

FINAL
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NORTH SASKATCHEWAN WATERSHED ALLIANCE
Financial Statements
Year Ended March 31, 2016

NORTH SASKATCHEWAN WATERSHED ALLIANCE

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Year Ended March 31, 2016

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Lim & Associates

CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Directors of North Saskatchewan Watershed Alliance

We have audited the accompanying financial statements of North Saskatchewan Watershed Alliance, which comprise the statement of financial position as at March 31, 2016 and the statements of revenues and expenditures, changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-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.

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Independent Auditor's Report to the Directors of North Saskatchewan Watershed Alliance *(continued)*

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of North Saskatchewan Watershed Alliance as at March 31, 2016 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Lim & Associates

Edmonton, AB
June 9, 2016

CHARTERED PROFESSIONAL ACCOUNTANTS

NORTH SASKATCHEWAN WATERSHED ALLIANCE

Statement of Financial Position

March 31, 2016

	General Fund 2016	LITS 2016	SRWMP 2016	Eco Action 2016	WRRP 2016	NWCF 2016	EDF 2016	Total 2016	Total 2015
ASSETS									
CURRENT									
Cash	\$ -	\$ 7,830	\$ -	\$ 36,620	\$ 722,768	\$ 40,194	\$ 22,771	\$ 830,183	\$ 102,235
Short term investments (Note 3)	120,000	-	-	-	-	-	-	120,000	220,000
Contributions receivable	144,916	-	-	-	-	-	-	144,916	115,417
Interest receivable	842	-	-	-	-	-	-	842	1,953
GST rebate receivable	10,880	-	-	-	-	-	-	10,880	2,487
Inventory	8,895	50,117	-	-	-	-	-	59,012	8,232
Prepaid expenses	2,919	-	-	-	-	-	-	2,919	-
Interfund receivable	327,348	1,696	20,542	12,511	-	18,755	15,608	395,460	-
	615,800	59,643	20,542	49,131	722,768	58,949	38,379	1,565,212	450,304
	17,855	-	-	-	-	-	-	17,855	5,978
EQUIPMENT (Note 4)									
	\$ 633,655	\$ 59,643	\$ 20,542	\$ 49,131	\$ 722,768	\$ 58,949	\$ 38,379	\$ 1,583,067	\$ 456,282
TOTAL ASSETS									

See notes to financial statements
Lim & Associates, CPAs

NORTH SASKATCHEWAN WATERSHED ALLIANCE

Statement of Financial Position

March 31, 2016

	General Fund 2016	LITS 2016	SRWMP 2016	Eco Action 2016	WRRP 2016	NWCF 2016	EDF 2016	Total 2016	Total 2015
LIABILITIES AND NET ASSETS									
CURRENT									
Accounts payable	\$ 15,646	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,646	\$ 5,651
Bank indebtedness (Note 5)	115,548	-	-	-	-	-	-	115,548	-
Fund held in trust - CWRA	11,054	-	-	-	-	-	-	11,054	11,054
Deferred revenue (Note 6)	142,394	-	-	-	593,094	-	-	735,488	118,814
Interfund payable	61,512	57,432	-	50,276	129,674	59,227	38,339	396,460	-
	346,154	57,432	-	50,276	722,768	59,227	38,339	1,274,196	135,519
CONTINGENCY FUND (Note 9)	50,000	-	-	-	-	-	-	50,000	50,000
TOTAL LIABILITIES	396,154	57,432	-	50,276	722,768	59,227	38,339	1,324,196	185,519
NET ASSETS	237,501	2,211	20,542	(1,145)	-	(278)	40	258,871	270,763
	\$ 633,655	\$ 59,643	\$ 20,542	\$ 49,131	\$ 722,768	\$ 58,949	\$ 38,379	\$ 1,603,067	\$ 456,282

ON BEHALF OF THE BOARD

 President

 Treasurer

See notes to financial statements
Lim & Associates, CPAs

NORTH SASKATCHEWAN WATERSHED ALLIANCE

Statement of Changes in Fund Balances

Year Ended March 31, 2016

	General Fund	LIIS	SRWMP	Eco Action	WRRP	NWCF	EDF	2016	2015
FUND BALANCES - BEGINNING OF YEAR	\$ 199,047	\$ -	\$ 71,716	\$ -	\$ -	\$ -	\$ -	\$ 270,763	\$ 173,154
Deficiency of revenues over expenses	38,454	2,211	(51,174)	(1,145)	-	(278)	40	(11,892)	97,609
FUND BALANCES - END OF YEAR	\$ 237,501	\$ 2,211	\$ 20,542	\$ (1,145)	\$ -	\$ (278)	\$ 40	\$ 258,871	\$ 270,763

NORTH SASKATCHEWAN WATERSHED ALLIANCE
Statement of Revenues and Expenditures
For the Year Ended March 31, 2016

	General Fund 2016	LITS 2016	SRWMP 2016	Eco Action 2016	WRRP 2016	NWCF 2016	EDF 2016	Total 2016	Total 2015
REVENUES									
Contributions - donation and Municipal funding (Note 7)	\$ 601,360	\$ -	\$ -	\$ -	\$ 198,906	\$ 81,000	\$ -	\$ 601,360	\$ 705,352
Contribution - grant (Note 7)	637,349	-	-	50,010	-	-	38,371	368,287	-
Contribution - In kind (Note 10)	1,855	-	-	12	858	17	8	637,349	694,354
Interest income	-	-	-	-	-	-	-	2,750	3,724
Atlas and books sales	-	9,569	-	-	-	-	-	9,569	185
Reimbursements	11,735	-	-	-	-	-	-	11,735	1,791
	<u>1,252,299</u>	<u>9,569</u>	<u>-</u>	<u>50,022</u>	<u>199,764</u>	<u>81,017</u>	<u>38,379</u>	<u>1,631,050</u>	<u>1,405,386</u>
EXPENDITURES									
Advertising and promotion	-	-	-	691	-	4,109	-	4,800	-
Amortization	4,973	-	-	-	-	-	-	4,973	-
Donations	500	-	-	-	-	-	-	500	-
In-kind expenses (Note 10)	637,349	-	-	-	-	-	-	637,349	694,354
Insurance	2,147	-	-	-	-	-	-	2,147	3,329
Meetings and conventions	9,363	-	-	200	-	4,509	-	14,072	16,347
Moving expenses	13,364	-	-	-	-	-	-	13,364	-
Printing and reproduction	499	6,886	-	-	-	1,452	-	8,637	32,749
Professional and consulting fees	25,903	-	9,174	50,276	199,764	35,507	38,339	368,963	58,854
Rental	5,837	-	-	-	-	-	-	5,837	-
Salaries and benefits	493,538	-	42,000	-	-	28,535	-	564,073	477,674
Sundry supplies and miscellaneous	10,544	661	-	-	-	2,941	-	14,146	9,195
Travel and accommodation	9,828	11	-	-	-	4,242	-	14,081	15,275
	<u>1,213,845</u>	<u>7,358</u>	<u>51,174</u>	<u>51,167</u>	<u>199,764</u>	<u>81,295</u>	<u>38,339</u>	<u>1,642,942</u>	<u>1,307,777</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ 38,454	\$ 2,211	\$ (51,174)	\$ (1,145)	\$ -	\$ (278)	\$ 40	\$ (11,892)	\$ 97,609

See notes to financial statements
Lim & Associates, CPAs

NORTH SASKATCHEWAN WATERSHED ALLIANCE

Statement of Cash Flows

Year Ended March 31, 2016

	2016	2015
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ (11,892)	\$ 97,609
Amortization of equipment	4,973	-
	<u>(6,919)</u>	<u>97,609</u>
Changes in non-cash working capital:		
Contributions receivable	(29,499)	(56,701)
Interest receivable	1,110	324
Inventory	(50,779)	2,655
Accounts payable	9,995	-
Deferred revenue	616,674	59,018
Prepaid expenses	(2,919)	-
Goods and services tax payable	(8,413)	(1,006)
Interfund receivable	(396,460)	-
Interfund payable	396,460	-
	<u>536,169</u>	<u>4,290</u>
Cash flow from operating activities	<u>529,250</u>	<u>101,899</u>
INVESTING ACTIVITY		
Purchase of equipment	(16,850)	(1,057)
Cash flow used by investing activity	<u>(16,850)</u>	<u>(1,057)</u>
INCREASE IN CASH FLOW	512,400	100,842
Cash - beginning of year	<u>322,235</u>	<u>221,393</u>
CASH - END OF YEAR	<u>834,635</u>	<u>322,235</u>
CASH CONSISTS OF:		
Cash	\$ 830,183	\$ 102,235
Short term investments	120,000	220,000
Bank indebtedness	<u>(115,548)</u>	<u>-</u>
	\$ 834,635	\$ 322,235

NORTH SASKATCHEWAN WATERSHED ALLIANCE

Notes to Financial Statements

Year Ended March 31, 2016

1. Purpose of the organization

North Saskatchewan Watershed Alliance (the "society") is a not-for-profit society, incorporated in 2000 under the Societies Act of Alberta and registered as a charity in September 11, 2015 under the Income Tax Act. As a registered charity, the organization is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

The organization operates to protect and improve water quality and ecosystem functioning in the North Saskatchewan River Watershed within Alberta. The organization is governance by the Board of Directors elected by members from within the watershed.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

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

Fund accounting

North Saskatchewan Watershed Alliance 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 into the restricted fund. Similarly, the organization may also make an informed decision to eliminate the deficits of completed projects by transferring funds from municipal donations in the NSWA General Fund.

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.

Inventory

Inventory is valued at the lower of cost and net realizable value with the cost being determined on a first-in, first-out basis.

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NORTH SASKATCHEWAN WATERSHED ALLIANCE

Notes to Financial Statements

Year Ended March 31, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Equipment

Equipment is stated at cost or deemed cost less accumulated amortization. Equipment is amortized over its estimated useful life on a declining balance basis at the following rates and methods:

Computer equipment	55%	declining balance method
Furniture and fixtures	20%	declining balance method

The organization regularly reviews its equipment to eliminate obsolete items. Government grants are treated as a reduction of equipment cost.

Equipment acquired during the year but not placed into use are not amortized until they are placed into use.

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.

Donated services and materials

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.

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 depending on the continued support of members, volunteers and board of directors.

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.

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.

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NORTH SASKATCHEWAN WATERSHED ALLIANCE

Notes to Financial Statements

Year Ended March 31, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Going concern

These financial statements have been prepared on 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 therefrom, 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 Investments

The short term investment consists of two Guaranteed Investment Certificates which earn interest 0.70% and mature on July 30, 2016.

4. EQUIPMENT

	Cost	Accumulated amortization	2016 Net book value	2015 Net book value
Computer equipment	\$ 5,978	\$ 3,288	\$ 2,690	\$ 5,978
Furniture and fixtures	16,850	1,685	15,165	-
	\$ 22,828	\$ 4,973	\$ 17,855	\$ 5,978

5. BANK INDEBTEDNESS

The organization had \$70,718 cash in the bank, issued cheques of \$186,266 and resulted in \$115,548 bank indebtedness as at March 31, 2016.

6. DEFERRED REVENUE

	2016	2015
Opening balance	\$ 118,814	\$ 59,796
Grant received in the year	-	-
Government of Alberta - Environment (WRRP)	593,094	-
Municipalities	142,394	118,814
Grant recognised in revenue	(118,814)	(59,796)
Ending balance	\$ 735,488	\$ 118,814

NORTH SASKATCHEWAN WATERSHED ALLIANCE

Notes to Financial Statements

Year Ended March 31, 2016

7. Contribution by Major Sources

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

	<u>2016</u>	<u>2015</u>
Restricted funds		
Alberta Environment - Watershed Resiliency and Restoration Program (WRRP)	\$ 792,000	\$ -
Environment Canada - National Wetland Conservation Fund (NWCF)	81,000	-
Environment Canada - Eco Action Community Funding Program (Eco Action)	50,000	-
Environment Canada - Environmental Damages Fund (EDF)	38,371	-
Restricted funds	<u>961,371</u>	<u>-</u>
General funds		
Alberta Environment - Water for Life operating grant	350,841	385,540
Industries	90,000	107,838
Municipalities	283,413	185,421
Watershed Stewardship Group	19,500	10,379
General funds	<u>743,754</u>	<u>689,178</u>
Total Contribution by major sources	<u>\$ 1,705,125</u>	<u>\$ 689,178</u>

8. Economic Dependence or Government Assistance

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

	<u>Abbreviation</u>	<u>Project fundings</u>	<u>Start Date</u>	<u>End Date</u>
Eco Action Community Funding Program	Eco Action	\$ 100,000	19/05/2015	31/03/2018
Watershed Resiliency and Restoration Program	WRRP	1,445,000	01/04/2015	31/03/2018
National Wetland Conservation Fund	NWCF	534,254	05/05/2015	31/03/2018
Environmental Damages Fund	EDF	57,558	01/08/2015	31/10/2016
Alberta Environment - operating grant	General fund	350,841		
Total		<u>\$ 2,487,653</u>		

NORTH SASKATCHEWAN WATERSHED ALLIANCE

Notes to Financial Statements

Year Ended March 31, 2016

9. 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.

10. 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.

	2016	2015
The City of Edmonton	\$ 94,000	\$ 170,923
EPCOR	148,896	130,503
	<u>242,896</u>	<u>301,426</u>
Board meetings - NSWA	168,729	47,419
Headwaters Alliance	23,099	25,222
• Living in the Shed Committee	32,900	18,625
• Mayatan Lake Management Association	10,680	16,939
• Sturgeon River Watershed SC and TAC	95,250	88,812
• Vermilion River Watershed Management Project Implementation Team	63,795	195,911
	<u>394,453</u>	<u>392,928</u>
Total contributed services In-Kind	\$ 637,349	\$ 694,354

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11. LEASE COMMITMENTS

The organization has a long term lease with respect to its premises and computer equipments. The premises lease contains renewal options and provides for payment of utilities, property taxes and maintenance costs. Future minimum lease payments as at March 31, 2016, are as follows:

	Premises	Server	Photocopier
2017	\$ 15,560	\$ 12,177	\$ 2,965
2018	15,560	12,177	2,965
2019	15,560	11,162	2,965
2020	17,505	-	2,965
2021	16,046	-	2,223
	<u>\$ 80,231</u>	<u>\$ 35,516</u>	<u>\$ 14,083</u>

NORTH SASKATCHEWAN WATERSHED ALLIANCE

Notes to Financial Statements

Year Ended March 31, 2016

12. Financial Instruments

The organization's financial instruments consist of cash, short term investment, accounts receivable interest receivable, deposits received and accounts payable.

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant other price risks arising from these financial instruments.
