

Financial Statements of

**NICKEL DISTRICT
CONSERVATION AUTHORITY**

Year ended December 31, 2015



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INDEPENDENT AUDITORS' REPORT

To the Members of Nickel District Conservation Authority

We have audited the accompanying financial statements of Nickel District Conservation Authority, which comprise the statement of financial position as at December 31, 2015, the statement of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes, comprising 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.

Auditors' 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 our 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, we consider 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 Nickel District Conservation Authority as at December 31, 2015, and its results of operations, changes in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants, Licensed Public Accountants

March 31, 2016
Sudbury, Canada

NICKEL DISTRICT CONSERVATION AUTHORITY

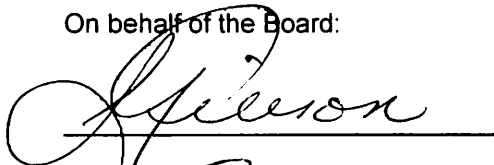
Statement of Financial Position


December 31, 2015, with comparative information for 2014

	2015	2014
Financial Assets		
Cash and investments (note 2)	\$ 354,141	616,921
Restricted cash and investments (note 2)	1,199,477	1,049,884
Accounts receivable	176,748	132,233
	<u>1,730,366</u>	<u>1,799,038</u>
Financial Liabilities		
Accounts payable and accrued liabilities	68,581	67,174
Accumulated sick leave liability (note 5)	25,809	50,245
Deferred contributions (note 4)	157,524	213,648
Due to Junction Creek Stewardship Committee	30,503	65,356
Due from Nickel District Conservation Foundation	1,153	-
	<u>283,570</u>	<u>396,423</u>
Net Financial Assets	<u>1,446,796</u>	<u>1,402,615</u>
Non-Financial Assets		
Tangible capital assets (note 8)	10,962,744	11,197,529
Accumulated surplus (note 6)	<u>\$ 12,409,540</u>	<u>12,600,144</u>

See accompanying notes to financial statements.

On behalf of the Board:


_____ Chair


_____ Secretary - Treasurer

NICKEL DISTRICT CONSERVATION AUTHORITY

Statement of Operations and Accumulated Surplus

Year ended December 31, 2015, with comparative information for 2014

	Unrestricted	Restricted		2015 Total	2014 Total
		Externally	Internally		
Revenue:					
Government grants:					
Source Water Protection					
Conservation Ontario/Province	\$ 206,160	-	-	\$ 206,160	271,067
MNR transfer payments	154,250	-	-	154,250	154,250
Provincial - other	23,088	-	-	23,088	90,955
Federal	2,639	-	-	2,639	-
Municipal levies	405,000	250,000	-	655,000	636,000
Corporate Grants	-	68,969	27,500	96,469	-
Municipal - other	8,172	-	-	8,172	25,224
Planning user fees	54,511	-	-	54,511	43,917
Solicitor enquiries	20,970	-	-	20,970	22,000
Donations	115,272	-	6,763	122,035	108,500
Property rental	47,891	-	42,449	90,340	87,344
Other	46,394	-	-	46,394	127,555
Friends of Lake Laurentian	3,037	-	-	3,037	4,390
Interest	2,545	-	5,486	8,031	12,079
Northern Watersports Center	-	-	-	-	1,385
	1,089,929	318,969	82,198	1,491,096	1,584,666
Expenses:					
Administration (schedule 1)	315,636	-	-	315,636	305,110
Program operations (schedule 2)	1,206,219	139,844	19,199	1,365,262	1,416,896
Other (schedule 3)	802	-	-	802	14,004
	1,522,657	139,844	19,199	1,681,700	1,736,010
Annual surplus (deficit)	(432,728)	179,125	62,999	(190,604)	(151,344)
Accumulated surplus, beginning of year	11,546,971	390,549	662,624	12,600,144	12,751,488
Inter-reserve transfers	95,820	(72,931)	(22,889)	-	-
Accumulated surplus, end of year	\$ 11,210,063	496,743	702,734	\$ 12,409,540	12,600,144

See accompanying notes to financial statements.

NICKEL DISTRICT CONSERVATION AUTHORITY

Statement of Changes in Net Financial Assets

Year ended December 31, 2015, with comparative information for 2014

	2015	2014
Annual deficit	\$ (190,604)	(151,344)
Amortization of tangible capital assets	325,605	331,826
Acquisition of tangible capital assets	(95,820)	(84,104)
Cash proceeds on disposition of capital assets	5,000	-
Change in net financial assets	44,181	96,378
Net financial assets, beginning of year	1,402,615	1,306,237
Net financial assets, end of year	\$ 1,446,796	1,402,615

See accompanying notes to financial statements.

NICKEL DISTRICT CONSERVATION AUTHORITY

Statement of Cash Flows

Year ended December 31, 2015, with comparative information for 2014

	2015	2014
Cash flows from operating activities:		
Annual deficit	\$ (190,604)	(151,344)
Item not involving cash:		
Amortization of tangible capital assets	325,605	331,826
	135,001	180,482
Changes in non-cash working capital:		
Decrease (increase) in accounts receivable	(44,515)	13,763
Increase in accounts payable and accrued liabilities	1,407	44,242
Increase (decrease) in accumulated sick leave liability	(24,436)	448
Increase (decrease) in deferred contributions	(56,124)	(7,843)
Increase (decrease) in Junction Creek Stewardship Committee	(34,853)	65,356
Increase in Nickel District Conservation Foundation	1,153	-
	(22,367)	296,448
Capital activities:		
Acquisition of tangible capital assets	(95,820)	(84,104)
Cash proceeds on disposition of capital assets	5,000	-
Increase (decrease) in cash	(113,187)	212,344
Cash position, beginning of year	1,666,805	1,454,461
Cash position, end of year	\$ 1,553,618	1,666,805
Cash and investments is comprised of the following:		
Cash and investments	\$ 354,141	616,921
Restricted cash and investments	1,199,477	1,049,884
	\$ 1,553,618	1,666,805

See accompanying notes to financial statements.

NICKEL DISTRICT CONSERVATION AUTHORITY

Notes to Financial Statements

Year ended December 30, 2015

Nickel District Conservation Authority (the "Authority") is a land and water management agency established under the provisions of the Conservation Authorities Act of Ontario. The Authority is a registered charitable organization and is exempt from income taxes under the Canadian Income Tax Act.

1. Significant accounting policies:

These financial statements are prepared in accordance with Canadian public sector accounting standards. The Authority's significant accounting policies are as follows

(a) Fund accounting:

Unrestricted:

Reserve for levy stabilization:

This reserve accounts for the Authority's program delivery and administrative activities. It consists of the difference between budgeted municipal levies and the municipalities' share of actual net expenses. The amount is available to reduce future municipal levies by the Authority.

Restricted internally:

i) Reserve for water control preventative maintenance:

This reserve was set up to fund maintenance costs for dam and erosion control structures, and water management engineering.

ii) Reserve for Lake Laurentian development:

This reserve was set up to fund development at Lake Laurentian.

iii) Reserve for flood forecasting system:

This reserve was set up to fund the upgrade and maintenance of the flood forecasting system.

iv) Reserve for Junction Creek water management (Berms):

This reserve was set up to fund development of this multi-phased capital project.

v) Reserve for accumulated sick leave:

Under the revised sick leave benefit plan, unused sick leave has been frozen at the number of days accumulated to December 31, 1989. Employees will become entitled to a cash payment when they leave the Authority's employment.

vi) Reserve for Friends of Lake Laurentian:

This reserve was set up to ensure that our community jewel, the Lake Laurentian Conservation Area, is appreciated and enhanced for future generations.

vii) Reserve for Fast Flow Water Program:

This reserve was set up to continue on with the education work with regards to the issue of swift water safety and to remember Adam Dickie.

NICKEL DISTRICT CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 30, 2015

1. Significant accounting policies (continued):

(a) Fund accounting (continued):

Restricted externally (continued):

Reserve for special capital infrastructure:

This reserve was set up to provide funding to perform infrastructure maintenance on existing flood and erosion control structures. The funding is mainly locally generated, but can include, from year to year, provincial funds if Water and Erosion Control Infrastructure (WECI) projects are approved.

(b) Revenue recognition:

Restricted contributions related to operations are recognized as revenue of the reserve for levy stabilization in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Unrestricted contributions are recognized as revenue of the reserve for levy stabilization in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonable assured.

Investment income earned on restricted reserves resources that will be spent on those activities is recognized as revenue of the restricted reserves. Unrestricted investment income earned on resources is recognized as revenue of the reserve for levy stabilization.

User fees from planning applications and solicitor inquiries are recognized as revenue of the reserve for levy stabilization when the services are rendered.

Gross revenue percentage rent due under the lease of the Maley Reservoir is recognized between the water control preventative maintenance reserve, Lake Laurentian development reserve, Flood forecasting system reserve, accumulated sick leave reserve and reserve for levy stabilization. All other rents received are recognized in the reserve for levy stabilization.

Donations from the Nickel District Conservation Foundation are recognized upon receipt as revenue in the reserve for levy stabilization.

The Maley drive property rental is calculated as a percentage of sales in accordance with the terms of the agreement. All other property rental revenue is recognized as it is received at the beginning of the annual term.

When revenue from special programs is received in advance of the related expense, such revenue is deferred until the year in which the expense occurred.

(c) Cash and investments:

Cash and investments includes cash on hand, balances held in the bank, current term guaranteed investment certificates and investment in a treasury bill fund.

NICKEL DISTRICT CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 30, 2015

1. Significant accounting policies (continued):

(d) Tangible capital assets:

Tangible capital assets are comprised of property, buildings, equipment and infrastructure and are recognized in the period they are acquired. Tangible capital assets are recorded at cost which includes all amounts directly attributable to acquisition, construction, development or betterment of the asset. Amortization is provided on a straight-line basis, over the estimated useful life for all assets except land which is not amortized.

The estimated useful lives of tangible capital assets are estimated as follows:

Asset	Useful Life
Buildings	20 years
Equipment	10 - 20 years
Computers	5 years
Leasehold improvements	5 years (initial term of the lease)
Infrastructure	10 - 75 years

(e) Use of estimates:

The 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amounts of tangible capital assets, the allowance for doubtful accounts and deferred contributions. Actual results could differ from those estimates.

2. Cash and investments:

	2015	2014
Balances held in accounts by CIBC	\$ 225,956	\$ 192,618
Canadian Treasury bill fund with CIBC securities	655,030	807,661
Guaranteed investment certificate with CIBC, yielding interest at 1.65%, maturing March 12, 2018	593,044	588,406
Guaranteed investment certificate with Sun Life Financial, yielding interest at 1.25%, maturing July 20, 2020	79,588	78,120
	<u>\$ 1,553,618</u>	<u>\$ 1,666,805</u>

NICKEL DISTRICT CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 30, 2015

2. Cash and investments (continued):

	2015	2014
Cash and investments	\$ 354,141	\$ 616,921
Restricted cash and investments	1,199,477	1,049,884
	\$ 1,553,618	\$ 1,666,805

3. Related party transactions:

	2015	2014
Municipal funding from the City of Greater Sudbury	\$ 655,000	\$ 636,000
Municipal partnership funding recognized during the year	–	76,723
Donations received from the Nickel District Conservation Foundation	89,245	90,000
Receivable from the City of Greater Sudbury	–	4,262
Municipal taxes paid to the City of Greater Sudbury	23,584	(19,613)

These transactions are in the normal course of operations and are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

4. Deferred contributions:

The deferred contributions consist of:

	Balance, beginning of year	Contributions Received / Transfers In	Expenses Incurred / Transfers Out	Balance, end of year
Source Water Protection - operations and administration	\$ 172,533	151,545	(206,160)	\$ 117,918
Northern Watersports Centre – RBC Bluewater	33,615	–	–	33,615
Groundwater Partnership (City)	7,500	6,808	(8,317)	5,991
	\$ 213,648	158,353	214,477	\$ 157,524

NICKEL DISTRICT CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 30, 2015

5. Accumulated sick leave liability:

Under the revised sick leave benefit plan, unused sick leave has been frozen at the number of days accumulated to December 31, 1989. Employees will become entitled to a cash payment when they leave the Authority's employment. The liability for these accumulated days, to the extent they are vested and could be taken in cash by employees on conclusion of employment is funded by operations.

6. Accumulated surplus:

a) Restricted:

	2015	2014
Restricted externally:		
Special capital infrastructure	\$ 496,743	\$ 390,549
Restricted internally:		
Water control preventative maintenance	293,704	277,111
Lake Laurentian Development	235,760	238,777
Flood forecasting system	125,980	110,821
Friends of Lake Laurentian	26,987	15,612
Junction Creek water management (Berms)	20,303	20,303
	702,734	662,624
	\$ 1,199,477	\$ 1,053,173

b) Unrestricted:

Levy stabilization	\$ 247,319	\$ 349,442
Tangible capital assets	10,962,744	11,197,529
	\$ 11,210,063	11,546,971

Total accumulated surplus	\$ 12,409,540	\$ 12,600,144
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7. Pension plan:

The Authority contributes to a defined contribution pension plan for certain of its full time employees. Employer contributions made to the plan during the year amounts to \$22,537 (2014 - \$27,356).

NICKEL DISTRICT CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 30, 2015

8. Tangible capital assets:

Cost	Balance December 31, 2014	Additions and Transfers	Disposals and Write-offs	Balance at December 31, 2015
Land	\$ 5,918,700	\$ -	\$ -	\$ 5,918,700
Buildings	332,818	79,421	-	412,239
Infrastructure	15,691,789	15,993	-	15,707,782
Equipment	475,048	-	-	475,048
Leasehold improvements	134,704	-	-	134,704
Computers	86,814	406	-	87,220
Total	\$ 22,639,873	\$ 95,820	\$ -	\$ 22,735,693

Accumulated amortization	Balance December 31, 2014	Disposals and transfers	Amortization expense	Balance at December 31, 2015
Land	\$ -	\$ -	\$ -	\$ -
Buildings	332,818	-	1,986	334,804
Infrastructure	10,521,933	-	286,684	10,808,617
Equipment	450,925	-	8,652	459,577
Leasehold improvements	53,882	-	26,941	80,823
Computers	82,786	-	1,342	84,128
Total	\$ 11,442,344	\$ -	\$ 325,605	\$ 11,767,949

	Net book value December 31, 2014	Net book value December 31, 2015
Land	\$ 5,918,700	\$ 5,913,700
Buildings	-	77,435
Infrastructure	5,169,856	4,899,165
Equipment	24,123	15,471
Leasehold improvements	80,822	53,881
Computers	4,028	3,092
Total	\$ 11,197,529	\$ 10,962,744

NICKEL DISTRICT CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 30, 2015

9. Contingent liabilities:

The Authority is involved from time to time in litigation, which arises in the normal course of business. In respect of any claims, the Authority believes that insurance coverage is adequate and that no material exposure exists on the eventual settlement of such litigation, therefore no provision has been made in the accompanying financial statements.

10. Lease commitment:

The Authority's premises are leased by way of an agreement requiring it to make monthly rent payments which expires March 30, 2018. The monthly rental payments for the year ended December 31, 2016 are expected to be \$4,577, which includes operating expenses and property taxes. This amount is adjusted annually by the landlord based on actual operating costs and property taxes.

11. Expenses by object:

	2015	2014
Salaries, wages and employee benefits	\$ 721,753	\$ 791,670
Materials, services and rents	637,045	612,514
Amortization	322,902	331,826
	<u>\$ 1,681,700</u>	<u>\$ 1,736,010</u>

12. Segmented reporting:

The Chartered Professional Accountants of Canada Public Sector Accounting Handbook Section PS2700, Segment Disclosures, establishes standards on defining and disclosing segments in a government's financial statements. Government organizations that apply these standards are encouraged to provide disclosures established by this section when their operations are diverse enough to warrant such disclosures.

NICKEL DISTRICT CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 30, 2015

13. Budget figures:

The budgeted figures presented below were adopted by the Authority on February 26, 2015.

Revenue:	
Municipal levies	\$ 655,000
Provincial grants	164,750
Nickel District Conservation Foundation donation	90,000
Program user fees	83,000
Property leases	29,400
Other	5,000
Reserves	82,476
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	\$ 1,109,626

Expenses:	
Wages and benefits	\$ 630,926
Materials and supplies	152,250
Outreach	26,250
Contract services	88,100
Overhead	212,100
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	\$ 1,109,626

There was an additional withdrawal from the Lake Laurentian Development reserve for \$12,325 that was approved by the Board of Directors.

14. Comparative information:

Certain of the 2014 comparative information have been restated to conform with the 2015 presentation.

NICKEL DISTRICT CONSERVATION AUTHORITY

Administration
Statement of Expenses

Schedule 1

Year ended December 31, 2015, with comparative information for 2014

	2015	2014
Wages and benefits	\$ 120,098	117,717
General	107,521	82,407
Rent and utilities	3,293	24,138
Advertising and promotion	15,015	28,734
Travel and allowances	24,412	13,052
Equipment rental	6,439	1,304
Material and supplies	1,923	823
Amortization of tangible capital assets	36,935	36,935
	<u>\$ 315,636</u>	<u>305,110</u>

NICKEL DISTRICT CONSERVATION AUTHORITY

Program Operations Statement of Expenses

Schedule 2

Year ended December 31, 2015, with comparative information for 2014

	Unrestricted	Restricted		2015	2014
		Externally	Internally		
Program operations:					
Regulation enforcement	\$ 135,360	-	-	135,360	135,299
Flood control structures	41,838	66,291	-	108,129	107,040
Flood forecasting and warnings	148,198	-	-	148,198	149,119
Environmental Education	192,044	73,553	-	265,597	265,775
Conservation management	28,631	-	-	28,631	94
Erosion control structures	23,949	-	-	23,949	20,727
Amortization of tangible capital assets	246,052	-	-	246,052	246,052
	816,072	139,844	-	955,916	924,106
Capital projects, surveys and studies:					
Source water protection - operations and administration	206,160	-	-	206,160	282,897
Climate change consortium	1,322	-	-	1,322	1,904
Monitoring	48,977	-	-	48,977	82,470
Other LLCA	53,563	-	19,199	72,762	76,680
Trails LLCA	37,507	-	-	37,507	-
Amortization tangible capital assets	42,618	-	-	42,618	48,839
	390,147	-	19,199	409,346	492,790
	\$ 1,206,219	139,844	19,199	1,365,262	1,416,896

NICKEL DISTRICT CONSERVATION AUTHORITY

Other
Statement of Expenses

Schedule 3

Year ended December 31, 2015, with comparative information for 2014

	Unrestricted	Restricted Internally	2015	2014
Friends of Lake Laurentian	\$ 802	-	802	12,619
Northern Water Sports	-	-	-	1,385
	\$ 802	-	802	14,004