

PEACE RIVER AREA MONITORING PROGRAM COMMITTEE

Financial Statements

Year Ended March 31, 2024

Draft for discussion purposes only

PEACE RIVER AREA MONITORING PROGRAM COMMITTEE

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Year Ended March 31, 2024

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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 "organization"), which comprise the statement of financial position as at March 31, 2024, 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 organization as at March 31, 2024, 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 organization 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 organization'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 organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization'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 organization'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 organization'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 organization 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
August 19, 2024

RADKE PROFESSIONAL CORPORATION
CHARTERED PROFESSIONAL ACCOUNTANT

PEACE RIVER AREA MONITORING PROGRAM COMMITTEE

Statement of Revenues and Expenditures

Year Ended March 31, 2024

	2024	2023
REVENUES		
Service revenue	\$ 853,380	\$ 824,712
Grant revenues	67,339	61,041
	<u>920,719</u>	<u>885,753</u>
EXPENSES		
Monitoring Network		
Program management	195,600	188,640
Station management	164,262	163,011
Amortization	129,960	141,510
Mobilization	103,257	89,327
Data quality control and reporting fees	78,648	71,372
Land lease	22,825	18,525
Travel expenses	20,532	14,513
Electricity	14,954	15,119
Supplies	12,337	9,241
Site maintenance	7,183	1,193
Equipment rental	7,000	31,844
Equipment	6,724	-
Salaries and wages	6,159	-
Insurance	5,422	5,678
Technical advancement	2,880	728
Sampling fees	2,150	7,705
Licensing and fees	2,071	-
Internet	1,555	-
Network assessment	-	53,852
	<u>783,519</u>	<u>812,258</u>
Administration Expense		
Administration	34,800	33,600
Professional fees	9,460	8,500
Website	3,760	398
Office	2,125	2,039
Memberships	2,087	2,000
Bank charges	678	554
Insurance	500	500
Training	404	-
Telephone	240	545
Meetings	-	274
	<u>54,054</u>	<u>48,410</u>
Grant Expenses (Schedule 1)	<u>66,644</u>	<u>54,931</u>
	<u>904,217</u>	<u>915,599</u>

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PEACE RIVER AREA MONITORING PROGRAM COMMITTEE

Statement of Revenues and Expenditures *(continued)*

Year Ended March 31, 2024

	2024	2023
Other income (expenses)		
Interest income	2,199	121
Goods and Service Tax	(6,021)	(4,983)
GST reimbursement <i>(Note 5.)</i>	(6,890)	(21,502)
	<u>(10,712)</u>	<u>(26,364)</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 5,790</u>	<u>\$ (56,210)</u>

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PEACE RIVER AREA MONITORING PROGRAM COMMITTEE

Statement of Changes in Net Assets

Year Ended March 31, 2024

	Unrestricted Net Assets	Invested in Equipment	2024	2023
NET ASSETS - BEGINNING OF YEAR	\$ 330,776	\$ 573,307	\$ 904,083	\$ 960,293
Excess of revenues over expenses	135,750	(129,960)	5,790	(56,210)
Purchase of equipment	(146,856)	146,856	-	-
NET ASSETS - END OF YEAR	\$ 319,670	\$ 590,203	\$ 909,873	\$ 904,083

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PEACE RIVER AREA MONITORING PROGRAM COMMITTEE

Statement of Financial Position

March 31, 2024

	2024	2023
ASSETS		
CURRENT		
Cash	\$ 222,893	\$ 112,360
Accounts receivable	242,722	268,501
Goods and services tax recoverable	36,404	59,833
Prepaid expenses	8,683	6,684
	<u>510,702</u>	447,378
EQUIPMENT (Note 4)	<u>590,203</u>	573,307
	<u>\$ 1,100,905</u>	\$ 1,020,685
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 109,089	\$ 42,115
Other payable (Note 5.)	81,377	74,487
Deferred grant contribution (Note 6)	566	-
	<u>191,032</u>	116,602
NET ASSETS		
Unrestricted net assets	319,670	330,776
Invested in equipment	590,203	573,307
	<u>909,873</u>	904,083
	<u>\$ 1,100,905</u>	\$ 1,020,685
COMMITMENTS (Note 7)		

ON BEHALF OF THE BOARD

_____ Director

_____ Director

See notes to financial statements

PEACE RIVER AREA MONITORING PROGRAM COMMITTEE

Statement of Cash Flows
Year Ended March 31, 2024

	2024	2023
OPERATING ACTIVITIES		
Cash receipts from members, grantors and other	\$ 947,064	\$ 915,160
Cash paid to suppliers	(715,302)	(759,205)
Interest received	2,199	121
Goods and services tax	23,429	36
Cash flow from operating activities	257,390	156,112
INVESTING ACTIVITY		
Purchase of equipment	(146,857)	(93,936)
INCREASE IN CASH FLOW	110,533	62,176
Cash - beginning of year	112,360	50,184
CASH - END OF YEAR	\$ 222,893	\$ 112,360
CASH CONSISTS OF:		
Cash	\$ 222,893	\$ 112,360

PEACE RIVER AREA MONITORING PROGRAM COMMITTEE

Notes to Financial Statements

Year Ended March 31, 2024

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 organization 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, 2024

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 organization 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 organization receives its services revenues from a contract with the Province of Alberta. As part of the contract, an operational contingency revenue item is invoiced. During the 2024 fiscal period, contingency shortfall and extraordinary expense revenues invoiced totaled \$31,000. 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, 2027.

4. EQUIPMENT

	Cost	Accumulated amortization	2024 Net book value	2023 Net book value
Equipment	\$ 817,550	\$ 431,127	\$ 386,423	\$ 335,913
Site investment	139,059	26,899	112,160	121,913
Monitoring trailer	281,227	202,854	78,373	111,962
Computer equipment	47,838	34,591	13,247	3,519
Computer software	24,722	24,722	-	-
	<u>\$ 1,310,396</u>	<u>\$ 720,193</u>	<u>\$ 590,203</u>	<u>\$ 573,307</u>

PEACE RIVER AREA MONITORING PROGRAM COMMITTEE

Notes to Financial Statements

Year Ended March 31, 2024

5. GST REIMBURSEMENT

The Society had 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 were exempt from GST. During the fiscal period ended March 31, 2024, the Society recovered \$nil (2023 - \$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

During the year Provincial grant funds of \$67,905 were received. \$566 of these funds were deferred to the next fiscal period as the funds are externally restricted for use.

7. COMMITMENTS

As at March 31, 2024, the organization has the following long term commitments;

Service contract - The Society has a contract for technical program management service with annual costs of \$165,980, plus certain expenses, expiring March 31, 2027.

Service contract - The Society has a contract for management service with annual costs of \$81,600, plus certain expenses, expiring March 31, 2027.

Service contract - The Society has a contract for office management service with annual costs of \$34,800, plus certain expenses, expiring March 31, 2027.

8. FINANCIAL INSTRUMENTS

The organization 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 organization's risk exposure and concentration as of March 31, 2024.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization is exposed to credit risk from service revenues. As a significant amount of service revenues is received from the Provincial government, the organization 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 organization 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, 2024

	2024	2023
Communications planning	\$ 20,224	\$ 3,563
Communications & Outreach Liaison	17,238	17,977
Advertising	5,122	8,605
Community event	4,834	5,122
Printing	4,816	2,242
Travel	4,331	4,478
Promotion	4,206	3,806
Outreach materials	3,388	6,943
Office supplies	1,121	1,208
Insurance	658	627
Meetings	528	-
Education	150	360
Supplies	28	-
	\$ 66,644	\$ 54,931

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