

PIGEON LAKE WATERSHED ASSOCIATION

Financial Statements

December 31, 2022

INDEPENDENT AUDITOR'S REPORT

To the Members of Pigeon Lake Watershed Association

Qualified Opinion

We have audited the financial statements of Pigeon Lake Watershed Association (the Association), which comprise the statement of financial position as at December 31, 2022, and the statement 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, 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.

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 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 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.

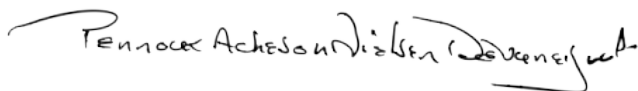
Auditor's Responsibility

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 26, 2023

PIGEON LAKE WATERSHED ASSOCIATION

Statement of Financial Position

As at December 31, 2022

	2022	2021
ASSETS		
CURRENT		
Cash - unrestricted	\$ 36,249	\$ 120,885
Cash - restricted	177,520	35,299
Accounts receivable	91,601	7,508
Goods and services tax recoverable	2,209	1,030
Prepaid expenses	1,854	1,854
	<u>309,433</u>	166,576
ENDOWMENT FUND (Note 2)	<u>23,922</u>	24,938
	<u>\$ 333,355</u>	<u>\$ 191,514</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 29,254	\$ 40,973
Deferred income (Note 3)	177,520	35,299
	<u>206,774</u>	76,272
COMMITMENT (Note 4)		
NET ASSETS		
Unrestricted	15,147	1,261
Restricted	87,512	89,043
Endowment (Note 2)	23,922	24,938
	<u>126,581</u>	115,242
LIABILITIES AND MEMBERS' NET ASSETS	<u>\$ 333,355</u>	<u>\$ 191,514</u>

ON BEHALF OF THE BOARD

_____ *Director*

_____ *Director*

PIGEON LAKE WATERSHED ASSOCIATION

Statement of Receipts and Disbursements

For the Year Ended December 31, 2022

	2022	2021
REVENUES		
Grants	\$ 136,802	\$ 98,392
Donations	76,999	27,583
Municipal Contributions	54,690	33,620
Product and Services Revenue	1,264	1,855
Interest	766	120
Membership Income	310	310
Investment Loss	<u>(1,016)</u>	<u>-</u>
	<u>269,815</u>	<u>161,880</u>
EXPENDITURES		
Operations and Development	121,329	30,307
Working Together Program	36,040	27,820
Healthy Pigeon Lake Program	32,475	13,136
Healthy Watershed Lands Program	28,819	38,598
Clean Runoff Program	31,561	43,520
Healthy Shorelines Program	<u>8,252</u>	<u>8,877</u>
	<u>258,476</u>	<u>162,258</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 11,339</u>	<u>\$ (378)</u>

PIGEON LAKE WATERSHED ASSOCIATION

Statement of Changes in Net Assets

For the Year Ended December 31, 2022

	Unrestricted	Restricted	Endowment	2022	2021
NET ASSETS -					
BEGINNING OF YEAR	\$ 1,261	\$ 89,043	\$ 24,938	\$ 115,242	\$ 115,620
Excess (deficiency)	<u>13,886</u>	<u>(1,531)</u>	<u>(1,016)</u>	<u>11,339</u>	<u>(378)</u>
NET ASSETS - END OF					
YEAR	<u>\$ 15,147</u>	<u>\$ 87,512</u>	<u>\$ 23,922</u>	<u>\$ 126,581</u>	<u>\$ 115,242</u>

PIGEON LAKE WATERSHED ASSOCIATION

Statement of Cash Flows

For the Year Ended December 31, 2022

	2022	2021
OPERATING ACTIVITIES		
Cash receipts from contributors	\$ 327,779	\$ 218,909
Cash paid to suppliers and employees	(270,194)	(140,590)
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INCREASE IN CASH	57,585	78,319
CASH - BEGINNING OF YEAR	156,184	77,865
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CASH - END OF YEAR	\$ 213,769	\$ 156,184
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CASH CONSISTS OF:		
Cash - unrestricted	\$ 36,249	\$ 120,885
Cash - restricted	177,520	35,299
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	\$ 213,769	\$ 156,184
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PIGEON LAKE WATERSHED ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2022

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.

Endowment contributions are recognized as direct increases in net assets, and any investment income on the endowment fund is recognized in income.

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.

Restricted cash

Restricted cash consists of cash in bank where the use of cash is restricted by the Board of Directors to comply with the terms of the project grant application and donor requests. All cash is deposited in separate project bank accounts and disbursed as project expenses are paid.

PIGEON LAKE WATERSHED ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2022

2. ENDOWMENT FUND

The Association established the Pigeon Lake Watershed Association Endowment Fund (PLWA Fund) and the Environmental Matching Program for Environmental Organizations Fund, (EMPEO Fund), which are under the direct control and management of the Edmonton Community Foundation (ECF). The 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. 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.

	<u>2022</u>	<u>2021</u>
EMPEO Fund	\$ 12,180	\$ 12,697
PLWA Fund	11,742	12,241
	<u>\$ 23,922</u>	<u>\$ 24,938</u>

3. DEFERRED INCOME

	<u>2022</u>	<u>2021</u>
WRRP - 2022/2023	\$ 154,525	\$ -
WRRP - 2021	13,920	27,399
ECF Environmental Operating Grant	5,000	5,900
Defend Pigeon Lake - donations	2,075	-
Emerald Award Grant	2,000	2,000
	<u>\$ 177,520</u>	<u>\$ 35,299</u>

4. COMMITMENT

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.