

**NICKEL DISTRICT
CONSERVATION
AUTHORITY**

FINANCIAL STATEMENTS

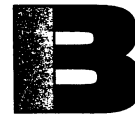
For The Year Ended December 31, 2004

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Babij & Associates
Chartered Accountant

AUDITOR'S REPORT

To the Members of the Nickel District Conservation Authority

I have audited the balance sheet of the **Nickel District Conservation Authority** as at December 31, 2004 and the statement of operations and changes in reserve balances for the year then ended. These financial statements are the responsibility of the Conservation Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.


In my opinion, these financial statements present fairly, in all material respects, the financial position of the Conservation Authority as at December 31, 2004 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles prescribed for Ontario Conservation Authorities as disclosed in Note 1 to the financial statements.

I have also examined the following schedules of expenditure for the year ended December 31, 2004:

- Administration
- Program Operations
- Job Creation Programs
- Other Expenditure

These schedules are presented for purposes of additional information. In my opinion, these schedules present fairly the information contained therein in all respects material to the financial statements.

Sudbury, Ontario
January 19, 2005


Chartered Accountant

NICKEL DISTRICT CONSERVATION AUTHORITY

(Established under the Conservation Authorities Act of Ontario)

BALANCE SHEET

As at December 31, 2004

	2004	2003 (Restated)
ASSETS		
CURRENT		
Cash	\$ 205,707	\$ 365,519
Restricted cash	449,994	210,496
Accounts receivable	71,495	72,011
Deferred expenditure	900	-
	\$ 728,096	\$ 648,026
LIABILITIES		
CURRENT		
Accounts payable	\$ 32,281	\$ 9,437
Deferred contributions (Note 2)	40,532	35,325
	72,813	44,762
RESERVE BALANCES		
Unrestricted	205,289	222,624
Restricted (Note 3)	449,994	380,640
	655,283	603,264
	\$ 728,096	\$ 648,026

See accompanying notes to the financial statements.



Babij & Associates
Chartered Accountant

NICKEL DISTRICT CONSERVATION AUTHORITY

STATEMENT OF OPERATIONS AND CHANGES IN RESERVE BALANCES

For the year ended December 31, 2004

	Restricted		2004		2003	
	Externally	Internally	Unrestricted	Total	Budget	Total (Restated)
REVENUE						
Government grants						
MNR transfer payments	\$ -	\$ -	\$ 154,250	\$ 154,250	\$ 174,651	\$ 157,428
Provincial - other	183,738	-	23,999	207,737	-	114,318
Federal	-	-	64,628	64,628	-	104,702
Municipal levies	175,000	-	254,409	429,409	429,410	605,751
Property rental	-	26,891	51,229	78,120	24,535	76,763
Donations	-	-	51,500	51,500	57,000	54,000
Solicitor enquiries	-	-	14,441	14,441	15,040	14,520
Other	-	-	15	15	33,493	15
Planning user fees	-	-	23,497	23,497	21,022	20,216
Interest	-	3,220	5,786	9,006	8,275	13,399
Sale of land	-	19,500	-	19,500	-	-
	358,738	49,611	643,754	1,052,103	763,426	1,161,112
EXPENDITURE						
Administration	-	-	161,754	161,754	174,773	153,207
Program operations	306,028	22,423	335,042	663,493	537,453	763,370
Job creation programs	-	10,544	143,861	154,405	29,150	181,457
Other expenditure	-	-	20,432	20,432	22,050	22,347
	306,028	32,967	661,089	1,000,084	763,426	1,120,381
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE						
	52,710	16,644	(17,335)	52,019	-	40,731
Reserve at beginning of the year	-	210,495	222,624	433,119	-	562,533
Prior period adjustment (Note 4)	170,145	-	-	170,145	-	-
As restated	170,145	210,495	222,624	603,264	-	562,533
	222,855	227,139	205,289	655,283	-	603,264
Interfund transfers (Note 5)	61,557	(61,557)	-	-	-	-
RESERVE AT END OF THE YEAR						
	\$ 284,412	\$ 165,582	\$ 205,289	\$ 655,283	-	\$ 603,264

See accompanying notes to the financial statements.

NICKEL DISTRICT CONSERVATION AUTHORITY

SCHEDULE OF EXPENDITURE

Administration

For the year ended December 31, 2004

	2004 Unrestricted	Budget	2003
Wages and benefits	\$ 92,315	\$ 93,638	\$ 88,619
General expenses	38,997	49,085	30,550
Rent and utilities	13,140	14,025	17,414
Travel expenses and allowances	14,690	14,600	14,345
Material and supplies	1,264	1,500	1,269
Equipment purchases and rental	1,348	1,925	1,010
	\$ 161,754	\$ 174,773	\$ 153,207

See accompanying notes to the financial statements.

NICKEL DISTRICT CONSERVATION AUTHORITY

SCHEDULE OF EXPENDITURE

Program Operations

For the year ended December 31, 2004

	Restricted		Unrestricted	2004	Budget	2003
	Externally	Internally		Total		
PROGRAM OPERATIONS						
Flood control structures	\$ -	\$ -	\$ 105,908	\$ 105,908	\$ 101,559	\$ 114,799
Flood forecasting and warnings	-	-	79,672	79,672	74,000	79,408
Regulation enforcement	-	-	99,249	99,249	71,394	72,915
Erosion control structures	-	-	26,287	26,287	26,000	28,000
Conservation management	-	-	10,176	10,176	9,500	9,762
	-	-	321,292	321,292	282,453	304,884
CAPITAL PROJECTS, SURVEYS AND STUDIES						
Flood control	306,028	13,400	13,750	333,178	250,000	458,486
Conservation area development	-	9,023	-	9,023	5,000	-
	306,028	22,423	13,750	342,201	255,000	458,486
	\$ 306,028	\$ 22,423	\$ 335,042	\$ 663,493	\$ 537,453	\$ 763,370

See accompanying notes to the financial statements.



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NICKEL DISTRICT CONSERVATION AUTHORITY

SCHEDULE OF EXPENDITURE

Job Creation Programs

For the year ended December 31, 2004

	Restricted		Unrestricted	2004 Total	Budget	2003
	Externally	Internally				
EcoAction and Adopt-A-Creek - Federal	\$ -	\$ 10,544	\$ 43,461	\$ 54,005	\$ -	70,394
Short-term job creation	-	-	43,340	43,340	29,150	45,293
Youth Internship (Water Quality)	-	-	-	-	-	39,886
Ontario Summer Works	-	-	21,155	21,155	-	23,950
Ontario Summer Experience Program	-	-	16,468	16,468	-	1,934
Two-Site Restoration	-	-	19,437	19,437	-	-
	\$ -	\$ 10,544	\$ 143,861	\$ 154,405	\$ 29,150	\$ 181,457

See accompanying notes to the financial statements.



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NICKEL DISTRICT CONSERVATION AUTHORITY

SCHEDULE OF EXPENDITURE

Other Expenditure

For the year ended December 31, 2004

	2004 Unrestricted	Budget	2003
Lake Laurentian maintenance	\$ 7,826	\$ 7,825	\$ 9,243
Camp Bitobig	7,302	7,300	7,246
Outdoor education equipment	4,829	5,000	4,747
Miscellaneous	-	1,400	626
Bank charges and interest	475	525	485
	\$ 20,432	\$ 22,050	\$ 22,347

See accompanying notes to the financial statements.



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Chartered Accountant

NICKEL DISTRICT CONSERVATION AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2004

1. SIGNIFICANT ACCOUNTING POLICIES

a) Fund accounting

The Authority follows the restricted fund method of accounting for contributions.

Unrestricted

Reserve for levy stabilization

This reserve accounts for the organization's program delivery and administrative activities. It consists of the difference between budgeted municipal levies and the municipalities' share of actual net expenditures. 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 Galliard Millenium Project**

This reserve was set up to fund development on Galliard Island for passive recreation purposes.

v) **Reserve for Junction Creek restoration**

This reserve contains funds provided by Shell Canada, Inco Limited and Canada Trust Friends of the Environment Foundation, for the Junction Creek Stewardship Committee to rehabilitate the ecosystem.

vi) **Reserve for Junction Creek Water Management (Berms)**

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

Restricted externally

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 a combination of provincial and municipal resources.

NICKEL DISTRICT CONSERVATION AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2004

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Capital expenditures

Capital expenditures are charged to operations as incurred.

c) 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 reasonably 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 enquiries 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 equally between the Water Control Preventative Maintenance reserve and the 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.

2. DEFERRED CONTRIBUTIONS

The deferred contributions consist of:

	2004	2003
Ground Water Well Testing		
Ministry of the Environment	21,574	35,325
Job Creation		
Junction Creek Stewardship Committee	15,896	-
EcoAction Two Site Restoration	3,062	-
	<hr/>	<hr/>
	\$ 40,532	\$ 35,325



NICKEL DISTRICT CONSERVATION AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2004

3. RESTRICTED NET ASSETS

	2004	2003
Restricted externally		
Special Capital Infrastructure	\$ 284,412	\$ 170,145
Restricted internally		
Water Control Preventative Maintenance	65,790	98,350
Lake Laurentian Development	18,663	7,846
Flood Forecasting System	49,719	49,081
Galliard Millenium Project	4,248	4,248
Junction Creek Restoration	137	10,544
Junction Creek Water Management	27,025	40,426
	165,582	210,495
	\$ 449,994	\$ 380,640

4. PRIOR PERIOD ADJUSTMENT

During the year, the authority changed its policy for accounting for contributions to the Restricted Fund Method.

This change in the basis of accounting has been given retroactive effect in the accounts with the result that an externally restricted reserve has been created in 2003. The deferred revenue in 2003 included \$170,145 related to the Special Capital Infrastructure Reserve which has been transferred to this new reserve. The statement of operations for 2003 has been restated to increase Government Grants provincial other by \$96,947, Municipal Levies by \$73,198 and Excess of Revenue Over Expenditure by \$170,145.

5. INTERFUND TRANSFERS

In 2004 the board of directors approved the transfer of \$61,557 from the Internally Restricted Reserve for Water Control Preventative Maintenance to the Externally Restricted Reserve for Special Capital Infrastructure.

NICKEL DISTRICT CONSERVATION AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2004

6. CONTINGENT 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 may become entitled to a cash payment when they leave the Authority's employment.

The liability for these accumulated days, to the extent that they have vested and could be taken in cash by an employee on terminating, amounted to \$74,451 at the end of the year. No provision has been made for this liability as management anticipates future funding will be available through grants or levies of a future period.

7. LEASE COMMITMENT

The Authority's premises are leased at an annual rental of \$21,616. This agreement expires December 2008.

8. COMPARATIVE FIGURES

Certain of the 2003 figures have been restated to conform with the 2004 presentation. The effect of these changes are explained in note 4.

