

NORTH SASKATCHEWAN WATERSHED ALLIANCE

Financial Statements

Year Ended March 31, 2017

NORTH SASKATCHEWAN WATERSHED ALLIANCE

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Year Ended March 31, 2017

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Lim & Associates

CHARTERED PROFESSIONAL ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

To the Members of North Saskatchewan Watershed Alliance (NSWA)

I have audited the accompanying financial statements of North Saskatchewan Watershed Alliance, which comprise the statement of financial position as at March 31, 2017 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

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

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 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

(continues)

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

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of North Saskatchewan Watershed Alliance as at March 31, 2017 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 23, 2017

CHARTERED PROFESSIONAL ACCOUNTANT

NORTH SASKATCHEWAN WATERSHED ALLIANCE

Statement of Financial Position

March 31, 2017

	VRWA	SRWA	HWA	LITS	General Fund	2017	2016
ASSETS							
CURRENT							
Cash	\$ 935,104	\$ 821	\$ 8,880	\$ 28,370	\$ 483,444	\$ 1,456,619	\$ 830,183
Short term investments	-	-	-	-	-	-	120,000
Contributions receivable	-	-	-	-	82,251	82,251	144,916
Interest receivable	-	-	-	-	-	-	842
GST rebate receivable	-	-	-	-	11,911	11,911	10,880
Inventory	-	-	-	42,442	11,710	54,152	59,012
Prepaid expenses	-	-	-	-	3,979	3,979	2,919
Interfund receivable	8,358	677	-	-	47,422	56,457	396,460
	943,462	1,498	8,880	70,812	640,717	1,665,369	1,565,212
EQUIPMENT (Note 3)	-	-	-	-	17,594	17,594	17,855
	\$ 943,462	\$ 1,498	\$ 8,880	\$ 70,812	\$ 658,311	\$ 1,682,963	\$ 1,583,067

NORTH SASKATCHEWAN WATERSHED ALLIANCE

Statement of Financial Position

March 31, 2017

	VRWA	SRWA	HWA	LITS	General Fund	2017	2016
LIABILITIES AND FUND BALANCES							
CURRENT							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 18,207	\$ 18,207	\$ 15,645
Bank indebtedness	-	-	-	-	-	-	115,548
Fund held in trust - CWRA	-	-	-	-	11,054	11,054	11,054
Deferred contributions (Note 4)	653,000	-	-	-	152,968	805,968	735,488
Interfund payable	-	-	2,275	54,183	-	56,458	396,460
	<u>653,000</u>	<u>-</u>	<u>2,275</u>	<u>54,183</u>	<u>182,229</u>	<u>891,687</u>	<u>1,274,195</u>
FUND BALANCES							
Internally restricted (Note 7)	-	-	-	-	50,000	50,000	50,000
Fund balances	290,462	1,498	6,605	16,629	426,082	741,276	258,872
	<u>290,462</u>	<u>1,498</u>	<u>6,605</u>	<u>16,629</u>	<u>476,082</u>	<u>791,276</u>	<u>308,872</u>
	<u>\$ 943,462</u>	<u>\$ 1,498</u>	<u>\$ 8,880</u>	<u>\$ 70,812</u>	<u>\$ 658,311</u>	<u>\$ 1,682,963</u>	<u>\$ 1,583,067</u>

ON BEHALF OF THE BOARD

 _____ *President*

 _____ *Treasurer*

See notes to financial statements
Lim & Associates, Chartered Professional Accountant

NORTH SASKATCHEWAN WATERSHED ALLIANCE

Statement of Revenues and Expenditures

Year Ended March 31, 2017

	VRWA Schedule 1	SRWA Schedule 2	HWA	LITS	General Fund	2017	2016
REVENUES							
Contributions - municipal funding (Note 5)	\$ -	\$ -	\$ -	\$ -	\$ 407,490	\$ 407,490	\$ 601,360
Contribution - grants (Note 5)	812,094	24,137	100,000	-	425,000	1,361,231	368,287
Contribution - In kind (Note 8)	-	-	-	-	571,679	571,679	552,976
Interest income	2,500	10	20	-	180	2,710	2,749
Living in the shed	-	-	-	11,671	-	11,671	9,569
Reimbursements	-	28,788	-	1,633	7,010	37,431	11,735
Donations	-	-	-	10,000	13,150	23,150	-
	<u>814,594</u>	<u>52,935</u>	<u>100,020</u>	<u>23,304</u>	<u>1,424,509</u>	<u>2,415,362</u>	<u>1,546,676</u>
EXPENDITURES							
Advertising and promotion	2,384	-	-	-	155	2,539	4,800
Amortization	-	-	-	-	4,985	4,985	4,973
Donations	-	-	-	-	-	-	500
In-kind expenses (Note 8)	-	-	-	-	571,679	571,679	552,976
Insurance	-	-	-	-	4,712	4,712	2,147
Meetings and conventions	2,669	-	-	-	14,836	17,505	14,072
Moving expenses	-	-	-	-	2,559	2,559	13,364
Printing and reproduction	6,599	178	-	8,700	-	15,477	8,636
Professional and consulting fees	246,793	51,259	93,359	-	10,826	402,237	358,962
Rental	-	-	-	-	28,365	28,365	5,837
Restoration work	146,329	-	-	-	-	146,329	-
Salaries and benefits	78,975	-	-	-	535,253	614,228	564,073
Office supplies	2,607	-	-	186	50,574	53,367	13,626
Telephone and internet	131	-	-	-	4,647	4,778	-
Travel and accommodation	8,222	-	56	-	17,847	26,125	14,080
Website costs	28,000	-	-	-	10,073	38,073	521
	<u>522,709</u>	<u>51,437</u>	<u>93,415</u>	<u>8,886</u>	<u>1,256,511</u>	<u>1,932,958</u>	<u>1,558,567</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 291,885	\$ 1,498	\$ 6,605	\$ 14,418	\$ 167,998	\$ 482,404	\$ (11,891)

See notes to financial statements
Lim & Associates, Chartered Professional Accountant

NORTH SASKATCHEWAN WATERSHED ALLIANCE

Statement of Changes in Fund Balances

Year Ended March 31, 2017

	VRWA	SRWA	HWA	LITS	General Fund	2017	2016
BALANCE - BEGINNING OF YEAR	\$ (1,423)	\$ 20,582	\$ -	\$ 2,211	\$ 237,502	\$ 258,872	\$ 270,763
Excess of revenues over expenditures	291,885	1,498	6,605	14,418	167,998	482,404	(11,891)
Interfund transfer	-	(20,582)	-	-	20,582	-	-
BALANCE - END OF YEAR	\$ 290,462	\$ 1,498	\$ 6,605	\$ 16,629	\$ 426,082	\$ 741,276	\$ 258,872

NORTH SASKATCHEWAN WATERSHED ALLIANCE

Statement of Cash Flows

Year Ended March 31, 2017

	2017	2016
OPERATING ACTIVITIES		
Excess (deficiency) of revenues	\$ 482,404	\$ (11,891)
Item not affecting cash:		
Amortization of equipment	4,985	4,973
	<u>487,389</u>	<u>(6,918)</u>
Changes in non-cash working capital:		
Contributions receivable	62,665	(29,499)
Interest receivable	842	1,110
Inventory	4,860	(50,781)
Accounts payable	2,563	9,995
Deferred contributions	70,480	616,674
Prepaid expenses	(1,060)	(2,919)
Goods and services tax payable	(1,031)	(8,413)
Interfund payable	(340,002)	396,460
Interfund receivable	340,002	(396,460)
	<u>139,319</u>	<u>536,167</u>
Cash flow from operating activities	<u>626,708</u>	<u>529,249</u>
INVESTING ACTIVITY		
Purchase of equipment	<u>(4,723)</u>	<u>(16,850)</u>
Cash flow used by investing activity	<u>(4,723)</u>	<u>(16,850)</u>
INCREASE IN CASH FLOW	621,985	512,399
Cash - beginning of year	<u>834,634</u>	<u>322,235</u>
CASH - END OF YEAR	<u>1,456,619</u>	<u>834,634</u>
CASH CONSISTS OF:		
Cash	\$ 1,456,619	\$ 830,183
Short term investments	-	120,000
Bank indebtedness	-	(115,549)
	<u>\$ 1,456,619</u>	<u>\$ 834,634</u>

See notes to financial statements

NORTH SASKATCHEWAN WATERSHED ALLIANCE

Notes to Financial Statements

Year Ended March 31, 2017

1. PURPOSE OF THE SOCIETY

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

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 (ASNFP) 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 society's operating and administrative activities. This fund reports unrestricted resources (Note 5).

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

The Restricted Funds have been externally restricted to use for the purposes described (Note 5).

The internally restricted funds represent reserves designated by the society for specific purposes, including operating costs that will incur at the time of ceasing the society's operation.

The society may refund the Restricted Funds surplus from completed projects to the funder(s) at the end of the grant agreements.

Cash and cash equivalents

Cash includes cash and cash equivalents. Cash equivalents are investments in treasury bills and are valued at cost plus accrued interest. The carrying amounts approximate fair value because they have maturities at the date of purchase of less than ninety days.

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.

(continues)

NORTH SASKATCHEWAN WATERSHED ALLIANCE

Notes to Financial Statements

Year Ended March 31, 2017

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

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. (Note 5)

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 and Alberta Environment 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. (Note 5)

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 society 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, 2017

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 society 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 society'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, municipalities and third parties sufficiently 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 society were unable to continue its operations.

Financial instruments policy

The society initially measures its financial assets and liabilities at fair value. The society subsequently measures all its financial assets and liabilities at amortized cost, net of any provision for impairment.

Financial assets and liabilities measured at amortized cost include cash and cash equivalents, contribution receivable, accounts payable and accrued liabilities and deferred contributions.

3. EQUIPMENT

	Cost	Accumulated amortization	2017 Net book value	2016 Net book value
Computer equipment	\$ 5,978	\$ 4,768	\$ 1,210	\$ 2,690
Furniture and fixtures	21,573	5,189	16,384	15,165
	\$ 27,551	\$ 9,957	\$ 17,594	\$ 17,855

4. DEFERRED CONTRIBUTIONS

Deferred contributions represent unspent externally restricted contributions for the projects and unrestricted contributions for the NSWA's operations. The changes in the deferred contributions balances are summarized for 2016 - 2017 as follows:

	15-16 Deferred Revenue	16-17 Revenue Collected	16-17 Revenue Recognized	17-18 Deferred Revenue
Vermilion-Watershed Resiliency and Restoration Program - (WRRP) \$	593,094	\$ 653,000	\$ (593,094)	\$ 653,000
Municipalities donation	142,394	190,044	(255,902)	76,536
EPCOR	-	100,000	(25,000)	75,000
Other	-	38,864	(37,432)	1,432
	\$ 735,488	\$ 981,908	\$ (911,428)	\$ 805,968

NORTH SASKATCHEWAN WATERSHED ALLIANCE

Notes to Financial Statements

Year Ended March 31, 2017

5. CONTRIBUTION BY MAJOR SOURCES

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

	2017	2016
Restricted funds		
Alberta Environment - Watershed Resiliency and Restoration Program (WRRP)	\$ 653,000	\$ 792,000
Environment Canada - National Wetland Conservation Fund (NWCF)	179,000	81,000
Environment Canada - Eco Action Community Funding Program (Eco Action)	40,000	50,000
Environment Canada - Environmental Damages Fund (EDF)	19,187	38,371
Watershed Resiliency and Restoration Program Modeste (WRRP M)	100,000	-
Environmental damages Fund (EDF-2)	4,950	-
Restricted funds	996,137	961,371
General funds (More than \$9,000)		
Alberta Environment - Water for Life operating grant	425,000	350,841
City of Edmonton	134,896	134,896
EPCOR	100,000	90,000
Municipalities	112,688	148,517
Watershed Stewardship Group	10,000	19,500
General funds	782,584	743,754
Total Contribution by major sources	\$ 1,778,721	\$ 1,705,125

NORTH SASKATCHEWAN WATERSHED ALLIANCE

Notes to Financial Statements

Year Ended March 31, 2017

6. ECONOMIC DEPENDENCE OR GOVERNMENT ASSISTANCE

The society 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	31/03/2019
National Wetland Conservation Fund	NWCF	534,254	05/05/2015	31/03/2018
Environmental Damages Fund -1	EDF	57,558	01/08/2015	31/10/2016
Alberta Environment - operating grant	General Fund	425,000	4/1/2016	3/31/2017
Watershed Resiliency and Restoration Program Modeste	WRRP M	100,000	01/04/2016	31/03/2018
Environmental Damages Fund -2	EDF 2	147,000	4/1/2016	3/31/2018
Total		\$ 2,808,812		

7. INTERNALLY RESTRICTED 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 society's operation. The Board approved the transfer from the general fund into the contingency fund.

NORTH SASKATCHEWAN WATERSHED ALLIANCE

Notes to Financial Statements

Year Ended March 31, 2017

8. CONTRIBUTED SERVICES IN-KIND

The City of Edmonton and EPCOR provided in-kind support for board meetings, staff time and monitoring activities.

During the year, the society 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 day plus \$250 half day preparations per meeting.

	2017	2016
The City of Edmonton	\$ 94,000	\$ 94,000
EPCOR	148,896	148,896
	242,896	242,896
Board meetings - NSWA	70,000	91,500
Headwaters Alliance	88,750	21,000
Living in the Shed Committee	8,533	32,900
Mayatan Lake Management Association	4,000	10,680
Education Forum Speakers	16,000	-
Sturgeon River Watershed SC and TAC	35,000	99,750
Vermilion River Watershed Management Project Implementation Team	78,500	54,250
Alberta Environment and Parks	28,000	-
	328,783	310,080
Total contributed services In-Kind	\$ 571,679	\$ 552,976

The prior year comparative figures have been modified by excluding the vehicle mileage and have been reclassified to conform to the current year's presentation.

9. LEASE COMMITMENTS

The society 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, 2017, are as follows:

	Premises	Server	Photocopier
2018	\$ 15,560	\$ 12,177	\$ 2,965
2019	15,560	11,162	2,965
2020	17,505	-	2,965
2021	16,046	-	2,223
	\$ 64,671	\$ 23,339	\$ 11,118

10. FINANCIAL INSTRUMENTS

The society is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the society's risk exposure and concentration as of March 31, 2017.

(continues)

NORTH SASKATCHEWAN WATERSHED ALLIANCE

Notes to Financial Statements

Year Ended March 31, 2017

10. FINANCIAL INSTRUMENTS *(continued)*

(a) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The society is exposed to credit risk from customers. In order to reduce its credit risk, the society reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The society has a significant number of customers which minimizes concentration of credit risk.

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

NORTH SASKATCHEWAN WATERSHED ALLIANCE
Vermillion River Watershed Alliance (VRWA) (Schedule 1)

Year Ended March 31, 2017

	WRRP	NWCF	Eco Action	2017	2016
REVENUES					
Contribution - grants	\$ 593,094	\$ 179,000	\$ 40,000	\$ 812,094	\$ 329,916
Interest income	2,484	10	6	2,500	887
	<u>595,578</u>	<u>179,010</u>	<u>40,006</u>	<u>814,594</u>	<u>330,803</u>
EXPENSES					
Advertising and promotion	2,384	-	-	2,384	4,800
Meetings and conventions	2,669	-	-	2,669	4,709
Printing and reproduction	5,350	-	1,249	6,599	1,452
Professional and consulting fees	40,108	179,250	27,435	246,793	285,547
Restoration work	134,329	-	12,000	146,329	-
Salaries and benefits	78,975	-	-	78,975	28,535
Office supplies	1,964	-	643	2,607	2,941
Telephone and internet	6	-	125	131	-
Travel and accommodation	7,846	-	376	8,222	4,242
Website costs	28,000	-	-	28,000	-
	<u>301,631</u>	<u>179,250</u>	<u>41,828</u>	<u>522,709</u>	<u>332,226</u>
INCOME (LOSS) FROM OPERATIONS	\$ 293,947	\$ (240)	\$ (1,822)	\$ 291,885	\$ (1,423)

NORTH SASKATCHEWAN WATERSHED ALLIANCE
Sturgeon River Watershed Alliance (SRWA)
(Schedule 2)

Year Ended March 31, 2017

	SRWMP	EDF	EDF-2	ACP	2017	2016
REVENUES						
Contribution - grants	\$ -	\$ 19,187	\$ 4,950	\$ -	\$ 24,137	\$ 38,371
Interest income	-	10	-	-	10	8
Reimbursements	-	-	-	28,788	28,788	-
	-	19,197	4,950	28,788	52,935	38,379
EXPENSES						
Printing and reproduction	-	-	178	-	178	-
Professional and consulting fees	-	19,197	4,057	28,005	51,259	47,513
Salaries and benefits	-	-	-	-	-	42,000
	-	19,197	4,235	28,005	51,437	89,513
INCOME (LOSS) FROM OPERATIONS	\$ -	\$ -	\$ 715	\$ 783	\$ 1,498	\$ (51,134)