

PEACE RIVER AREA MONITORING PROGRAM COMMITTEE

Financial Statements

Year Ended March 31, 2021

Draft for discussion purposes only

PEACE RIVER AREA MONITORING PROGRAM COMMITTEE

Index to Financial Statements

Year Ended March 31, 2021

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Revenues and Expenditures	3
Statement of Changes in Net Assets	4
Statement of Financial Position	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 9
Grant Expense (<i>Schedule 1</i>)	10

Draft for discussion purposes only

INDEPENDENT AUDITOR'S REPORT

To the Members of Peace River Area Monitoring Program Committee

Opinion

We have audited the financial statements of Peace River Area Monitoring Program Committee (the Society), which comprise the statement of financial position as at March 31, 2021, and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at March 31, 2021, 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.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

(continues)

Independent Auditor's Report to the Members of Peace River Area Monitoring Program Committee *(continued)*

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Edmonton, Alberta
September 8, 2021

RADKE PROFESSIONAL CORPORATION
CHARTERED PROFESSIONAL ACCOUNTANTS

PEACE RIVER AREA MONITORING PROGRAM COMMITTEE

Statement of Revenues and Expenditures

Year Ended March 31, 2021

	2021	2020
REVENUES		
Service revenue	\$ 1,054,767	\$ 1,143,570
Grant revenues	<u>59,296</u>	<u>66,435</u>
	<u>1,114,063</u>	<u>1,210,005</u>
EXPENSES		
Monitoring Network		
Station management	252,245	330,460
Program management	177,600	176,100
Amortization	148,629	118,026
Mobilization	90,610	44,071
Data quality control and reporting fees	53,985	65,136
Sampling fees	12,110	19,534
Site maintenance	11,612	810
Electricity	10,758	9,508
Travel expenses	7,821	40,000
Land lease	7,800	7,900
Licensing and fees	4,520	293
Supplies	3,566	2,777
Insurance	2,888	1,666
Technical advancement	456	2,426
	<u>784,600</u>	<u>818,707</u>
Administration Expense		
Administration	31,200	30,900
Professional fees	11,420	6,300
Promotion and other	4,270	4,880
Office	2,486	1,291
Memberships	2,195	2,000
Website	997	1,055
Internet	933	-
Bank charges	503	355
Telephone	336	792
Insurance	500	197
Meetings	-	1,736
	<u>54,840</u>	<u>49,506</u>
Grant Expenses (Schedule 1)	<u>59,295</u>	<u>66,435</u>
	<u>898,735</u>	<u>934,648</u>
Other income (expenses)		
Interest income	165	123
Goods and Service Tax	<u>(5,372)</u>	<u>(5,500)</u>
	<u>(5,207)</u>	<u>(5,377)</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 210,121</u>	<u>\$ 269,980</u>

PEACE RIVER AREA MONITORING PROGRAM COMMITTEE

Statement of Changes in Net Assets

Year Ended March 31, 2021

	Unrestricted Net Assets	Invested in Equipment	2021	2020
NET ASSETS - BEGINNING OF YEAR	\$ 215,602	\$ 553,935	\$ 769,537	\$ 499,557
Excess of revenues over expenses	358,750	(148,629)	210,121	269,980
Purchase of equipment	(274,355)	274,355	-	-
NET ASSETS - END OF YEAR	\$ 299,997	\$ 679,661	\$ 979,658	\$ 769,537

Draft for discussion purposes only

PEACE RIVER AREA MONITORING PROGRAM COMMITTEE

Statement of Financial Position

March 31, 2021

	2021	2020
ASSETS		
CURRENT		
Cash	\$ 174,653	\$ 24,859
Accounts receivable	290,064	367,764
Goods and services tax recoverable	84,560	97,537
Prepaid expenses	6,967	1,250
	<u>556,244</u>	<u>491,410</u>
EQUIPMENT (Note 4)	<u>679,661</u>	<u>553,935</u>
	<u>\$ 1,235,905</u>	<u>\$ 1,045,345</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 239,918	\$ 248,088
Deferred grant contribution	16,329	27,720
	<u>256,247</u>	<u>275,808</u>
NET ASSETS		
Unrestricted net assets	299,997	215,602
Invested in equipment	679,661	553,935
	<u>979,658</u>	<u>769,537</u>
	<u>\$ 1,235,905</u>	<u>\$ 1,045,345</u>
COMMITMENTS (Note 5)		

ON BEHALF OF THE BOARD

_____ Director

_____ Director

PEACE RIVER AREA MONITORING PROGRAM COMMITTEE

Statement of Cash Flows
Year Ended March 31, 2021

	2021	2020
OPERATING ACTIVITIES		
Cash receipts from clients, grantors and other	\$ 1,180,372	\$ 1,171,199
Cash paid to suppliers	(769,365)	(840,975)
Interest received	165	123
Goods and services tax	12,977	(16,038)
Cash flow from operating activities	424,149	314,309
INVESTING ACTIVITY		
Purchase of equipment	(274,355)	(315,297)
INCREASE (DECREASE) IN CASH FLOW	149,794	(988)
Cash - beginning of year	24,859	25,847
CASH - END OF YEAR	\$ 174,653	\$ 24,859

Draft for discussion purposes only

PEACE RIVER AREA MONITORING PROGRAM COMMITTEE

Notes to Financial Statements

Year Ended March 31, 2021

1. NATURE OF OPERATIONS

The Peace River Area Monitoring Program Committee is a not-for-profit, multi-stakeholder organization that monitors and provides public information on air quality, as well as develops recommendations regarding air quality management and monitoring. In addition, the Society facilitates dialogue among the community, industry and government for managing air quality within the Peace River area of Alberta.

Provided substantially all of the revenues of the Society are used for the operation of the Society, the Society will be considered a non-profit organization and exempt from tax under the Income Tax Act of Canada. Accordingly, no provision for income taxes has been made in these financial statements.

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 (GAAP).

Revenue recognition

Peace River Area Monitoring Program Committee follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

Revenue pertaining to performance for transactions involving supply of service are recorded at the time service is provided.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

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.

Contributed services

Volunteers contribute a significant amount of their time each year. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

Equipment

Equipment is stated at cost less accumulated amortization. Equipment is amortized over their estimated useful lives at the following rates and methods:

Equipment	20%	declining balance method
Monitoring trailers	30%	declining balance method
Site investment	8%	declining balance method
Computer equipment	55%	declining balance method
Computer software	100%	declining balance method

The Society regularly reviews its equipment to eliminate obsolete items.

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

(continues)

PEACE RIVER AREA MONITORING PROGRAM COMMITTEE

Notes to Financial Statements

Year Ended March 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Environmental expenditures and liabilities

Environmental expenditures are those expenditures specifically incurred to maintain or enhance the quality of the natural and social environment, or to minimize an adverse impact thereon. Environmental expenditures are expensed as part of operating activities, unless they constitute an asset improvement or act to mitigate or prevent possible future contamination, in which case the expenditures are capitalized and amortized to income. Environmental liabilities are accrued where the occurrence of environmental expenditures related to present or past activities of the Society is considered probable and the costs can be reasonably estimated.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at cost or amortized cost.

Transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in net income in the period incurred. Transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability.

The Society assesses impairment of all of its financial assets measured at cost or amortized cost when there is an indication of impairment. Any impairment which is not considered temporary is included in current year net earnings.

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.

3. ECONOMIC DEPENDENCE

The Society receives its service revenues from a contract with the Province of Alberta. Should the contract be terminated, management is of the opinion that significant changes to operations would be required. The contract has an expiry date of March 31, 2023.

4. EQUIPMENT

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Equipment	\$ 604,867	\$ 176,533	\$ 428,334	\$ 344,034
Monitoring trailer	281,227	89,129	192,098	153,107
Site investment	47,947	6,094	41,853	45,492
Computer equipment	31,750	14,374	17,376	7,499
Computer software	24,722	24,722	-	3,803
	<u>\$ 990,513</u>	<u>\$ 310,852</u>	<u>\$ 679,661</u>	<u>\$ 553,935</u>

PEACE RIVER AREA MONITORING PROGRAM COMMITTEE

Notes to Financial Statements

Year Ended March 31, 2021

5. COMMITMENTS

As at March 31, 2021, the Society has the following long term commitments;

Service contract - The Society has a contract for technical program management service with annual costs of \$148,400, plus certain expenses, expiring March 31, 2023.

Service contract - The Society has a contract for management service with annual costs of \$74,400, plus certain expenses, expiring March 31, 2023.

Service contract - The Society has a contract for office management service with annual costs of \$31,200, plus certain expenses, expiring March 31, 2023.

6. 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 Society's financial instruments consist of cash, accounts receivables and accounts payable. The following analysis provides information about the Society's risk exposure and concentration as of March 31, 2021.

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 service revenues. As a significant amount of service revenues is received from the Provincial government, the Society is of the opinion that there is no significant credit risk.

7. EXTRAORDINARY EVENT

During the fiscal year, the Government of Alberta declared a public health emergency related to the Covid-19 pandemic, requiring, among other restrictions, the closure of non-essential businesses in the Province of Alberta. The economic impact of these restrictions on the Society, if any, is unknown. The Government of Alberta subsequently requested all Airsheds to continue operations by clarifying that it is "essential that AEP and Airsheds continue to work in partnership to assure that air quality data is available to the public", during the public health emergency. While the restrictions may impact, but are not limited to future monitoring fees and asset values, no provision has been made in these financial statements for this event. Peace River Area Monitoring Program Committee has undertaken risk mitigation steps to decrease financial risks associated with this event.

PEACE RIVER AREA MONITORING PROGRAM COMMITTEE

Grant Expense

(Schedule 1)

Year Ended March 31, 2021

	2021	2020
Communications & Outreach Liaison	\$ 16,702	\$ 13,342
Communications planning	14,625	11,808
Advertising	8,115	4,730
Outreach materials	6,165	5,682
Travel	4,211	8,952
Insurance	2,283	-
Education	1,690	-
Office supplies	1,257	-
Indigenous Engagement Assistant	1,210	-
Community event	1,180	3,985
Printing	1,143	915
Promotion	714	15,521
Photography	-	1,500
	<u>\$ 59,295</u>	<u>\$ 66,435</u>

Draft for discussion purposes only