

North Saskatchewan Watershed Alliance

FINANCIAL STATEMENTS
Year Ended March 31, 2015

North Saskatchewan Watershed Alliance

Year Ended March 31, 2015 Index to Financial Statements

Independent Auditor's Report

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Lim & Associates

CERTIFIED GENERAL ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

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, 2015 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, 2015 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 15, 2015

Lim & Associates

CERTIFIED GENERAL ACCOUNTANTS

North Saskatchewan Watershed Alliance

STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2015

	2015	2014
ASSETS		
Current Assets		
Cash	\$ 102,235	\$ 10,262
Short term investment (note 3)	220,000	211,131
Contributions receivable	115,417	58,716
Interest receivable	1,953	2,276
GST rebate receivable	2,467	1,460
Inventory	8,232	10,888
	450,304	294,733
Computer equipment	5,978	4,921
	\$ 456,282	\$ 299,654
LIABILITIES AND FUND BALANCES		
Current Liabilities		
Deferred revenue (note 4)	118,814	59,796
Fund held in trust - CWRA	11,054	11,054
Accounts payable	5,649	5,650
	135,517	76,500
Long Term Liability		
Contingency fund (note 7)	50,000	50,000
	185,517	126,500
Fund Balances		
General Fund	199,049	117,533
Restricted Funds	71,716	55,621
	270,765	173,154
	\$ 456,282	\$ 299,654

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, 2015

	General Fund 2015	General Fund 2014	Restricted Funds 2015	Restricted Funds 2014
			(Schedule 1)	
Revenues				
Contributions - donation and Municipal funding (note 2 & 5)	\$ 225,063	\$ 159,093	\$ 78,575	\$ 90,581
Contributions - grant (note 2 & 5)	385,540	250,000	-	-
Contributions in-kind (note 2 & 8)	301,426	293,138	-	-
In-kind Board - NSWA (note 2 & 8)	47,419	41,331	-	-
In-kind Committee meetings (note 2 & 8)	60,786	71,500	284,723	124,750
Interest income	3,724	3,283	-	-
River Guide and Atlas sales	165	626	-	-
WPAC Summit	17,965	-	-	-
	1,042,088	818,971	363,298	215,331
Expenses				
Advertising	-	600	-	-
Bank service charges	527	224	-	-
Donation	-	-	-	6,000
Facilitation	-	10,730	-	-
Non-claimable GST paid	944	1,463	-	-
Memberships fees	-	350	-	-
In-kind expenses (note 2 & 8)	301,426	293,138	-	-
In-kind Board - NSWA (note 2 & 8)	47,419	41,331	-	-
In-kind Committee meetings (note 2 & 8)	60,786	71,500	284,723	124,750
Professional and consulting fees	24,172	8,101	29,559	30,435
Insurance	3,329	2,480	-	-
Meeting costs	19,159	6,046	1,466	500
Office supplies and miscellaneous	12,753	3,687	-	-
Printing and reproduction	2,835	5,007	24	4,940
Salaries and benefits	447,242	338,205	30,406	7,570
Travel and accommodation	9,998	4,017	1,025	305
WPAC Summit	29,889	-	-	-
Website	93	305	-	-
	960,572	787,184	347,203	174,500
Excess (deficiency) of revenues over expenses	81,516	31,787	16,095	40,831
Fund balances at beginning of year	117,533	149,165	55,621	(48,629)
Interfund transfers	-	(63,419)	-	63,419
Fund balances at end of year	\$ 199,049	\$ 117,533	\$ 71,716	\$ 55,621

North Saskatchewan Watershed Alliance

STATEMENT OF CASH FLOWS AS AT MARCH 31, 2015

	2015	2014
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses		
General fund	\$ 81,516	\$ 31,787
Restricted funds	16,095	40,831
	97,611	72,618
Changes in non-cash working capital:		
Contributions receivable	(56,701)	15,089
Interest receivable	324	(2,276)
Inventory	2,656	(1,703)
Prepaid expenses	-	296
Accounts payable	-	(13,771)
Deferred revenue	59,018	12,747
Fund held in trust	-	11,054
Goods and services tax payable (recoverable)	(1,008)	1,533
	4,289	22,969
Cash flow from (used by) operating activities	101,900	95,587
INVESTING ACTIVITY		
Purchase of computer equipment	(1,058)	(221)
INCREASE (DECREASE) IN CASH FLOW	100,842	95,366
Cash - beginning of year	221,393	126,027
CASH - END OF YEAR	\$ 322,235	\$ 221,393
CASH CONSISTS OF:		
Cash	\$ 102,235	\$ 10,262
Short term investment	220,000	211,131
	\$ 322,235	\$ 221,393

North Saskatchewan Watershed Alliance

NOTES TO THE FINANCIAL STATEMENTS

Year Ended March 31, 2015

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 under paragraph 149(1)(l) of the Income Tax Act.

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.

North Saskatchewan Watershed Alliance

NOTES TO THE FINANCIAL STATEMENTS

Year Ended March 31, 2015

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.

North Saskatchewan Watershed Alliance

NOTES TO THE FINANCIAL STATEMENTS

Year Ended March 31, 2015

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 two term deposits which earn interest 1.28% and mature on July 21, 2015.

4 Deferred revenue

	2015	2014
Opening balance	\$ 59,796	\$ 47,048
Grants received in the year		
Municipalities (April 2015 - March 2016)	118,814	59,796
Grants recognized in revenue	(59,796)	(47,048)
Ending balance	\$ 118,814	\$ 59,796

5 Contributions by Major Source

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

	2015	2014
Municipalities - Sturgeon and Vermilion	\$ 48,506	\$ 41,281
The City of St. Albert	30,069	29,300
Alberta Environment - Insteam Flow Needs Methodologies	-	20,000
Restricted funds	78,575	90,581
Government of Alberta - operating	385,540	250,000
EPCOR	80,000	80,000
The City of Edmonton	39,580	39,580
NCIA - donations for Educational Forums	27,838	-
Jackfish Lake Management Association	5,000	-
Wabamun Watershed Management Council	5,379	-
Other Municipalities	67,266	39,513
	<u>225,063</u>	<u>159,093</u>
General funds	610,603	409,093
	\$ 689,178	\$ 499,674

North Saskatchewan Watershed Alliance

NOTES TO THE FINANCIAL STATEMENTS

Year Ended March 31, 2015

6 Economic Dependence or Government Assistance

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

During the year, the organization received \$385,540 in operating funds from the Alberta Environment and Sustainable Resource Development, under *Water for Life Strategy*.

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.

8 Contributed Services In-Kind

The City of Edmonton provided 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.

EPCOR provided in-kind support for board meetings, staff time and monitoring 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.

	2015	2014
General Funds		
City of Edmonton	\$ 170,923	\$ 167,231
EPCOR	130,503	125,907
	<u>301,426</u>	<u>293,138</u>
Board meetings - NSWA	47,419	41,331
Water Quality Expert Working Group	-	13,500
Headwaters Alliance	25,222	-
Mayatan Lake Management Society	16,939	15,000
Living in the Shed Committee	18,625	43,000
	<u>60,786</u>	<u>71,500</u>
Restricted Funds		
Vermilion River Watershed Management Project Implementation Team	195,911	40,000
Sturgeon River Watershed SC and TAC	88,812	59,250
Water Quantity Expert Working Group - Instream Flow Needs	-	25,500
	<u>284,723</u>	<u>124,750</u>
Total contributed services in-kind	\$ 694,354	\$ 530,719

North Saskatchewan Watershed Alliance

SCHEDULE 1

SCHEDULE OF OPERATIONS AND CHANGES IN FUND BALANCE FOR RESTRICTED FUNDS FOR THE YEAR ENDING MARCH 31, 2015

	VRWMP *	SRWMP**	Total
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Revenues			
Contributions	\$ 18,551	\$ 60,024	\$ 78,575
In-kind Committee meetings (note 2 & 8)	195,911	88,812	284,723
	<hr/>	<hr/>	<hr/>
	214,462	148,836	363,298
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Expenses			
Advertising	-	-	-
Donation	-	-	-
In-kind Committee meetings (note 2 & 8)	195,911	88,812	284,723
Professional and consulting fees	23,609	5,950	29,559
Meeting costs	1,257	209	1,466
Printing and reproduction	24	-	24
Salaries and benefits	3,206	27,200	30,406
Travel and accommodation	784	241	1,025
	<hr/>	<hr/>	<hr/>
	224,791	122,412	347,203
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Revenues over expenses	(10,329)	26,424	16,095
Fund balances at beginning of year	10,329	45,292	55,621
Interfund transfers	-	-	-
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Fund balances at end of year	\$ -	\$ 71,716	\$ 71,716

* Vermilion River Watershed Management Project (VRWMP) completed its planning stage. In May 2013, the project moved forward to the implementation stage.

** Sturgeon River Watershed Management Project (SRWMP)