

Financial Statements of

**NICKEL DISTRICT
CONSERVATION AUTHORITY**

And Independent Auditor's Report thereon

Year ended December 31, 2023



KPMG LLP
Times Square
1760 Regent Street, Unit 4
Sudbury, ON P3E 3Z8
Canada
Telephone 705 675 8500
Fax 705 675 7586

INDEPENDENT AUDITOR'S REPORT

To the Members of Nickel District Conservation Authority

Opinion

We have audited the accompanying financial statements of Nickel District Conservation Authority, which comprise:

- the statement of financial position as at December 31, 2023
- the statement of operations and accumulated surplus for the year then ended
- the statement of changes in net financial assets for the year then ended
- the statement of remeasurement gains and losses for the year the ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”)

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Nickel District Conservation Authority as at December 31, 2023, and its results of operations and accumulated surplus, its changes in net financial assets, its remeasurement gains and losses and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “***Auditor’s Responsibilities for the Audit of the Financial Statements***” section of our report.

We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Authority's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Authority or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Authority's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Authority's internal control.



Page 3

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

September 12, 2024

NICKEL DISTRICT CONSERVATION AUTHORITY

Statement of Financial Position


December 31, 2023, with comparative information for 2022

	2023	2022
Financial Assets		
Cash	\$ 1,030,648	\$ 236,968
Investments (note 3)	1,246,698	1,182,911
Accounts receivable	1,359,199	1,518,453
Due From Nickel District Conservation Foundation	96,409	118,170
	<u>3,732,954</u>	<u>3,056,502</u>
Financial Liabilities		
Accounts payable and accrued liabilities	221,301	345,716
Deferred contributions (note 5)	420,246	113,694
	<u>641,547</u>	<u>459,410</u>
Net financial assets	3,091,407	2,597,092
Non-Financial Assets		
Prepaid expenses	25,897	-
Tangible capital assets (note 8)	13,464,935	13,113,736
Commitments and contingencies (note 9)		
Accumulated surplus	\$ 16,582,239	\$ 15,710,828
Accumulated surplus is comprised of:		
Accumulated operating surplus (note 7)	\$ 16,393,377	\$ 15,597,419
Accumulated remeasurement gains	188,862	113,409
	<u>\$ 16,582,239</u>	<u>\$ 15,710,828</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, 2023, with comparative information for 2022

	2023 Budget (note 11)	2023 Actual	2022 Actual
Revenue:			
Municipal levy - operating	\$ 815,788	\$ 815,788	\$ 772,029
Municipal levy - capital	350,000	350,000	350,000
Provincial grants	208,686	479,714	895,649
Municipal grants	-	-	7,425
Federal grants	47,304	611,268	611,904
Property rental	120,000	193,843	175,187
User fees	285,550	269,624	295,659
Donations and other	171,460	83,621	180,638
Investment income	-	35,986	48,558
	<u>1,998,788</u>	<u>2,839,844</u>	<u>3,337,049</u>
Expenses (note 10):			
Corporate Services	441,059	484,463	533,538
Education and Engagement	303,284	273,758	275,975
Capital Asset Program	350,031	353,218	366,783
Conservation Authority Lands	210,800	210,266	178,330
Planning and Development Services	298,300	307,867	298,198
Water Risk Management	365,635	348,867	290,899
Watershed Stewardship	116,320	65,447	149,791
	<u>2,085,429</u>	<u>2,043,886</u>	<u>2,093,514</u>
Annual surplus (deficit)	(86,641)	795,958	1,243,535
Accumulated surplus, beginning of year	15,597,419	15,597,419	14,353,884
Accumulated surplus, end of year	<u>\$ 15,510,778</u>	<u>\$ 16,393,377</u>	<u>\$ 15,597,419</u>

See accompanying notes to financial statements.

NICKEL DISTRICT CONSERVATION AUTHORITY

Statement of Changes in Net Financial Assets

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Annual surplus	\$ 795,958	\$ 1,243,535
Net remeasurement gains (losses) for the year	75,453	(205,658)
	871,411	1,037,877
Amortization of tangible capital assets	350,031	322,774
Acquisition of tangible capital assets	(701,230)	(1,488,072)
Decrease in prepaid expenses	(25,897)	2,204
Change in net financial assets	494,315	(125,217)
Net financial assets, beginning of year	2,597,092	2,722,309
Net financial assets, end of year	\$ 3,091,407	\$ 2,597,092

See accompanying notes to financial statements.

NICKEL DISTRICT CONSERVATION AUTHORITY

Statement of Remeasurement Gains and Losses

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Accumulated remeasurement gains, beginning of year	\$ 113,409	\$ 319,067
Unrealized gains (losses) attributable to:		
Fixed income	33,841	(84,856)
Equity instruments	58,148	(95,671)
	91,989	(180,527)
Realized (losses) attributable to:		
Fixed income	-	(1,266)
Equity instruments	(16,536)	(23,865)
	(16,536)	(25,131)
Net remeasurement gains (losses) for the year	75,453	(205,658)
Accumulated remeasurement gains, end of year	\$ 188,862	\$ 113,409

See accompanying notes to financial statements.

NICKEL DISTRICT CONSERVATION AUTHORITY

Statement of Cash Flows

Year ended December 31, 2023 with comparative information for 2022

	2023	2022
Cash flows from operating activities:		
Annual surplus	\$ 795,958	\$ 1,243,535
Item not involving cash:		
Amortization of tangible capital assets	350,031	322,774
	<u>1,145,989</u>	<u>1,566,309</u>
Changes in non-cash working capital:		
Decrease (increase) in accounts receivable	159,254	(553,725)
(Increase) decrease in prepaid expenses	(25,897)	2,204
(Decrease) increase in accounts payable and accrued liabilities	(124,415)	67,151
Increase (decrease) in deferred contributions	306,552	(391,194)
Increase (decrease) in Nickel District Conservation Foundation	21,761	(103,161)
	<u>1,483,244</u>	<u>587,584</u>
Investing activities:		
Net change in investments	11,666	229,889
Capital activities:		
Acquisition of tangible capital assets	(701,230)	(1,488,072)
Increase (decrease) in cash	<u>793,680</u>	<u>(670,599)</u>
Cash, beginning of year	236,968	907,567
Cash, end of year	<u>\$ 1,030,648</u>	<u>\$ 236,968</u>

See accompanying notes to financial statements.

NICKEL DISTRICT CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2023

8. Tangible capital assets:

Cost	Balance at December 31, 2022	Additions and Transfers	Disposals and Write-offs	Balance at December 31, 2023
Land	\$ 5,904,542	\$ -	\$ -	\$ 5,904,542
Buildings	451,260	8,436	-	459,696
Infrastructure	19,871,636	652,397	-	20,524,033
Equipment	622,905	40,397	-	663,302
Leasehold improvements	149,044	-	-	149,044
Computers	98,344	-	-	98,344
Vehicles	24,999	-	-	24,999
Total	\$ 27,122,730	\$ 701,230	\$ -	\$ 27,823,960

Accumulated amortization	Balance at December 31, 2022	Disposals and write-offs	Amortization expense	Balance at December 31, 2023
Land	\$ -	\$ -	\$ -	\$ -
Buildings	398,531	-	6,909	405,440
Infrastructure	12,793,220	-	324,916	13,118,136
Equipment	549,293	-	17,104	566,397
Leasehold improvements	149,044	-	-	149,044
Computers	93,907	-	1,102	95,009
Vehicles	24,999	-	-	24,999
Total	\$ 14,008,994	\$ -	\$ 350,031	\$ 14,359,025

	Net book value, December 31, 2022	Net book value, December 31, 2023
Land	\$ 5,904,542	\$ 5,904,542
Buildings	52,729	54,256
Infrastructure	7,078,416	7,405,897
Equipment	73,612	96,905
Leasehold improvements	-	-
Computers	4,437	3,335
Vehicles	-	-
Total	\$ 13,113,736	\$ 13,464,935

NICKEL DISTRICT CONSERVATION AUTHORITY

Notes to Financial Statements

Year ended December 31, 2023

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:

The Authority prepares the financial statements using the principals of fund accounting as follows:

Unrestricted:

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 strategic implementation:

This reserve was set up to fund initiatives identified in Authority's strategic plan.

v) Reserve for tree planting:

This reserve was set up to fund commitments for the tree planting program.

vi) 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.

NICKEL DISTRICT CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(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. Investment income is recorded on an accrual basis and includes interest income, dividends and the realized gain (loss) on investments.

User fees from planning applications, solicitor inquiries and program fees are recognized as revenue when the services are rendered.

Gross revenue percentage rent due under the lease of the Maley Reservoir is recognized within 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 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) Deferred contributions:

Funding received under funding arrangements which relate to a subsequent fiscal year are recorded as deferred contributions and are recognized as revenue in the year to which they relate. Unexpended portions of grants received for specific purposes are reflected as deferred contributions and are recognized as revenue in the year they are expended.

(d) Financial instruments:

The Authority initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

NICKEL DISTRICT CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(d) Financial instruments (continued):

The Authority subsequently measures its financial assets and financial liabilities at amortized cost, except for investments in equity securities that are quoted in an active market or financial assets or liabilities designated to the fair value category, which are subsequently measured at fair value. Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses.

Establishing fair value

The fair value of guarantees and letters of credit are based on fees currently charged for similar agreements or on the estimated cost to terminate them or otherwise settle the obligations with the counterparties at the reported borrowing date.

Fair value hierarchy

The following provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

Level 1 – fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value. The equity investments are considered to be level 1 investments and the fixed income investments are considered to be level 2 investments

NICKEL DISTRICT CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(e) Tangible capital assets:

Tangible capital assets are comprised of property, buildings, equipment, vehicles 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
Land	Infinite
Buildings	20 years
Equipment	10 - 20 years
Computers	5 years
Leasehold improvements	5 years (initial term of the lease)
Infrastructure	10 - 75 years
Vehicles	5 years

Assets under construction are not amortized until they are put into productive use.

(f) 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 and deferred contributions. Actual results could differ from those estimates.

2. Change in accounting policies:

On January 1, 2022, the Authority adopted Public Accounting Standard *PS 3280 Asset Retirement Obligations*. The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in retired buildings by public sector entities. An asset retirement obligation has not been recorded by the Authority, as it does not possess tangible capital assets that meet the recognition criteria.

NICKEL DISTRICT CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2023

3. Investments:

	2023		2022	
	Cost	Market	Cost	Market
Equities	\$ 671,106	\$ 608,452	\$ 657,503	\$ 602,739
Fixed income	459,764	638,246	475,690	580,172
	\$ 1,130,870	\$ 1,246,698	\$ 1,133,193	\$ 1,182,911

4. Related party transactions:

	2023	2022
Municipal levy from the City of Greater Sudbury	\$ 1,165,788	\$ 1,122,029
Municipal grant from the City of Greater Sudbury	–	541,212
User Fees from the City of Greater Sudbury	71,704	91,071
Municipal taxes paid to the City of Greater Sudbury	61,852	59,562
Other Revenue from the City of Greater Sudbury	25,000	25,000
Program Expenses paid to the City of Greater Sudbury	91,632	63,221
Receivable from the City of Greater Sudbury	1,146,271	1,158,512
Administration fees from Nickel District Conservation Foundation	33,914	105,796
Expenses incurred on behalf of Foundation operations	33,914	105,796

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.

5. Deferred contributions:

The deferred contributions consist of:

	Balance, beginning of year	Contributions received / transfers in	Expenses incurred / transfers out	Balance, end of year
MNRF – WECI Projects	\$ 46,785	\$ 613,750	\$ (276,839)	\$ 383,696
Unearned revenue	66,909	–	(66,909)	–
Source Water Protection	–	135,475	(118,344)	17,131
Tree Planting	–	102,407	(82,988)	19,419
	\$ 113,694	\$ 851,632	\$ (545,080)	\$ 420,246

NICKEL DISTRICT CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2023

6. 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 \$43,556 (2022 - \$43,203).

7. Accumulated surplus:

(a) Restricted:

	2023	2022
Restricted externally:		
Special capital infrastructure	\$ 1,483,989	\$ 1,279,702
Restricted internally:		
Water control preventative maintenance	588,946	534,253
Lake Laurentian Development	353,720	305,853
Flood forecasting system	253,285	48,919
Strategic Implementation	77,439	75,192
Tree Planting	84,559	82,105
	1,357,949	1,046,322
	\$ 2,841,938	\$ 2,326,024

(a) Unrestricted:

Levy stabilization	\$ 86,504	\$ 157,659
Tangible capital assets	13,464,935	13,113,736
	\$ 13,551,439	\$ 13,271,395
Total accumulated surplus	\$ 16,393,377	\$ 15,597,419

NICKEL DISTRICT CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2023

8. Tangible capital assets:

Cost	Balance at December 31, 2022	Additions and Transfers	Disposals and Write-offs	Balance at December 31, 2023
Land	\$ 5,904,542	\$ -	\$ -	\$ 5,904,542
Buildings	451,260	8,436	-	459,696
Infrastructure	19,871,636	652,397	-	20,524,033
Equipment	622,905	40,397	-	663,302
Leasehold improvements	149,044	-	-	149,044
Computers	98,344	-	-	98,344
Vehicles	24,999	-	-	24,999
Total	\$ 27,122,730	\$ 701,230	\$ -	\$ 27,823,960

Accumulated amortization	Balance at December 31, 2022	Disposals and write-offs	Amortization expense	Balance at December 31, 2023
Land	\$ -	\$ -	\$ -	\$ -
Buildings	398,531	-	6,909	405,440
Infrastructure	12,793,220	-	324,916	13,118,136
Equipment	549,293	-	17,104	566,397
Leasehold improvements	149,044	-	-	149,044
Computers	93,907	-	1,102	95,009
Vehicles	24,999	-	-	24,999
Total	\$ 14,008,994	\$ -	\$ 350,031	\$ 14,359,025

	Net book value, December 31, 2022	Net book value, December 31, 2023
Land	\$ 5,904,542	\$ 5,904,542
Buildings	52,729	54,256
Infrastructure	7,078,416	7,405,897
Equipment	73,612	96,905
Leasehold improvements	-	-
Computers	4,437	3,335
Vehicles	-	-
Total	\$ 13,113,736	\$ 13,464,935

NICKEL DISTRICT CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2023

9. Commitments and contingencies:

(a) Lines of credit:

As at December 31, 2023, the Nickel District Conservation Authority has available an operating line of credit of \$200,000 (2022 - \$200,000). There is no balance outstanding on the line of credit as of the year end date.

(b) 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.

(c) Lease commitment:

The Authority's premises are leased by way of an agreement requiring it to make monthly rent payments which expired December 31, 2023. The monthly rental payments up to the period ended December 31, 2023 was \$2,434, which excludes operating expenses and property taxes.

10. Expenses by object:

	2023	2022
Salaries and benefits	\$ 1,206,162	\$ 1,233,513
Operations	347,400	385,985
Amortization of tangible capital assets	350,031	322,774
Professional Services	87,524	75,565
Utilities	25,287	24,889
Outreach and Communications	9,335	32,521
Vehicles	18,147	18,267
	<u>\$ 2,043,886</u>	<u>\$ 2,093,514</u>

NICKEL DISTRICT CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2023

11. Budget information:

The budget adopted by the Board on February 8, 2023, was not prepared on a basis consistent with that used to report actual results according to Public Sector Accounting Standards. As a result, the budget figures presented in the statement of operations and accumulated surplus and change in net financial assets represent the budget adopted by the Board with adjustment as follows:

Annual surplus per budget approved by the Board	\$	–
Less:		
Contributions to reserves		103,946
Amortization		350,031
		<u>453,977</u>
Add:		
Contributions from reserves		17,336
Capital additions		350,000
		<u>Deficit per financial statements</u>
	\$	<u>86,641</u>

12. Financial instruments:

Transaction in financial instruments may result in an entity assuming or transferring financial risks to or from another party. The Authority is exposed to the following risks associated with financial instruments and transactions it is a party to:

(a) Credit risk:

Credit risk is the risk that one party to a financial transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The Authority is exposed to this risk relating to its cash and accounts receivable.

The Authority holds its cash accounts with large reputable financial institutions, from which management believes the risk of loss due to credit risk to be remote. Receivables consist of balances due from government agencies and the risk of loss is minimal.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

(b) Liquidity risk:

Liquidity risk is the risk that the Authority cannot repay its obligations when they become due to its creditors. The Authority is exposed to this risk relating to its accounts payable and accrued liabilities.

The Authority reduces its exposure to liquidity risk by monitoring cash activities and expected outflow through extensive budgeting and maintaining enough cash to repay trade creditors as payables become due.

There have been no significant changes from the previous year in the exposure risk or policies, procedures and methods used to measure the risk.