

PEACE RIVER AREA MONITORING PROGRAM COMMITTEE

Financial Statements

Year Ended March 31, 2022

Draft for discussion purposes only

PEACE RIVER AREA MONITORING PROGRAM COMMITTEE

Index to Financial Statements

Year Ended March 31, 2022

	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, 2022, 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, 2022, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

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 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 these 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 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.

In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related 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.

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:

(continues)

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

- 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 2, 2022

RADKE PROFESSIONAL CORPORATION
CHARTERED PROFESSIONAL ACCOUNTANT

PEACE RIVER AREA MONITORING PROGRAM COMMITTEE

Statement of Revenues and Expenditures

Year Ended March 31, 2022

	2022	2021
REVENUES		
Service revenue	\$ 824,589	\$ 1,054,767
Grant revenues	51,098	59,296
	<u>875,687</u>	<u>1,114,063</u>
EXPENSES		
Monitoring Network		
Program management	183,000	177,600
Station management	173,387	252,245
Amortization	137,869	148,629
Mobilization	75,510	90,610
Data quality control and reporting fees	60,700	53,985
Supplies	16,622	3,566
Network assessment	15,188	-
Electricity	14,882	10,758
Travel expenses	11,222	7,821
Land lease	10,175	7,800
Sampling fees	10,073	12,110
Insurance	6,063	2,888
Licensing and fees	3,394	4,520
Site maintenance	3,145	11,612
Technical advancement	2,072	456
	<u>723,302</u>	<u>784,600</u>
Administration Expense		
Administration	32,100	31,200
Professional fees	13,165	11,420
Office	7,654	2,486
Promotion and other	5,239	4,270
Internet	1,336	933
Website	730	997
Memberships	623	2,195
Insurance	500	500
Bank charges	330	503
Meetings	278	-
Telephone	240	336
	<u>62,195</u>	<u>54,840</u>
Grant Expenses (Schedule 1)	<u>51,098</u>	<u>59,295</u>
	<u>836,595</u>	<u>898,735</u>
Other income (expenses)		
Interest income	123	165
Goods and Service Tax	(5,595)	(5,372)
GST reimbursement (Note 5.)	(52,985)	-
	<u>(58,457)</u>	<u>(5,207)</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ (19,365)</u>	<u>\$ 210,121</u>

PEACE RIVER AREA MONITORING PROGRAM COMMITTEE

Statement of Changes in Net Assets

Year Ended March 31, 2022

	Unrestricted Net Assets	Invested in Equipment	2022	2021
NET ASSETS - BEGINNING OF YEAR	\$ 299,997	\$ 679,661	\$ 979,658	\$ 769,537
Excess of revenues over expenses	118,504	(137,869)	(19,365)	210,121
Purchase of equipment	(79,088)	79,088	-	-
NET ASSETS - END OF YEAR	\$ 339,413	\$ 620,880	\$ 960,293	\$ 979,658

Draft for discussion purposes only

PEACE RIVER AREA MONITORING PROGRAM COMMITTEE

Statement of Financial Position

March 31, 2022

	2022	2021
ASSETS		
CURRENT		
Cash	\$ 50,184	\$ 174,653
Accounts receivable	311,044	290,064
Goods and services tax recoverable	59,869	84,560
Prepaid expenses	6,473	6,967
	<u>427,570</u>	556,244
EQUIPMENT <i>(Note 4)</i>	<u>620,880</u>	679,661
	<u>\$ 1,048,450</u>	\$ 1,235,905
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 22,036	\$ 239,918
Other payable <i>(Note 5.)</i>	52,985	-
Deferred grant contribution <i>(Note 6)</i>	13,136	16,329
	<u>88,157</u>	256,247
NET ASSETS		
Unrestricted net assets	339,413	299,997
Invested in equipment	620,880	679,661
	<u>960,293</u>	979,658
	<u>\$ 1,048,450</u>	\$ 1,235,905
COMMITMENTS <i>(Note 7)</i>		

ON BEHALF OF THE BOARD

_____ *Director*

_____ *Director*

PEACE RIVER AREA MONITORING PROGRAM COMMITTEE

Statement of Cash Flows
Year Ended March 31, 2022

	2022	2021
OPERATING ACTIVITIES		
Cash receipts from members, grantors and other	\$ 851,514	\$ 1,180,372
Cash paid to suppliers	(921,709)	(769,365)
Interest received	123	165
Goods and services tax	24,691	12,977
Cash flow from (used by) operating activities	(45,381)	424,149
INVESTING ACTIVITY		
Purchase of equipment	(79,088)	(274,355)
INCREASE (DECREASE) IN CASH FLOW	(124,469)	149,794
Cash - beginning of year	174,653	24,859
CASH - END OF YEAR	\$ 50,184	\$ 174,653

Draft for discussion purposes only

PEACE RIVER AREA MONITORING PROGRAM COMMITTEE

Notes to Financial Statements

Year Ended March 31, 2022

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, 2022

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 services 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	2022 Net book value	2021 Net book value
Equipment	\$ 671,216	\$ 268,835	\$ 402,381	\$ 428,334
Monitoring trailer	281,227	121,282	159,945	192,098
Site investment	60,687	9,952	50,735	41,853
Computer equipment	31,750	23,931	7,819	17,376
Computer software	24,722	24,722	-	-
	<u>\$ 1,069,602</u>	<u>\$ 448,722</u>	<u>\$ 620,880</u>	<u>\$ 679,661</u>

PEACE RIVER AREA MONITORING PROGRAM COMMITTEE

Notes to Financial Statements

Year Ended March 31, 2022

5. GST REIMBURSEMENT

The Society has a contract with the Government of Alberta to provide services. As part of the contract, any Goods and Services Tax recovered on expenses related to the contract are to be reimbursed to the Government of Alberta, as they are exempt from GST. The Society has recovered \$52,985 of GST related to the contract as of March 31, 2022.

6. DEFERRED GRANT CONTRIBUTIONS

During the year Provincial grant funds of \$47,905 were received. \$13,136 of these funds were deferred to the next fiscal period as the funds are externally restricted for use.

7. COMMITMENTS

As at March 31, 2022, 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.

8. 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, 2022.

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.

9. EXTRAORDINARY EVENT

During the prior and current 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 subsequent to restriction announcements, 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, 2022

	2022	2021
Communications & Outreach Liaison	\$ 14,620	\$ 16,702
Advertising	9,552	8,115
Outreach materials	9,129	6,165
Photography	5,280	-
Travel	3,560	4,211
Community event	3,172	1,180
Communications planning	2,400	14,625
Promotion	1,197	714
Office supplies	892	1,257
Insurance	597	2,283
Indigenous Engagement Assistant	443	1,210
Printing	256	1,143
Education	-	1,690
	\$ 51,098	\$ 59,295

Draft for discussion purposes only