

PEACE RIVER AREA MONITORING PROGRAM COMMITTEE

Financial Statements

Year Ended March 31, 2023

Draft for discussion purposes only

PEACE RIVER AREA MONITORING PROGRAM COMMITTEE

Index to Financial Statements

Year Ended March 31, 2023

	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

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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, 2023, 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, 2023, 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:

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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
June 16, 2023

RADKE PROFESSIONAL CORPORATION
CHARTERED PROFESSIONAL ACCOUNTANT

PEACE RIVER AREA MONITORING PROGRAM COMMITTEE

Statement of Revenues and Expenditures

Year Ended March 31, 2023

	2023	2022
REVENUES		
Service revenue	\$ 824,712	\$ 824,589
Grant revenues	61,041	51,098
	<u>885,753</u>	<u>875,687</u>
EXPENSES		
Monitoring Network		
Program management	188,640	183,000
Station management	163,011	173,387
Amortization	141,510	137,869
Mobilization	89,327	75,510
Data quality control and reporting fees	71,372	60,700
Network assessment	53,852	15,188
Equipment rental	31,844	-
Land lease	18,525	10,175
Electricity	15,119	14,882
Travel expenses	14,513	11,222
Supplies	9,241	16,622
Sampling fees	7,705	10,073
Insurance	5,678	6,063
Site maintenance	1,193	3,145
Technical advancement	728	2,072
Licensing and fees	-	3,394
	<u>812,258</u>	<u>723,302</u>
Administration Expense		
Administration	33,600	32,100
Professional fees	8,500	13,165
Office	2,039	7,654
Memberships	2,000	623
Bank charges	554	330
Telephone and internet	545	1,576
Insurance	500	500
Website	398	730
Meetings	274	278
Promotion and other	-	5,239
	<u>48,410</u>	<u>62,195</u>
Grant Expenses (Schedule 1)	<u>54,931</u>	<u>51,098</u>
	<u>915,599</u>	<u>836,595</u>
Other income (expenses)		
Interest income	121	123
Goods and Service Tax	(4,983)	(5,595)
GST reimbursement (Note 5.)	(21,502)	(52,985)
	<u>(26,364)</u>	<u>(58,457)</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ (56,210)</u>	<u>\$ (19,365)</u>

PEACE RIVER AREA MONITORING PROGRAM COMMITTEE

Statement of Changes in Net Assets

Year Ended March 31, 2023

	Unrestricted Net Assets	Invested in Equipment	2023	2022
NET ASSETS - BEGINNING OF YEAR	\$ 339,413	\$ 620,880	\$ 960,293	\$ 979,658
Excess of revenues over expenses	85,299	(141,509)	(56,210)	(19,365)
Purchase of equipment	(93,936)	93,936	-	-
NET ASSETS - END OF YEAR	\$ 330,776	\$ 573,307	\$ 904,083	\$ 960,293

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PEACE RIVER AREA MONITORING PROGRAM COMMITTEE

Statement of Financial Position

March 31, 2023

	2023	2022
ASSETS		
CURRENT		
Cash	\$ 112,360	\$ 50,184
Accounts receivable	268,501	311,044
Goods and services tax recoverable	59,833	59,869
Prepaid expenses	6,684	6,473
	<u>447,378</u>	<u>427,570</u>
EQUIPMENT (Note 4)	<u>573,307</u>	<u>620,880</u>
	<u>\$ 1,020,685</u>	<u>\$ 1,048,450</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 42,115	\$ 22,036
Other payable (Note 5.)	74,487	52,985
Deferred grant contribution (Note 6)	-	13,136
	<u>116,602</u>	<u>88,157</u>
NET ASSETS		
Unrestricted net assets	330,776	339,413
Invested in equipment	573,307	620,880
	<u>904,083</u>	<u>960,293</u>
	<u>\$ 1,020,685</u>	<u>\$ 1,048,450</u>
COMMITMENTS (Note 7)		

ON BEHALF OF THE BOARD

_____ Director

_____ Director

PEACE RIVER AREA MONITORING PROGRAM COMMITTEE

Statement of Cash Flows
Year Ended March 31, 2023

	2023	2022
OPERATING ACTIVITIES		
Cash receipts from members, grantors and other	\$ 915,160	\$ 851,514
Cash paid to suppliers	(759,205)	(921,709)
Interest received	121	123
Goods and services tax	36	24,691
	<u>156,112</u>	<u>(45,381)</u>
Cash flow from (used by) operating activities		
INVESTING ACTIVITY		
Purchase of equipment	<u>(93,936)</u>	<u>(79,088)</u>
INCREASE (DECREASE) IN CASH FLOW	62,176	(124,469)
Cash - beginning of year	<u>50,184</u>	<u>174,653</u>
CASH - END OF YEAR	\$ 112,360	\$ 50,184
CASH CONSISTS OF:		
Cash	<u>\$ 112,360</u>	<u>\$ 50,184</u>

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PEACE RIVER AREA MONITORING PROGRAM COMMITTEE

Notes to Financial Statements

Year Ended March 31, 2023

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.

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PEACE RIVER AREA MONITORING PROGRAM COMMITTEE

Notes to Financial Statements

Year Ended March 31, 2023

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 June 30, 2023.

4. EQUIPMENT

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Equipment	\$ 686,781	\$ 350,868	\$ 335,913	\$ 402,381
Site investment	139,059	17,146	121,913	50,735
Monitoring trailer	281,227	169,265	111,962	159,945
Computer equipment	31,750	28,231	3,519	7,819
Computer software	24,722	24,722	-	-
	<u>\$ 1,163,539</u>	<u>\$ 590,232</u>	<u>\$ 573,307</u>	<u>\$ 620,880</u>

PEACE RIVER AREA MONITORING PROGRAM COMMITTEE

Notes to Financial Statements

Year Ended March 31, 2023

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. During the fiscal period ended March 31, 2023, the Society recovered \$21,502 of GST related to the contract. This, in addition to amounts recovered in prior fiscal periods, are due to the Government of Alberta.

6. DEFERRED GRANT CONTRIBUTIONS

Prior period grant funds of \$13,136, in addition to current period grant funds received of \$47,905 were recognized as revenues during the current fiscal period.

7. COMMITMENTS

As at March 31, 2023, the Society has the following long term commitments:

Service contract - The Society has a contract for technical program management service with annual costs of \$158,294, plus certain expenses, expiring March 31, 2023.

Service contract - The Society has a contract for management service with annual costs of \$79,200, plus certain expenses, expiring March 31, 2023.

Service contract - The Society has a contract for office management service with annual costs of \$33,600, 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, 2023.

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.

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 accounts receivable and other related sources.

PEACE RIVER AREA MONITORING PROGRAM COMMITTEE

Grant Expense

(Schedule 1)

Year Ended March 31, 2023

	2023	2022
Communications & Outreach Liaison	\$ 17,977	\$ 14,620
Advertising	8,605	9,552
Outreach materials	6,943	9,129
Community event	5,122	3,172
Travel	4,478	3,560
Promotion	3,806	1,197
Communications planning	3,563	2,400
Printing	2,242	256
Office supplies	1,208	892
Insurance	627	597
Education	360	-
Photography	-	5,280
Indigenous Engagement Assistant	-	443
	\$ 54,931	\$ 51,098

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