

# North Saskatchewan Watershed Alliance

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**FINANCIAL STATEMENTS**  
**Year Ended March 31, 2014**

# North Saskatchewan Watershed Alliance

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Independent Auditor's Report

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# Lim & Associates

CERTIFIED GENERAL ACCOUNTANTS

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## INDEPENDENT AUDITORS' REPORT

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To the Board of Directors and Members of: **North Saskatchewan Watershed Alliance**

We have audited the accompanying financial statement of the North Saskatchewan Watershed Alliance, which comprise the statement of financial position as at March 31, 2014 and the statements of operations, changes in fund balances and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Accounting Standards for Non-Profit Organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, these financial statements present fairly, in all material respects, the financial position of the North Saskatchewan Watershed Alliance as at March 31, 2014 and its financial performance and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Non-Profit Organizations.

Edmonton, AB  
June 5, 2014

*Lim & Associates*  
CERTIFIED GENERAL ACCOUNTANTS

# North Saskatchewan Watershed Alliance


## STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2014

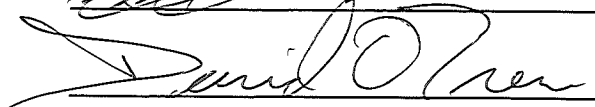
	2014	2013
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ 10,262	\$ 76,027
Short term investment (note 3)	211,131	50,000
Contributions receivable	58,716	73,804
Interest receivable	2,276	-
Prepaid expenses	-	296
GST rebate receivable	1,461	2,994
Inventory	10,888	9,185
	294,733	212,306
<b>Computer equipment</b>	4,921	4,700
	\$ 299,654	\$ 217,006

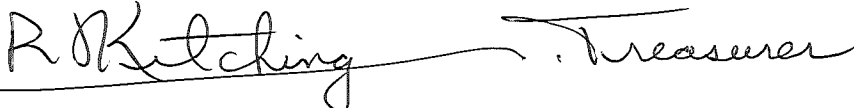
### LIABILITIES AND FUND BALANCES

<b>Current Liabilities</b>		
Deferred revenue (note 4)	59,796	47,049
Fund held in trust - CWRA	11,054	-
Accounts payable	5,650	19,421
	76,500	66,470
<b>Long Term Liability</b>		
Contingency fund (note 7)	50,000	50,000
	126,500	116,470
<b>Fund Balances</b>		
General Fund	117,533	149,165
Restricted Funds	55,621	(48,629)
	173,154	100,536
	\$ 299,654	\$ 217,006

APPROVED ON BEHALF OF THE BOARD:

  
 \_\_\_\_\_ President

  
 \_\_\_\_\_ Executive Director

  
 \_\_\_\_\_ Treasurer

# North Saskatchewan Watershed Alliance

## STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

Year Ended March 31, 2014

	General Fund 2014	General Fund 2013	Restricted Funds 2014 (Schedule 1)	Restricted Funds 2013
<b>Revenues</b>				
Contributions - donation and Municipal funding (note 2 & 5)	\$ 159,093	\$ 144,398	\$ 90,581	\$ 48,000
Contributions - grant (note 2 & 5)	250,000	250,000	-	-
Contributions in-kind (note 2 & 8)	293,138	292,381	-	-
In-kind Board and Committee meetings (note 2 & 8)	112,831	34,021	124,750	40,500
Interest income	3,283	1,400	-	-
River Guide and Atlas sales	626	6,545	-	-
	818,971	728,745	215,331	88,500
<b>Expenses</b>				
Advertising	600	-	-	-
Bank service charges	224	218	-	-
Donation	-	-	6,000	-
Facilitation	10,730	9,146	-	-
Non-claimable GST paid	1,463	2,994	-	-
Memberships fees	350	788	-	-
In-kind expenses (note 2)	293,138	292,381	-	-
In-kind Board and Committee meetings (note 2)	112,831	34,021	124,750	40,500
Professional and consulting fees	8,101	42,196	30,435	30,176
Insurance	2,480	2,128	-	-
Meeting costs	6,046	6,811	500	-
Office supplies and miscellaneous	3,687	3,255	-	488
Printing and reproduction	5,007	11,346	4,940	12,969
Salaries and benefits	338,205	295,193	7,570	44,707
Travel and accommodation	4,017	4,362	305	384
Website	305	5,298	-	-
	787,184	710,137	174,500	129,223
Excess (deficiency) of revenues over expenses	31,787	18,608	40,831	(40,723)
Fund balances at beginning of year	149,165	134,557	(48,629)	(11,906)
Interfund transfers	(63,419)	(4,000)	63,419	4,000
Fund balances at end of year	\$ 117,533	\$ 149,165	\$ 55,621	\$ (48,629)

# North Saskatchewan Watershed Alliance

## STATEMENT OF CASH FLOWS

AS AT MARCH 31, 2014

	2014	2013
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenues over expenses		
General fund	\$ 31,787	\$ 18,608
Restricted funds	40,831	(40,723)
	72,618	(22,115)
Changes in non-cash working capital:		
Contributions receivable	15,088	(10,766)
Interest receivable	(2,276)	-
Inventory	(1,703)	(6,432)
Prepaid expenses	296	1,088
Accounts payable	(13,771)	10,463
Deferred revenue	12,747	(77,952)
Fund held in trust	11,054	-
Goods and services tax payable (recoverable)	1,533	24
	22,969	(83,575)
Cash flow from (used by) operating activities	95,587	(105,690)
<b>INVESTING ACTIVITY</b>		
Purchase of computer equipment	(221)	952
<b>INCREASE (DECREASE) IN CASH FLOW</b>	95,366	(104,738)
Cash - beginning of year	126,027	230,765
<b>CASH - END OF YEAR</b>	\$ 221,393	\$ 126,027
<b>CASH CONSISTS OF:</b>		
Cash	\$ 10,262	\$ 76,027
Short term investment	211,131	50,000
	\$ 221,393	\$ 126,027
<b>CASH FLOWS SUPPLEMENTARY INFORMATION</b>		
Interest paid	\$ 224	\$ 218

# North Saskatchewan Watershed Alliance

## NOTES TO THE FINANCIAL STATEMENTS

Year Ended March 31, 2014

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### **1 Purpose and Income Tax Status**

The North Saskatchewan Watershed Alliance Society (NSWA) is a non-profit society, incorporated in 2000 under the Societies Act of Alberta, whose purpose is to protect and improve water quality and ecosystem functioning in the North Saskatchewan River Watershed within Alberta. The organization is governed by the Board of Directors elected by members from within the watershed. The organization is a non-profit organization under the Income Tax Act, and is therefore exempted from income taxes.

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### **2 Summary Significant Accounting Policies**

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) and include the following significant accounting policies:

#### **(a) Fund Accounting**

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

The General Fund accounts for the organization's operating and administrative activities. This fund reports unrestricted resources and restricted operating grants. The General Fund is also referred to as the North Saskatchewan Watershed Alliance Initiative Fund.

All other funds account for the activities that are indicated by the fund description.

The ending balance of restricted funds have been externally restricted to use on the purposes described.

The organization may make an informed decision to transfer the surpluses from completed projects (Schedule 1) into the IWMP (Integrated Watershed Management Plan) restricted fund. Similarly, the organization may make an informed decision to eliminate the deficits of completed projects (Schedule 1) by transferring funds from municipal donations in the NSWA General Fund.

#### **(b) Revenue Recognition**

Restricted contributions are recognized as revenue of the appropriate restricted fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. The contributions received or receivable from the Municipalities which operate on the calendar year. The contributions are recorded as deferred and recognized as revenue in the year in which the related expenses are incurred.

#### **(c) Contributed Materials and Services**

Volunteers contribute time each year to aid the organization in carrying out its service delivery activities. Because of the difficulty in determining the fair value of contributed services and meetings, the financial value of contributed services and meetings are recognized as an estimation in the financial statements.

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# North Saskatchewan Watershed Alliance

## NOTES TO THE FINANCIAL STATEMENTS

Year Ended March 31, 2014

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### 2 Summary Significant Accounting Policies (cont'd)

Contributed in-kind are recognized only to the extent that they would have been purchased in the normal course of operations and their fair value is reasonably determinable. The continued operation of the organization is dependent on the continued support of members, volunteers and board of directors.

#### (d) Capital Assets

For years beginning on or after January 1, 2012, Part III Section 4431 of the Canadian Institute of Chartered Accountants (CICA) Accounting Handbook has been amended to require capitalized assets to be amortized. Because in the past the organization has capitalized certain assets but not amortized them, the organization will be assessing remaining useful life of assets and possible residual values when service potential ends and appropriate amortization rates to be used over 2012 and later.

#### (e) Measurement uncertainty

The preparation of financial statements in conformity with Canadian Accounting Standards for Not-for-Profit Organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

#### (f) Inventory

Inventory is valued at the lower cost or replacement cost.

#### (g) Financial Instruments

The Organization's financial instruments consist of cash, short term investment, contributions receivable, other receivables, and accounts payable. It is management's opinion that the organization is not exposed to significant interest or credit risks arising from these financial statements.

#### Interest rate risk

The Organization is exposed to interest rate risk with respect to its interest-bearing investments that bear interest at floating rates due to fluctuations in the market interest rates. Interest rate risk is not considered significant because the Organization does not invest a large amount in interest-bearing investments.

#### (h) Cash and short term investments

The Organization considers short-term securities purchased with maturity of three months or less to be cash equivalents. Held to maturity financial assets are measured at amortized cost using the effective interest method. Any gain or loss is recognized in net income.

#### (i) Government grants

Government grants are recorded when there is a reasonable assurance that the organization had complied with and will continue to comply with, all the necessary conditions to obtain the grants.

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# North Saskatchewan Watershed Alliance

## NOTES TO THE FINANCIAL STATEMENTS

Year Ended March 31, 2014

### 2 Summary Significant Accounting Policies (cont'd)

#### (j) Going concern

These financial statements have been prepared as a going concern basis, which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Should the organization be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due.

The organization's ability to continue as a going concern is dependent upon its ability to attain profitable operations and generate funds there from, and to continue to obtain funding or grants from governments and third parties sufficient to meet current and future obligations and payables. These financial statements do not reflect the adjustments or reclassification of assets and liabilities, which would be necessary if the organization were unable to continue its operations.

### 3 Short term investment

The short term investment consists of three term deposits which earn interest between 1.3% and 1.50% and mature between July 2014 and January 2015.

### 4 Deferred revenue

	2014	2013
Opening balance	\$ 47,048	\$ 125,000
Grants received in the year		
Government of Alberta - Environment (April 2013 to March 2014)	-	125,000
Municipalities (April 2014 - March 2015)	59,796	78,784
Grants recognized in revenue	(47,048)	(281,736)
Ending balance	\$ 59,796	\$ 47,048

### 5 Contributions by Major Source

Contributions recognized in the statement of operations came from the following sources:

	2014	2013
Municipalities - Sturgeon and Vermilion	\$ 41,281	\$ -
Individuals - Aggregate Study	-	3,000
Canadian Association of Petroleum Producers - Creative Sentencing	-	10,000
Penn West Petroleum Ltd.	-	20,000
Alberta Environment and Sustainable Resource Development - Lac St. Cyr	-	15,000
The City of St. Albert	29,300	7,325
Alberta Environment - Insteam Flow Needs Methodologies	20,000	-
<b>Restricted funds</b>	<b>90,581</b>	<b>55,325</b>
EPCOR	80,000	80,000
Government of Alberta - operating	250,000	250,000
The City of Edmonton	39,580	34,850
Other Municipalities	39,513	22,223
<b>General funds</b>	<b>409,093</b>	<b>387,073</b>
	<b>\$ 499,674</b>	<b>\$ 442,398</b>

# North Saskatchewan Watershed Alliance

## NOTES TO THE FINANCIAL STATEMENTS

Year Ended March 31, 2014

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### 6 Economic Dependence or Government Assistance

The organization receives a substantial amount of its revenue from the Province of Alberta and is financially dependent on the Province for funding.

During the year, the organization received \$250,000 in operating fund from the Provincial government for its programs.

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### 7 Contingency Fund

In July 21, 2010, the Board designated \$50,000 of contingency fund for operating costs that will incur at the time of ceasing the organization's operation. The Board approved the transfer from the general fund into the contingency fund.

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### 8 Contributed Services In-Kind

The City of Edmonton provided \$167,231 (2013 - \$169,000) in-kind support for the organization's overhead cost, such as premises rent, computer, software and IT support, River Monitoring and The City of Edmonton's staff time activities.

During the year, the organization held number of board meetings and Steering Committee meetings on various projects. The value of contributed services are recognized as an estimation of \$500 per member per meeting plus kilometers travelled.

	2014	2013
<b>General Funds</b>		
Board meetings	\$ 41,331	\$ 34,021
Water Quality Expert Working Group	13,500	
Mayatan Lake Watershed Management Plan	15,000	
Living in the Shed	43,000	
	<u>112,831</u>	<u>34,021</u>
<b>Restricted Funds</b>		
Vermilion River Watershed Management Plan	40,000	40,500
Sturgeon River Watershed Management Plan	59,250	
Water Quantity Expert Working Group - Instream Flow Needs	25,500	
	<u>124,750</u>	<u>40,500</u>
<b>Total contributed services in-kind</b>	<b>\$ 237,581</b>	<b>\$ 74,521</b>

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# North Saskatchewan Watershed Alliance

SCHEDULE 1

## SCHEDULE OF OPERATIONS AND CHANGES IN FUND BALANCE FOR RESTRICTED FUNDS FOR THE YEAR ENDING MARCH 31, 2014

	IWMP *	Instream Flow Needs	VRWMP **	VRWMP Implementation Team	Sturgeon River Watershed Management Plan	Aggregate Study	CWRA ***	Total
<b>Revenues</b>								
Contributions	\$ -	\$ 20,000	\$ -	\$ 16,764	\$ 47,317	\$ -	\$ 6,500	\$ 90,581
In-kind Board and Committee meetings (note 2&8)		25,500	-	40,000	59,250	-	-	124,750
	-	45,500	-	56,764	106,567	-	6,500	215,331
<b>Expenses</b>								
Advertising	-	-	-	-	-	-	-	-
Donation	-	-	-	-	-	-	6,000	6,000
In-kind Board and Committee meetings (note 2&8)	-	25,500	-	40,000	59,250	-	-	124,750
Professional and consulting fees	13,790	12,430	-	1,215	2,000	1,000	-	30,435
Meeting costs	-	-	-	-	-	-	500	500
Printing and reproduction	-	-	-	4,940	-	-	-	4,940
Salaries and benefits	-	7,570	-	-	-	-	-	7,570
Travel and accommodation	-	-	-	280	25	-	-	305
	13,790	45,500	-	46,435	61,275	1,000	6,500	174,500
<b>Revenues over expenses</b>	(13,790)	-	-	10,329	45,292	(1,000)	-	40,831
<b>Fund balances at beginning of year</b>	13,790	-	(62,419)	-	-	-	-	(48,629)
<b>Interfund transfers</b>	-	-	62,419	-	-	1,000	-	63,419
<b>Fund balances at end of year</b>	\$ -	\$ -	\$ -	\$ 10,329	\$ 45,292	\$ -	\$ -	\$ 55,621

\* Integrated Watershed Management Plan (IWMP)  
 \*\* Vermilion River Watershed Management Plan (VRWMP) completed its planning stage. In May 2013, the project moved forward to the implementation stage.  
 \*\*\* Canadian Water Resources Association