

PIGEON LAKE WATERSHED ASSOCIATION

Financial Statements

December 31, 2021

INDEPENDENT AUDITOR'S REPORT

To the Members of Pigeon Lake Watershed Association

Qualified Opinion

We have audited the accompanying financial statements of Pigeon Lake Watershed Association (the Association), which comprise the statement of financial position as at December 31, 2021, and the statements of receipts and disbursements and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2021, 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.

Basis for Qualified Opinion

In common with many charitable organizations, the Association derives receipts from donations and fund raising projects, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these receipts was limited to the amounts recorded in the records of the Association and we were not able to determine whether any adjustments might be necessary to donations and fundraising projects, deficiency of receipts over disbursements, current assets and members' net assets.

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* section of our report. We are independent of the Association 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 qualified audit 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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

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

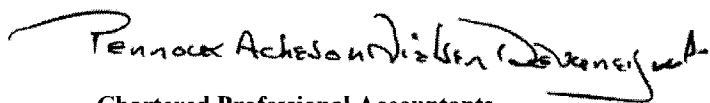
Auditor's Responsibility

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 Association'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 Association'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 Association 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.



Chartered Professional Accountants

June 27, 2022

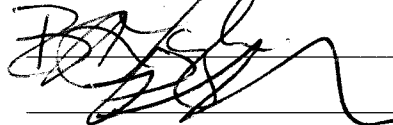
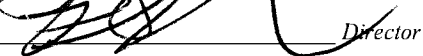
PIGEON LAKE WATERSHED ASSOCIATION

Statement of Financial Position

As at December 31, 2021

	2021	2020
ASSETS		
CURRENT		
Cash	\$ 86,121	\$ 18,474
Term deposits	70,063	59,391
Accounts receivable	7,508	30,874
Goods and services tax recoverable	1,030	292
Prepaid expenses	1,854	1,393
	<u>\$ 166,576</u>	<u>\$ 110,424</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 40,973	\$ 18,842
Deferred income	35,299	900
	<u>76,272</u>	<u>19,742</u>
COMMITMENTS AND CONTINGENCIES (Note 2)		
MEMBERS' NET ASSETS		
	<u>90,304</u>	<u>90,682</u>
LIABILITIES AND MEMBERS' NET ASSETS		
	<u>\$ 166,576</u>	<u>\$ 110,424</u>

ON BEHALF OF THE BOARD

 Director
 Director

PIGEON LAKE WATERSHED ASSOCIATION

Statement of Receipts and Disbursements

For the Year Ended December 31, 2021

	2021	2020
REVENUES		
Grants	\$ 98,392	\$ 60,038
Municipal Contributions	33,620	33,600
Donations	27,583	27,014
Product and Services Revenue	1,855	277
Membership Income	310	140
Interest	120	285
	<u>161,880</u>	<u>121,354</u>
EXPENDITURES		
Clean Runoff Program	43,520	14,773
Healthy Watershed Lands Program	38,598	25,277
Operations and Development	30,307	32,967
Working Together Program	27,820	28,258
Healthy Pigeon Lake Program	13,137	11,937
Healthy Shorelines Program	8,876	12,690
	<u>162,258</u>	<u>125,902</u>
NET DEFICIENCY OF REVENUES OVER EXPENDITURES	(378)	(4,548)
MEMBERS' NET ASSETS - BEGINNING OF YEAR	<u>90,682</u>	<u>95,230</u>
MEMBERS' NET ASSETS - END OF YEAR	<u>\$ 90,304</u>	<u>\$ 90,682</u>

PIGEON LAKE WATERSHED ASSOCIATION

Statement of Cash Flows

For the Year Ended December 31, 2021

	<u>2021</u>	<u>2020</u>
OPERATING ACTIVITIES		
Cash receipts from contributors	\$ 218,909	\$ 92,088
Cash paid to suppliers and employees	<u>(140,590)</u>	<u>(116,005)</u>
INCREASE (DECREASE) IN CASH	78,319	(23,917)
CASH - BEGINNING OF YEAR	<u>77,865</u>	<u>101,782</u>
CASH - END OF YEAR	<u>\$ 156,184</u>	<u>\$ 77,865</u>
CASH CONSISTS OF:		
Cash	\$ 86,121	\$ 18,474
Term deposits	<u>70,063</u>	<u>59,391</u>
	<u>\$ 156,184</u>	<u>\$ 77,865</u>

PIGEON LAKE WATERSHED ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2021

The Pigeon Lake Watershed Association (the "Association") is incorporated under the Alberta Societies Act. The object of the Association is to organize and participate in environmental projects designed to preserve and protect flora and fauna, lakes, rivers and the environment in general. The Association also educates and increases the public's awareness and understanding of the environment and its importance by offering seminars, conferences, meetings and by collecting and disseminating information on that topic. Furthermore, the Association conducts research relating to the environment and shares with the public the results of such research for educational purposes through the development of programs promoting its protection and preservation including protection and preservation of the aquatic ecosystem and lake environment of Pigeon Lake, Alberta. The Association is a registered Canadian charitable organization, and therefore, is not subject to income taxes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Use of estimates

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 expenditures 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.

Revenue recognition

The Association follows the deferred method of accounting for revenue. Grant and municipal contributions are recognized when the services have been completed. Donations are recognized when received. Other revenue from sales or services are recognized when the transaction is complete and collection is reasonably assured.

Contributed services

Volunteers assist the Association in carrying out certain activities. Due to the difficulty of determining the fair value and the fact that such assistance is generally not otherwise purchased, contributed services are not recognized in the financial statements.

Financial instruments

The Association's financial instruments recognized on the balance sheet consist of cash, term deposits, accounts receivable, goods and services tax recoverable, and accounts payable and accrued liabilities. 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 amortized cost, and tested for impairment at each reporting date.

2. COMMITMENTS AND CONTINGENCIES

- i) The COVID-19 pandemic is ongoing and governments across the world, including the Canadian government, enacted emergency measures to limit the spread of the virus. These measures have impacted commercial activity globally, resulting in an economic slowdown and supply chain issues. The duration and impact of the COVID-19 pandemic is unknown at this time. The preparation of these financial statements includes management's best estimates regarding the impact of COVID-19 on the results and financial position of the Company. However, estimates and judgments made are subject to a higher degree of measurement uncertainty during this period.

PIGEON LAKE WATERSHED ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2021

2. COMMITMENTS AND CONTINGENCIES *(continued)*

- ii) The Association is party to a lease agreement for its premises for a three year period, which ended on November 30, 2020. The Association is continuing with this agreement subsequent to the leases termination date; the future commitments associated with the future agreement are yet to be determined and the Association pays its rent on a prepaid quarterly basis.

3. ENDOWMENT FUND

In 2018, the Association established the Pigeon Lake Watershed Association Endowment Fund at the Edmonton Community Foundation (ECF). ECF invests the funds and will distribute a portion of the earnings to the Association to be used to carry out the Association's objectives. The assets of the Funds are not included in the net assets of the Association as they are a permanent endowment under the direct control and management of the ECF. Individuals may donate directly to the ECF or may donate to the Fund through the Association. If a donation to the Fund is received by the Association, a matching cheque will be issued to the Edmonton Community Foundation. During the 2021 year there were withdrawals of \$904 to the Association and a balance of \$11,700 remains in the fund.