

**PIGEON LAKE WATERSHED ASSOCIATION**

**Financial Statements**

**December 31, 2020**

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**INDEPENDENT AUDITORS' REPORT**

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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, 2020 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, 2020, and the results of its operations and its 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 Responsibility* 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 relating 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.

*Pennock Acheson Nielsen Devaney LLP*  
Chartered Professional Accountants

June 16, 2021

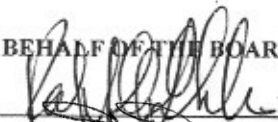
PIGEON LAKE WATERSHED ASSOCIATION

Statement of Financial Position

As at December 31, 2020

	2020	2019
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 18,474	\$ 27,672
Term deposits	59,391	74,110
Accounts receivable	30,874	-
Goods and services tax recoverable	292	1,001
Prepaid expenses	1,393	1,458
	<u>\$ 110,424</u>	<u>\$ 104,241</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 18,842	\$ 9,011
COMMITMENTS AND CONTINGENCIES (Note 2)		
MEMBERS' NET ASSETS (Note 3)		
	<u>91,582</u>	<u>95,230</u>
<b>LIABILITIES AND MEMBERS' NET ASSETS</b>	<u>\$ 110,424</u>	<u>\$ 104,241</u>

ON BEHALF OF THE BOARD

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

**PIGEON LAKE WATERSHED ASSOCIATION**

**Statement of Receipts and Disbursements**

**Year Ended December 31, 2020**

	2020	2019
<b>REVENUE</b>		
Grants	\$ 59,363	\$ 34,788
Municipal Contributions	33,600	30,600
Donations	27,014	26,960
Government COVID-19 Subsidies	1,575	-
Interest	285	605
Product and Services Revenue	277	1,189
Membership Income	140	40
	<u>122,254</u>	<u>94,182</u>
<b>EXPENDITURES</b>		
Operations and Development	32,967	29,545
Working Together Program	28,258	31,146
Healthy Watershed Lands Program	25,277	22,600
Clean Runoff Program	14,773	17,774
Healthy Shorelines Program	12,690	10,181
Healthy Pigeon Lake Program	11,937	13,180
	<u>125,902</u>	<u>124,426</u>
<b>NET DEFICIENCY OF REVENUE OVER EXPENDITURES</b>	<b>(3,648)</b>	<b>(30,244)</b>
<b>MEMBERS' NET ASSETS - BEGINNING OF YEAR</b>	<b>95,230</b>	<b>125,474</b>
<b>MEMBERS' NET ASSETS - END OF YEAR</b>	<b>\$ 91,582</b>	<b>\$ 95,230</b>

**PIGEON LAKE WATERSHED ASSOCIATION**

**Statement of Cash Flows**

**Year Ended December 31, 2020**

	2020	2019
<b>OPERATING ACTIVITIES</b>		
Cash receipts from contributors	\$ 91,380	\$ 94,182
Cash paid to suppliers and employees	(116,005)	(149,476)
Goods and services tax	708	(157)
	<u>(23,917)</u>	<u>(55,451)</u>
<b>DECREASE IN CASH</b>		
	<u>101,782</u>	<u>157,233</u>
<b>CASH - BEGINNING OF YEAR</b>		
	<u>\$ 77,865</u>	<u>\$ 101,782</u>
<b>CASH - END OF YEAR</b>		
<b>CASH CONSISTS OF:</b>		
Cash	\$ 18,474	\$ 27,672
Term deposits	59,391	74,110
	<u>\$ 77,865</u>	<u>\$ 101,782</u>

# PIGEON LAKE WATERSHED ASSOCIATION

## Notes to Financial Statements

Year Ended December 31, 2020

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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. This also includes 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 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.

#### *Revenue recognition*

The Association follows the restricted fund method of accounting for revenue. Grant and municipal contributions are recognized when there is evidence that the arrangement exists, the services have been provided, and collection is reasonably assured. 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 receivable, 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.

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# PIGEON LAKE WATERSHED ASSOCIATION

## Notes to Financial Statements

Year Ended December 31, 2020

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### *Government programs*

In response to the COVID-19 pandemic, Governments within Canada enacted multiple programs to help people and businesses manage their way through the pandemic. The following program had an impact on the Association:

The federal government's Temporary Wage Subsidy ("TWS") was a wage subsidy program administered through employers with the goals of keeping employees on company payrolls and avoiding layoffs and terminations, helping to ensure that government run benefit programs were not overwhelmed and getting workers income in a timely fashion. The maximum available to each employer was \$25,000. The Association received \$1,375 through the TWS program which has been recorded as income in the income statement.

### 2. COMMITMENTS AND CONTINGENCIES

- i) In March 2020, the World Health Organization declared the COVID-19 outbreak a pandemic. In response to this, governments across the world, including the Canadian government, enacted emergency measures to limit the spread of the virus. These measures, which include travel bans, mandatory self-quarantine period, social gathering limits, and social distancing have impacted commercial activity globally, resulting in an economic slowdown.

The duration and impact of the COVID-19 pandemic is unknown at this time. However, the current economic environment has had and will continue to have an adverse impact on the Association including but not limited to, reductions in revenue and cash flows, increased risk of non-payment of trade and other receivables, potential future impairments of assets and access to capital. The preparation of these financial statements includes management's best estimates regarding the known impact of COVID-19. However, estimates and judgments made are subject to a higher degree of measurement uncertainty during this period. It is unknown at this time what the effect will be on the Association's future financial position and operating results due to a prolonged global response to this pandemic.

All government program amounts (Note 1) are subject to audit from the Canada Revenue Agency ("CRA") and as the Legislation on the programs is new, it is unknown how the CRA may interpret the Law and whether that interpretation may have an impact on the amounts recorded in these financial statements or on the Company in the future.

- 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. MEMBERS' NET ASSETS

Members' net assets includes restricted funding of \$900 (2019 - \$nil).

### 4. 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 2020 year there were no endowment contributions.