(Note 1)	2,700		2,355		1,930
Other		-	(Note 2)	318		460		271
<i>Total Revenue</i>		<u>103,491</u>		<u>105,741</u>		<u>95,109</u>		<u>84,700</u>
<b>Expenses</b>								
Conditional Contributions		86,337	(Note 3)	96,843		82,394		73,163
Credit losses, net of recovery		5,840		5,768		6,683		4,958
Administration:								
Salaries, wages and benefits		1,732	(Note 4)	1,791		1,893		1,751
Transportation and communication		290		209		275		306
Services		4,626	(Note 5)	1,639		1,950		1,356
Management fees		2,200		2,247		2,472		1,449
Marketing		-		264		419		352
Supplies and equipment		35		65		51		38
Collection fees		-		-		-		27
Amortization of tangible capital assets		-		2		-		-
<i>Total Expenses</i>		<u>101,060</u>		<u>108,828</u>		<u>96,137</u>		<u>83,400</u>
Excess (deficiency) of revenue over expenses	\$	2,430		(3,087)		(1,028)		1,300
Net investment by the Province of Ontario, beginning of year				<u>272,938</u>		<u>273,966</u>		<u>272,666</u>
Net investment by the Province of Ontario, end of year	\$	<u>269,851</u>	\$	<u>272,938</u>	\$	<u>273,966</u>	\$	<u>273,966</u>

### Analysis of Variances

Note 1 – Interest on loans receivable exceeded budget as loan disbursements were higher than expected throughout the year.

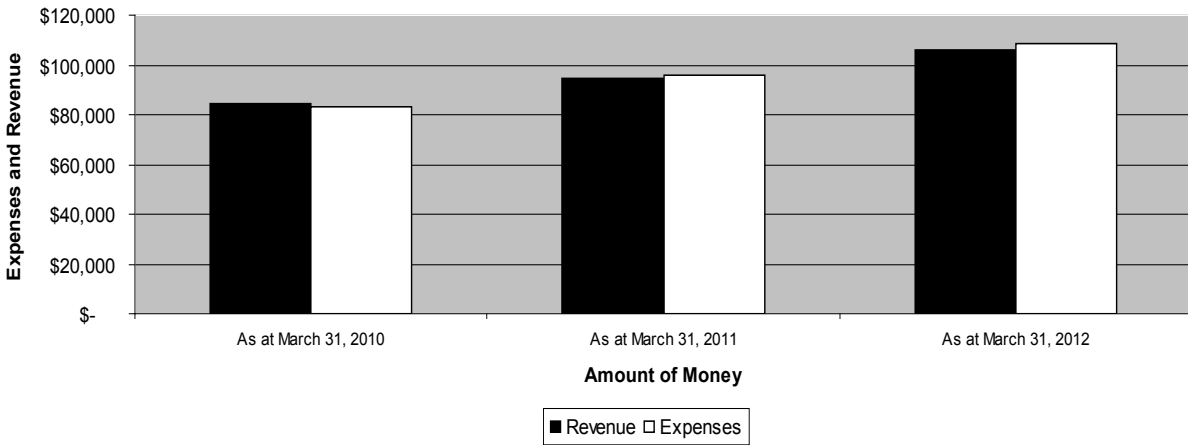
Note 2 – Other revenue represents the transfer of funds from the Patten Post Diversification Fund to offset identical conditional contributions made to projects.

Note 3 – Conditional contributions exceeded prior year results by over \$14 million and budget by \$10 million. This was due mainly to significant increases in funding of Infrastructure and Community Development Program projects and Emerging Technology Public Sector Program projects

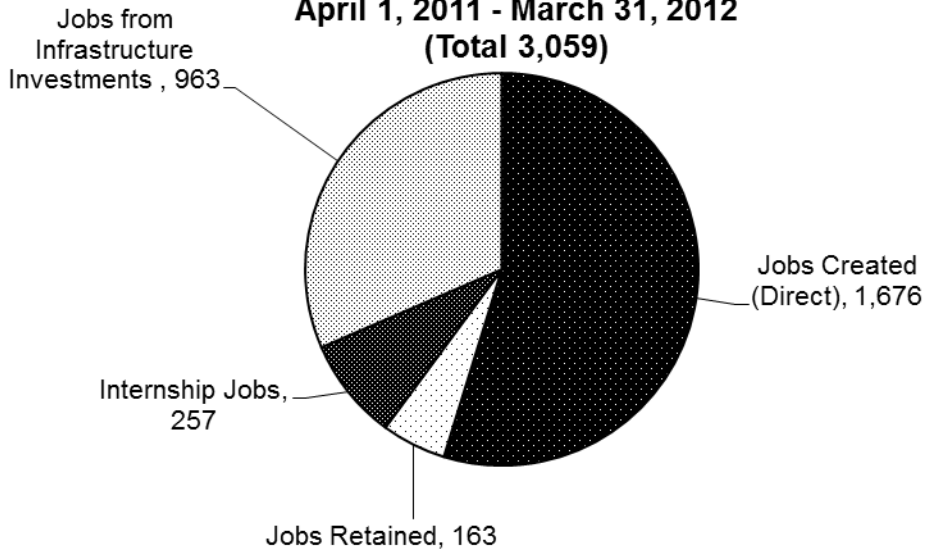
Note 4 – Salaries and benefits decreased in the year as a result of a reduction on contract staff.

Note 5 – Services were under budget as a result of delays in the Growth Plan Transportation study and the implementation of new financial management systems.

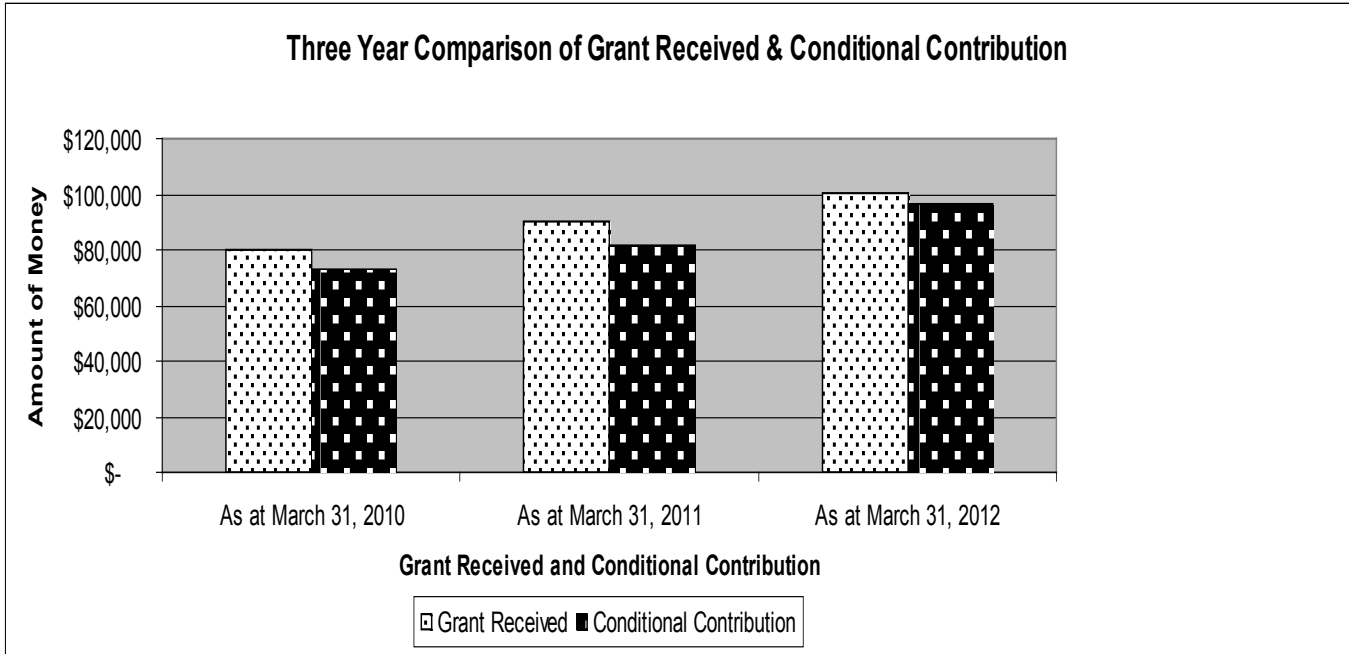
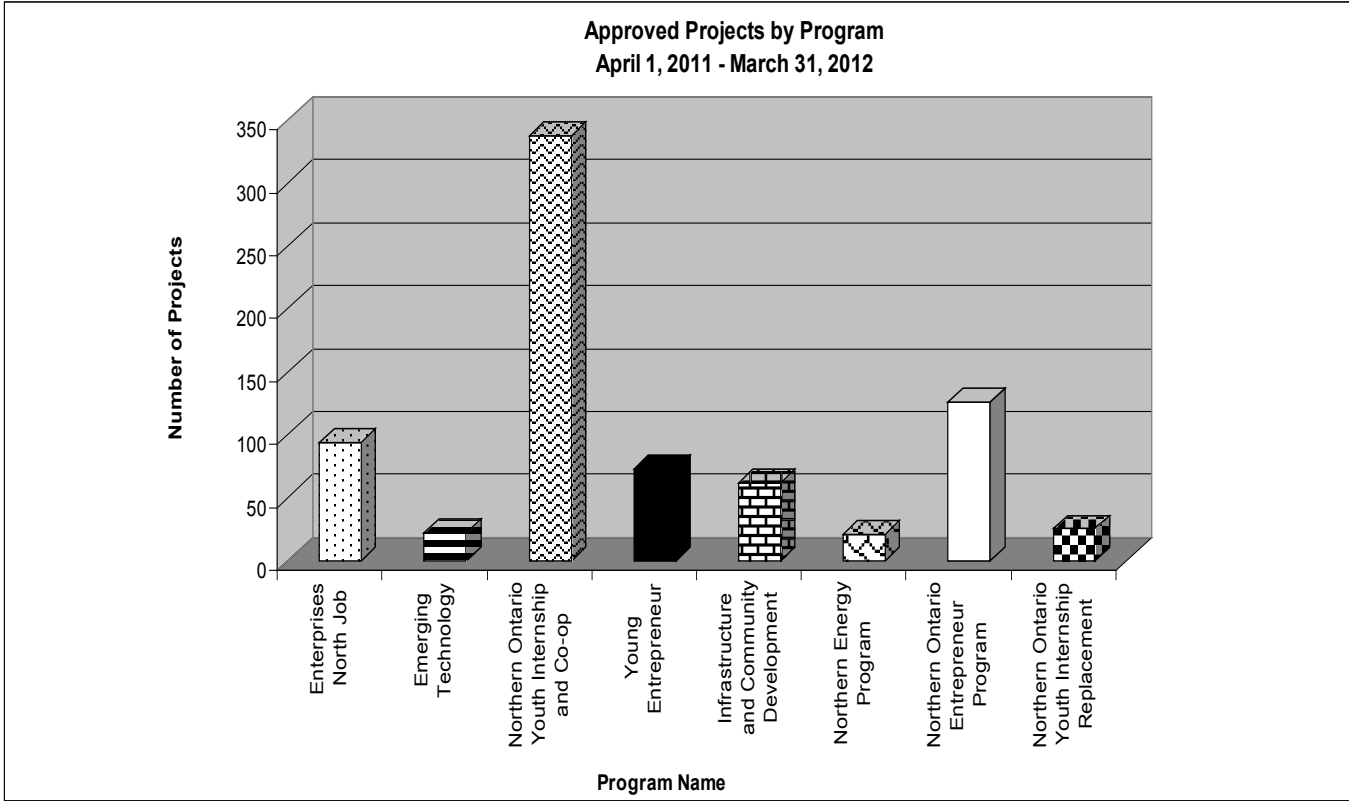
### Three Year Comparison of Revenue and Expenses

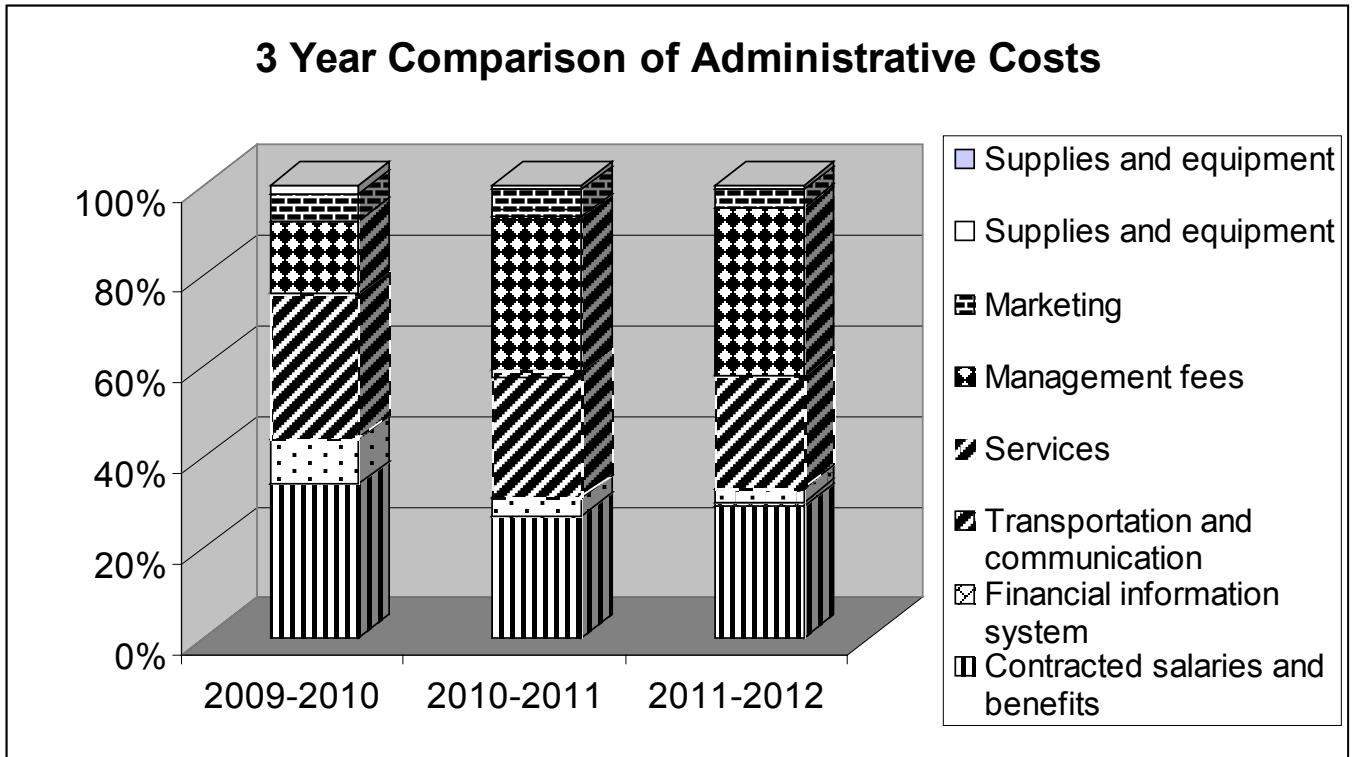
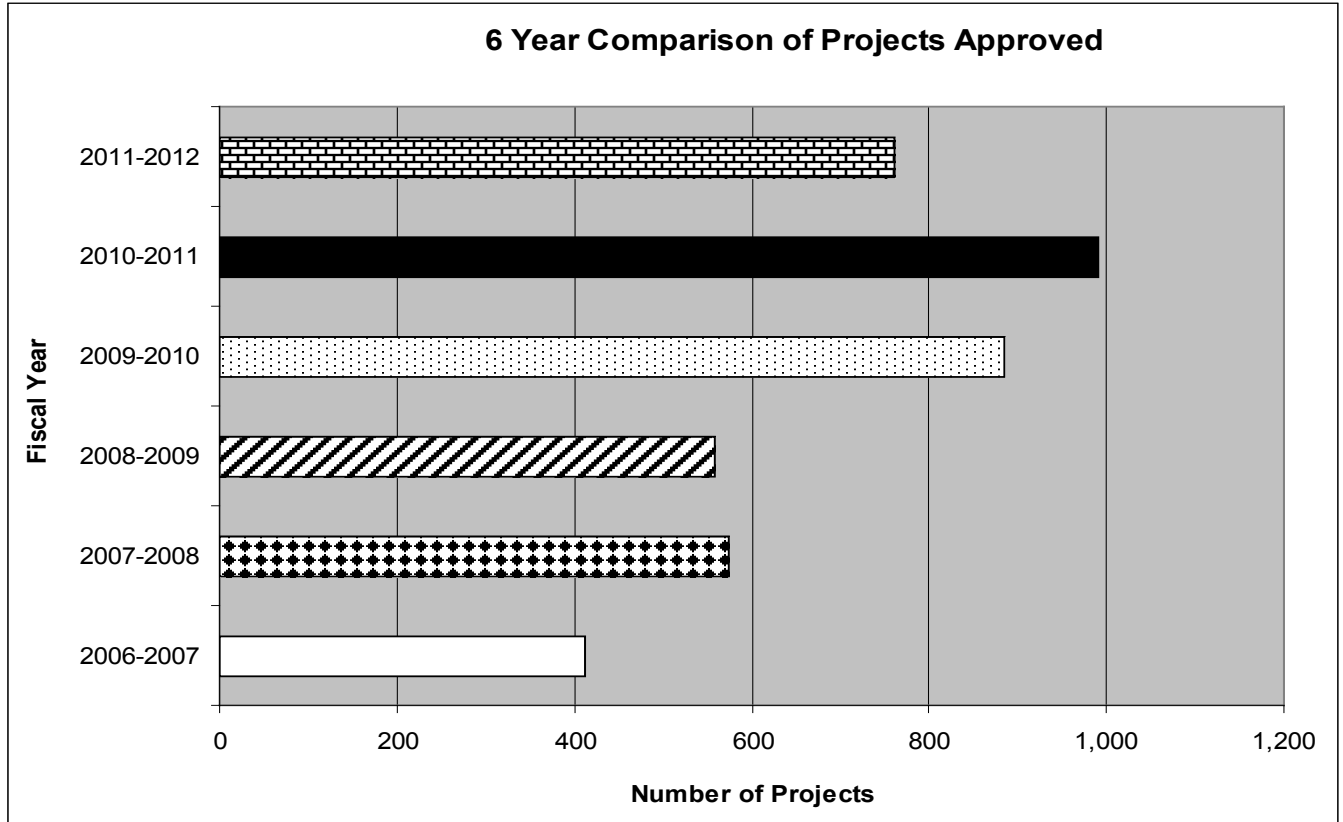


### Total Jobs Approved April 1, 2011 - March 31, 2012 (Total 3,059)

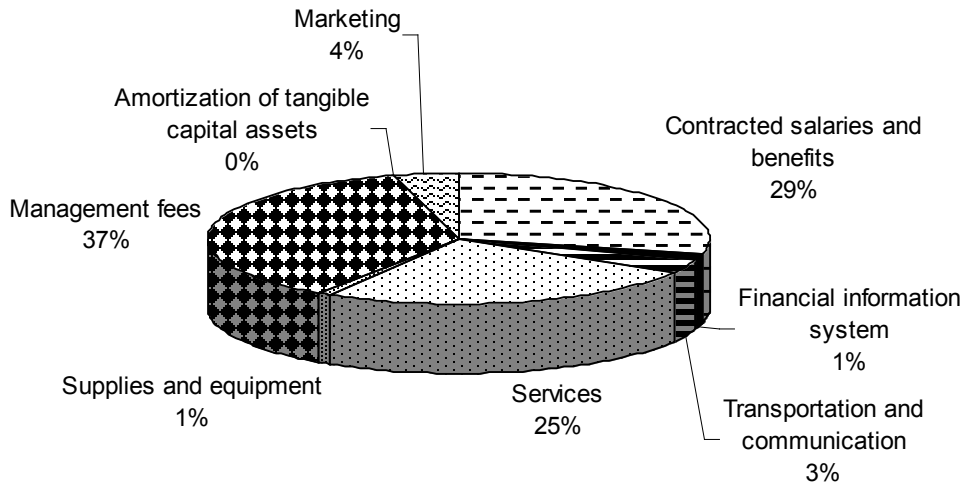








### Summary of Administrative Expenses For the Year Ended March 31, 2012



□ Contracted salaries and benefits	■ Financial information system
▣ Transportation and communication	□ Services
▤ Supplies and equipment	▣ Management fees
▥ Amortization of tangible capital assets	▤ Marketing

## Responsibility for Financial Reporting

The accompanying financial statements of the Northern Ontario Heritage Fund Corporation (NOHFC) have been prepared in accordance with Canadian public sector accounting standards, and are the responsibility of management. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods. The financial statements have been properly prepared within reasonable limits of materiality and in light of information available up to June 28, 2012.

Management is responsible for the integrity of the financial statements and maintains a system of internal controls designed to provide reasonable assurance that the assets are safeguarded and that reliable financial information is available on a timely basis. The system includes formal policies and procedures and an organizational structure that provides for appropriate delegation of authority and segregation of responsibilities.

The Board, through the Audit Committee, is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal controls. The Audit Committee, comprised of members who are not employees/officers of NOHFC generally meets periodically with management and the Office of the Auditor General to satisfy itself that each group has properly discharged its respective responsibility.

The financial statements have been audited by the Office of the Auditor General of Ontario. The Auditor's responsibility is to express an opinion on whether the financial statements are fairly presented in accordance with Canadian public sector accounting standards. The Auditor's Report outlines the scope of the Auditor's examination and opinion.



Bruce Strapp  
Executive Director  
NOHFC



Mike Murray, CA  
Manager, Financial Services  
NOHFC



Susan Richichi, CA  
Senior Financial Consultant  
NOHFC



Office of the Auditor General of Ontario  
Bureau du vérificateur général de l'Ontario

***Independent Auditor's Report***

To the Northern Ontario Heritage Fund Corporation  
and to the Minister of Northern Development and Mines

I have audited the accompanying financial statements of the Northern Ontario Heritage Fund Corporation, which comprise the statements of financial position as at March 31, 2012, March 31, 2011 and April 1, 2010, and the statements of operations, changes in net financial assets and cash flows for the years ended March 31, 2012 and March 31, 2011, 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 public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audits 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.

I believe that the audit evidence I have obtained in my audits is sufficient and appropriate to provide a basis for my opinion.

**Opinion**

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Northern Ontario Heritage Fund Corporation as at March 31, 2012, March 31, 2011 and April 1, 2010, and the results of its operations, changes in its net financial assets and its cash flows for the years ended March 31, 2012 and March 31, 2011 in accordance with Canadian public sector accounting standards.

Gary R. Peall, CA  
Deputy Auditor General  
Licensed Public Accountant

Toronto, Ontario  
June 28, 2012

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**NORTHERN ONTARIO HERITAGE FUND CORPORATION****Statement of Financial Position  
As at March 31, 2012**

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	March 31, 2012 (\$000s)	March 31, 2011 (\$000s) (Note 2)	April 1, 2010 (\$000s) (Note 2)
<b>Financial assets</b>			
Cash and cash equivalents (Note 4)	206,626	216,940	220,073
Accrued interest	1,271	1,774	1,204
Advance to other Ministries	-	-	100
Receivable from the Province of Ontario	-	-	10,000
Loans receivable (Note 5)	62,848	55,430	43,627
Patten Post Diversification Fund under administration (Note 7)	474	777	1,201
Duke Energy Fund under administration (Note 8)	240	235	241
	<u>271,459</u>	<u>275,156</u>	<u>276,446</u>
<b>Liabilities</b>			
Accounts payable	918	1,206	1,038
Patten Post Diversification Fund under administration (Note 7)	474	777	1,201
Duke Energy Fund under administration (Note 8))	240	235	241
	<u>1,632</u>	<u>2,218</u>	<u>2,480</u>
<b>Net financial assets</b>	<u>269,827</u>	<u>272,938</u>	<u>273,966</u>
<b>Non-financial assets</b>			
Tangible capital assets (Note 6)	24	-	-
<b>Net investment by the Province of Ontario</b>	<u>269,851</u>	<u>272,938</u>	<u>273,966</u>

**Commitments (Note 11)**

See accompanying notes to financial statements.

On behalf of the Board:



Co-Chair



Co-Chair

Executive Director

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**NORTHERN ONTARIO HERITAGE FUND CORPORATION****Statement of Operations  
For the Year Ended March 31, 2012**

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	Budget (\$000s) (unaudited)	2012 (\$000s)	2011 (\$000s) (Note 2)
<b>Revenue</b>			
Province of Ontario grant	100,000	100,000	90,000
Interest on cash and cash equivalents	2,122	2,723	2,294
Interest on loans receivable	1,369	2,700	2,355
Other	-	318	460
	<u>103,491</u>	<u>105,741</u>	<u>95,109</u>
<b>Expenses</b>			
Conditional contributions	86,337	96,843	82,394
Credit losses, net of recoveries (Note 9)	5,840	5,768	6,683
Administration (Note 10)	8,883	6,217	7,060
	<u>101,061</u>	<u>108,828</u>	<u>96,137</u>
Excess of expenses over revenue	<u>2,430</u>	<u>(3,087)</u>	<u>(1,028)</u>
<b>Net investment by the Province of Ontario, beginning of year</b>		<u>272,938</u>	<u>273,966</u>
<b>Net investment by the Province of Ontario, end of year</b>		<u>269,851</u>	<u>272,938</u>

See accompanying notes to financial statements.

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**NORTHERN ONTARIO HERITAGE FUND CORPORATION**

**Statement of Changes in Net Financial Assets  
For the Year Ended March 31, 2012**

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	2012 (\$000s)	2011 (\$000s)
Excess of expenses over revenue	(3,087)	(1,028)
Amortization of tangible capital assets	2	-
Acquisition of tangible capital assets	(26)	-
<b>Decrease in net financial assets</b>	<u>(3,111)</u>	<u>(1,028)</u>
<b>Net financial assets, beginning of year</b>	<u>272,938</u>	<u>273,966</u>
<b>Net financial assets, end of year</b>	<u>269,827</u>	<u>272,938</u>

See accompanying notes to financial statements.

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**NORTHERN ONTARIO HERITAGE FUND CORPORATION****Statement of Cash Flows  
For the Year Ended March 31, 2012**

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	2012 (\$000s)	2011 (\$000s)
<b>Lending, investing and financial assistance activities</b>		
Loan disbursements	(21,651)	(21,868)
Loan repayments and recoveries	9,052	3,850
Conditional contributions	(96,419)	(81,238)
Interest received on loans receivable	2,216	1,161
	<u>(106,802)</u>	<u>(98,095)</u>
<b>Financing activities</b>		
Cash contributions from the Province for:		
Lending and financial assistance activities	<u>100,000</u>	<u>100,000</u>
<b>Operating activities</b>		
Amortization	(2)	-
Interest received on cash and cash equivalents	3,015	1,754
Administration costs	(6,499)	(6,892)
Advance to other Ministries	-	100
	<u>(3,486)</u>	<u>(5,038)</u>
<b>Capital activities</b>		
Acquisition of tangible capital assets	<u>(26)</u>	<u>-</u>
<b>Decrease in cash and cash equivalents</b>	<b>(10,314)</b>	<b>(3,133)</b>
<b>Cash and cash equivalents, beginning of year</b>	<u>216,940</u>	<u>220,073</u>
<b>Cash and cash equivalents, end of year</b>	<u><u>206,626</u></u>	<u><u>216,940</u></u>

See accompanying notes to financial statements.

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## NORTHERN ONTARIO HERITAGE FUND CORPORATION

### Notes to Financial Statements March 31, 2012

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#### 1. NATURE OF THE BUSINESS

The Corporation was established, without share capital, on June 1, 1988 under the *Northern Ontario Heritage Fund Act*. The purpose of the Corporation is to fund infrastructure improvements and economic development opportunities in Northern Ontario by providing financial assistance by way of conditional contributions, forgivable performance loans, and incentive term loans. As an Ontario Crown agency, the Corporation is exempt from federal and provincial income taxes under the *Income Tax Act (Canada)*.

The Corporation partners with communities, businesses, entrepreneurs and youth across Northern Ontario to create jobs and strengthen the Northern economy. The Corporation delivers seven targeted programs as follows: Enterprises North Job Creation Program, Youth Internship and Co-op Program, Young Entrepreneur Program, Northern Energy Program, Emerging Technology Program, Entrepreneur Program and Infrastructure and Community Development Program.

#### 2. CONVERSION TO PUBLIC SECTOR ACCOUNTING STANDARDS

Commencing with the 2012 fiscal year, Northern Ontario Heritage Fund Corporation has adopted Canadian public sector accounting ("PSA") standards. These financial statements are the first financial statements for which Northern Ontario Heritage Fund Corporation has applied Canadian public sector accounting standards.

The impact of the conversion to Canadian public sector accounting standards resulted in 2011 revenue and expenditures increasing by \$460 and no impact on the Net Investment by the Province of Ontario.

#### 3. SIGNIFICANT ACCOUNTING POLICIES

##### (a) Basis of Accounting

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards for provincial reporting entities established by the Canadian Public Sector Accounting Board.

##### (b) Transactions with the Province of Ontario

The Province of Ontario contributes funds to finance the lending and financial assistance activities. The Province's investment is increased (reduced) by the excess (deficiency) of revenue over expenses.

##### (c) Cash and Cash Equivalents

Cash and cash equivalents consist primarily of funds on deposit in chartered banks and short-term investments on deposit with the Ontario Financing Authority, a related party.

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## NORTHERN ONTARIO HERITAGE FUND CORPORATION

### Notes to Financial Statements March 31, 2012

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#### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### (d) Tangible Capital Assets

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset.

The cost, less residual value of the tangible capital asset, is amortized on a straight line basis over their estimated useful lives as follows:

Automotive	7 years
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##### (e) Provision for Credit Losses

Credit losses arise on loans receivable issued by the Corporation. In addition to specific write-offs and write-downs, a provision for credit losses is maintained in an amount considered adequate to absorb anticipated credit-related losses. The provision for losses on loans consists of provisions on specific loans and is deducted from loans receivable.

The amounts written off and written down in the year, net of realized recoveries of amounts written off and written down in prior years, and changes in provisions, are charged to credit losses in the Statement of Operations.

##### (f) Revenue Recognition

Government grants are recognized when receivable. Interest income is recognized on the accrual basis.

Other conditional income is recognized as revenue in relation to specific expenses incurred.

##### (g) Conditional Contributions and Forgivable Loans

Generally, loans are forgiven on condition that the borrower has met certain requirements after the loan is disbursed. The Corporation expenses conditional contributions and forgivable loans when disbursed, as historically the proponents have met all conditions. Recoveries of monies for which the conditions are not met are recognized in the year received.

##### (h) Use of Estimates

Preparation of the financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimated. Significant estimates include the provision for credit losses and the loan discount.

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## NORTHERN ONTARIO HERITAGE FUND CORPORATION

### Notes to Financial Statements March 31, 2012

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#### 4. CASH AND CASH EQUIVALENTS

The *Northern Ontario Heritage Fund Act* restricts investments to securities issued or guaranteed by the provinces, Canada, United States, United Kingdom, the International Bank for Reconstruction and Development and any Canadian Schedule I or II bank, and other investments as authorized by the Lieutenant Governor in Council. The Corporation, through an Investment Management Agreement with the Ontario Financing Authority, invests excess funds in securities as allowed by the Act.

Cash and cash equivalents consist of:

	2012 (\$000s)	2011 (\$000s)
Cash	37,313	21,555
Short-term investments	169,313	195,385
	<u>206,626</u>	<u>216,940</u>

Short-term investments consist of treasury bills (maturing within 365 days) which yielded 1.20% on average (2011 – 1.10%). All treasury bills are redeemable on demand.

#### 5. LOANS RECEIVABLE

	2012 (\$000s)	2011 (\$000s)
Current	4,970	5,580
Long-term	80,097	67,433
Provision for credit losses on specific loans	(20,396)	(15,172)
Loan discount	(1,823)	(2,411)
	<u>62,848</u>	<u>55,430</u>

Generally, loans bear fixed interest rates ranging from 0% to 9.25% and are fully repayable within 20 years from the date disbursed.

The changes in the provision for credit losses on specific loans are as follows:

	2012 (\$000s)	2011 (\$000s)
Balance, beginning of year	15,172	8,812
Loans written off in the year	(544)	(323)
Change in loan provision	5,768	6,683
Balance, end of year	<u>20,396</u>	<u>15,172</u>

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**NORTHERN ONTARIO HERITAGE FUND CORPORATION****Notes to Financial Statements  
March 31, 2012**

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**5. LOANS RECEIVABLE (CONTINUED)**

The changes in the loan discount balances are as follows:

	2012 (\$000s)	2011 (\$000s)
Balance, beginning of year	2,411	2,376
Amount of loan discount charged	106	696
Amount amortized to interest on loans receivable	<u>(694)</u>	<u>(661)</u>
Balance, end of year	<u>1,823</u>	<u>2,411</u>

**6. TANGIBLE CAPITAL ASSETS**

	2012 (\$000s)	2011 (\$000s)
<b>Cost</b>		
Opening	-	-
Additions	<u>26</u>	<u>-</u>
Closing	<u>26</u>	<u>-</u>
<b>Accumulated amortization</b>		
Opening	-	-
Amortization	<u>2</u>	<u>-</u>
Closing	<u>2</u>	<u>-</u>
Net book value, end of year	<u>24</u>	<u>-</u>

**7. PATTEN POST DIVERSIFICATION FUND UNDER ADMINISTRATION**

The Corporation is responsible for the administration of a Fund whose proceeds were received from Ontario Power Generation Incorporated. The objective of the Fund is to benefit communities that suffered economic hardship as a result of uranium mine closures in the Elliot Lake area. The Corporation is responsible for processing applications for funding according to established funding criteria until the balance in the fund is disbursed.

The activity of the Fund was as follows:

	2012 (\$000s)	2011 (\$000s)
Investment income	15	24
Disbursements to communities	<u>(318)</u>	<u>(448)</u>
Net results for the year	<u>(303)</u>	<u>(424)</u>
Fund balance, beginning of year	<u>777</u>	<u>1,201</u>
Fund balance, end of year	<u>474</u>	<u>777</u>

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## NORTHERN ONTARIO HERITAGE FUND CORPORATION

### Notes to Financial Statements March 31, 2012

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#### 8. DUKE ENERGY FUND UNDER ADMINISTRATION

The Corporation is responsible for the administration of a Fund whose proceeds were received from Union Gas Limited, a Duke Energy Company, on July 15, 2005. The objective of the Fund is to benefit Northern Ontario through funding for job-training projects proposed by educational institutions located in Northern Ontario under NOHFC's Emerging Technologies program. The Corporation is responsible for processing applications for funding based on advice from Duke Energy Company and according to established funding criteria until the balance in the fund is disbursed.

The activity of the Fund was as follows:

	2012 (\$000s)	2011 (\$000s)
Investment income	5	6
Disbursements to communities	-	(12)
Net results for the year	<u>5</u>	<u>(6)</u>
Fund balance, beginning of year	<u>235</u>	<u>241</u>
Fund balance, end of year	<u>240</u>	<u>235</u>

#### 9. CREDIT LOSSES

Credit losses shown in the Statement of Operations are as follows:

	2012 (\$000s)	2011 (\$000s)
Loans written off in the year	544	323
Less: amounts provided for in previous years	<u>(544)</u>	<u>(284)</u>
	-	39
Change in provision on active loans	<u>5,768</u>	<u>6,644</u>
Change in loan provision	<u>5,768</u>	<u>6,683</u>

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## NORTHERN ONTARIO HERITAGE FUND CORPORATION

### Notes to Financial Statements March 31, 2012

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#### 10. ADMINISTRATION EXPENSES

Details of administration expenses in the year are as follows:

	Budget (\$000s) (unaudited)	2012 (\$000s)	2011 (\$000s)
Contracted salaries and benefits	1,732	1,791	1,893
Transportation and communications	290	209	275
Services	4,126	1,553	1,950
Management fees	2,200	2,247	2,472
Marketing	-	264	419
Supplies and equipment	35	65	51
Financial information system	500	86	-
Amortization of tangible capital assets	-	2	-
	<u>8,883</u>	<u>6,217</u>	<u>7,060</u>

The Ministry of Government Services provides pension benefits for all of NOHFC's permanent staff through participation in the Public Service Pension Fund and the Ontario Public Service Employees' Union Pension Fund which are both multi-employer defined benefit pension plans established by the Province of Ontario. The costs of the pension plans, and other post-retirement non-pension benefits provided to eligible staff are paid by the Ministry and are not included in these financial statements.

#### 11. COMMITMENTS

Funds committed, but not disbursed, as at March 31, 2012 are \$189,776,980 (2011: \$203,597,806).

#### 12. BUDGETED FIGURES

Budgeted figures have been provided for comparison purposes.

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