

BATTLE RIVER WATERSHED ALLIANCE SOCIETY

Financial Statements

Year Ended March 31, 2023

Draft for discussion purposes only

BATTLE RIVER WATERSHED ALLIANCE SOCIETY

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Year Ended March 31, 2023

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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members of Battle River Watershed Alliance Society

We have reviewed the accompanying financial statements of Battle River Watershed Alliance Society (the Society) that comprise the statement of financial position as at March 31, 2023, and the statements of revenues and expenditures, changes in net assets 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 (ASNPO), 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.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Battle River Watershed Alliance Society as at March 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with ASNPO.

Independent Practitioner's Review Engagement Report to the Members of Battle River Watershed Alliance Society
(continued)

Chartered Professional Accountants

Wainwright, Alberta
June 12, 2023

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BATTLE RIVER WATERSHED ALLIANCE SOCIETY**Statement of Financial Position****March 31, 2023**

	2023	2022
ASSETS		
CURRENT		
Cash	\$ 293,445	\$ 397,806
Short term investments <i>(Note 4)</i>	208,227	205,799
Interest receivable	3,012	2,087
Goods and services tax recoverable	3,937	6,084
Prepaid expenses	3,487	6,039
	<u>512,108</u>	617,815
LONG TERM INVESTMENTS <i>(Note 5)</i>	108,519	108,687
PROPERTY, PLANT AND EQUIPMENT <i>(Note 6)</i>	20,202	25,737
	<u>\$ 640,829</u>	<u>\$ 752,239</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 7,243	\$ 4,714
Wages payable	18,333	22,853
Deferred contributions <i>(Note 7)</i>	61,656	213,258
	<u>87,232</u>	240,825
NET ASSETS		
Unrestricted net assets	373,395	325,677
Internally restricted reserve fund <i>(Note 8)</i>	160,000	160,000
Equity in capital assets	20,202	25,737
	<u>553,597</u>	511,414
	<u>\$ 640,829</u>	<u>\$ 752,239</u>

ON BEHALF OF THE BOARD_____
*Director*_____
Director

BATTLE RIVER WATERSHED ALLIANCE SOCIETY**Statement of Revenues and Expenditures****Year Ended March 31, 2023**

	2023	2022
REVENUES		
Atlas sales	\$ -	\$ 60
Corporate funding	128,382	110,389
Donations and sponsorships	3,095	1,937
Fee for service	1,599	41,988
Grants - Federal	116,733	231,128
Grants - Municipal	30,851	9,371
Grants - Other	18,128	20,904
Grants - Provincial	345,627	396,069
Secondment	77,281	19,373
	<u>721,696</u>	<u>831,219</u>
EXPENSES		
Advertising and promotion	34,566	49,769
Amortization of capital assets	8,876	11,180
Employee benefits	21,190	23,060
Guest speakers	250	18,693
Insurance	2,680	3,035
Interest and bank charges	230	260
Meetings expense	10,992	7,185
Memberships	56	1,137
Office	34,432	20,688
Professional fees	7,852	7,615
Project supplies	110,185	278,580
Rental	29,134	25,787
Salaries and wages	404,134	385,007
Telephone	3,680	4,255
Training	-	680
Travel	10,621	2,841
Vehicle	4,563	3,210
	<u>683,441</u>	<u>842,982</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FROM OPERATIONS	38,255	(11,763)
OTHER INCOME		
Interest income	3,928	3,273
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ 42,183	\$ (8,490)

BATTLE RIVER WATERSHED ALLIANCE SOCIETY**Statement of Changes in Net Assets****Year Ended March 31, 2023**

	Unrestricted net assets	Internally restricted reserve fund	Equity in capital assets	2023	2022
NET ASSETS - BEGINNING OF YEAR	\$ 325,677	\$ 160,000	\$ 25,737	\$ 511,414	\$ 519,905
Excess of revenues over expenses	42,183	-	-	42,183	(8,490)
Invested in capital assets	(3,341)	-	3,341	-	-
Amortization of capital assets	8,876	-	(8,876)	-	-
NET ASSETS - END OF YEAR	\$ 373,395	\$ 160,000	\$ 20,202	\$ 553,597	\$ 511,415

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BATTLE RIVER WATERSHED ALLIANCE SOCIETY**Statement of Cash Flows****Year Ended March 31, 2023**

	2023	2022
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ 42,183	\$ (8,490)
Item not affecting cash:		
Amortization of capital assets	8,876	11,180
	<u>51,059</u>	<u>2,690</u>
Changes in non-cash working capital:		
Interest receivable	(925)	2,197
Goods and services tax recoverable	2,147	(892)
Inventory	-	7,329
Prepaid expenses	2,552	19,469
Accounts payable and accrued liabilities	2,528	(2,691)
Wages payable	(4,520)	(1,772)
Deferred contributions	(151,602)	(283,192)
	<u>(149,820)</u>	<u>(259,552)</u>
Cash flow used by operating activities	<u>(98,761)</u>	<u>(256,862)</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(3,341)	-
Interest income reinvested	(2,259)	(5,197)
Cash flow used by investing activities	<u>(5,600)</u>	<u>(5,197)</u>
DECREASE IN CASH FLOW	(104,361)	(262,059)
Cash - beginning of year	<u>397,806</u>	<u>659,866</u>
CASH - END OF YEAR	\$ 293,445	\$ 397,807
CASH FLOWS SUPPLEMENTARY INFORMATION		
Interest received	\$ 3,003	\$ (5,470)
Interest paid	\$ (229)	\$ (260)

BATTLE RIVER WATERSHED ALLIANCE SOCIETY

Notes to Financial Statements

Year Ended March 31, 2023

1. PURPOSE OF THE SOCIETY

Battle River Watershed Alliance Society (the "Society") is a not-for-profit organization incorporated provincially under the Companies Act of Alberta. Management has determined that they are exempt from payment of income under Section 149(1) of the Income Tax Act.

The principal purpose of the Society is to guide, support, and deliver actions to sustain or improve the health of the Battle River watershed through knowledgeable community participation and an adaptive approach.

2. BASIS OF PRESENTATION

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash includes cash and cash equivalents. Cash equivalents are term deposits with maturities at the date of purchase of less than ninety days.

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives at the following rates and methods:

Equipment	20%	declining balance method
Motor vehicles	30%	declining balance method
Computer equipment	30%	declining balance method
Computer software	5 years	straight-line method

The Society regularly reviews its capital assets to eliminate obsolete items.

Revenue recognition

The Society follows the deferral method of accounting for contributions.

Restricted grants, corporate funding and donations are recognized as revenue in the year in which the related expenses are incurred. Unrestricted grants, corporate funding and donations are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Fees for service and secondment revenue are recognized when the service is provided.

Interest income is recognized as revenue when earned.

Leases

Leases are classified as either capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for operating leases and the related payments are expensed as incurred.

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BATTLE RIVER WATERSHED ALLIANCE SOCIETY

Notes to Financial Statements

Year Ended March 31, 2023

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

Financial instruments

Financial instruments are initially measured at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealised gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

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. The significant estimate pertains to providing for amortization of capital assets.

Contributed services

The operations of the Society depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

4. SHORT TERM INVESTMENTS

	<u>2023</u>	<u>2022</u>
Vision Credit Union term deposit maturing April 9, 2023 and bearing interest at 0.65% per annum	\$ 105,356	\$ -
Vision Credit Union term deposit maturing April 7, 2023 and bearing interest at 1.00% per annum	102,871	-
Vision Credit Union term deposit maturing April 8, 2022 and bearing interest at 1.20% per annum	-	103,338
Vision Credit Union term deposit maturing April 7, 2022 and bearing interest at 0.40% per annum	-	102,461
	<u>\$ 208,227</u>	<u>\$ 205,799</u>

5. LONG TERM INVESTMENTS

	<u>2023</u>	<u>2022</u>
Vision Credit Union term deposit maturing April 8, 2024 and bearing interest at 1.30% per annum	\$ 104,345	\$ -
Vision Credit Union term deposit maturing April 9, 2023 and bearing interest at 0.65% per annum	-	104,673
Vision Credit Union common shares	4,174	4,014
	<u>\$ 108,519</u>	<u>\$ 108,687</u>

BATTLE RIVER WATERSHED ALLIANCE SOCIETY

Notes to Financial Statements

Year Ended March 31, 2023

6. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Equipment	\$ 16,639	\$ 14,094	\$ 2,545	\$ 3,181
Motor vehicles	21,928	21,402	526	752
Computer equipment	74,392	58,144	16,248	19,155
Computer software	17,133	17,133	-	-
Leasehold improvements	16,248	15,365	883	2,649
	<u>\$ 146,340</u>	<u>\$ 126,138</u>	<u>\$ 20,202</u>	<u>\$ 25,737</u>

7. DEFERRED CONTRIBUTIONS

	2023	2022
<u>Watershed Resiliency and Restoration Program</u>		
Beginning balance	\$ 107,229	\$ 208,268
Grants received in the year	-	-
Amount recognized as revenue in the year	(50,627)	(101,039)
	<u>56,602</u>	<u>107,229</u>
<u>Land and Water Committee</u>		
Beginning balance	-	-
Grants received in the year	6,020	-
Amount recognized as revenue in the year	(966)	-
	<u>5,054</u>	<u>-</u>
<u>Environmental Stewardship Program</u>		
Beginning balance	89,809	264,393
Grants received in the year	-	-
Amount recognized as revenue in the year	(89,809)	(174,584)
	<u>-</u>	<u>89,809</u>
<u>Lake Winnipeg</u>		
Beginning balance	8,866	13,240
Grants received in the year	-	46,847
Amount recognized as revenue in the year	(8,866)	(51,221)
	<u>-</u>	<u>8,866</u>

(continues)

BATTLE RIVER WATERSHED ALLIANCE SOCIETY

Notes to Financial Statements

Year Ended March 31, 2023

7. DEFERRED CONTRIBUTIONS *(continued)*

Discover Your Wetlands

Beginning balance	2,836	3,002
Grants received in the year	-	-
Amount recognized as revenue in the year	(2,836)	(166)
	<u>-</u>	<u>2,836</u>

Paddle the Battle Guide

Beginning balance	2,894	3,051
Grants received in the year	-	-
Amount recognized as revenue in the year	(2,894)	(157)
	<u>-</u>	<u>2,894</u>

WOW Program

Beginning balance	1,624	4,495
Grants received in the year	-	-
Amount recognized as revenue in the year	(1,624)	(2,871)
	<u>-</u>	<u>1,624</u>

\$ 61,656 \$ 213,258

8. INTERNALLY RESTRICTED RESERVES

The Society has established reserve funds for operations and capital in the event that subsequent years funding may be reduced.

	2023	2022
Capital reserve	\$ 30,000	\$ 30,000
Operations continuity reserve	130,000	130,000
	<u>\$ 160,000</u>	<u>\$ 160,000</u>

9. 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, 2023.

(a) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Society is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, accounts payable and accrued liabilities and wages payable.

(b) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Society manages exposure through its normal operating and financing activities by investing in fixed rate term deposits.

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

BATTLE RIVER WATERSHED ALLIANCE SOCIETY

Notes to Financial Statements

Year Ended March 31, 2023

10. ECONOMIC DEPENDENCE

During the year, the Society received 54% (2022 - 42%) of its total funding through grants from the Alberta Ministry of Environment and Parks and Environment and Climate Change Canada. The future ability of the Society to fulfil its purpose is dependant upon the continued funding from these two sources.

11. CONTRACTUAL OBLIGATIONS

The Society entered into a three year agreement in April 2021 relating to it's premises. The payments are as follows:

Contractual obligation repayment schedule:

2024	\$ <u>25,164</u>
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12. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

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