

**ELK RIVER WATERSHED ALLIANCE**

**Financial Statements**

**For the Year Ended January 31, 2024**

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**ELK RIVER WATERSHED ALLIANCE**  
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**January 31, 2024**

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## **Management's Responsibility For Financial Reporting**

The financial statements of Elk River Watershed Alliance presented to the members have been prepared by society management which has responsibility for their preparation, integrity and objectivity. The financial statements including notes, have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

In fulfilling its reporting responsibilities, management has maintained internal control systems and procedures designed to provide reasonable assurance that the society's assets are safeguarded, that transactions are executed in accordance with appropriate authorization and that accounting records may be relied upon to properly reflect the society's transactions. The effectiveness of the control systems is supported by the selection and training of qualified personnel, an organizational structure that provides an appropriate division of responsibility and a budgetary system of control.

The ultimate responsibility for the financial statements lies with the Board of Directors. The Board reviewed the financial statements with management in detail and the Board approved the financial statements for release.

The Board appoints external auditors to audit the financial statements and meets with the auditors to review their findings. The external auditors have full and free access to society records.

To the best of our knowledge and belief, these financial statements reflect, in all material respects, the financial position and results of operations and cash flows for the year in accordance with Canadian accounting standards for not-for-profit organizations.

Mr. Chad Hughes, Executive Director

Mr. George Greene, Chair, Board of Directors

# **Independent Auditors' Report**

## **To the Members of Elk River Watershed Alliance**

### **Opinion**

We have audited the accompanying financial statements of Elk River Watershed Alliance, which comprise the statement of financial position as at January 31, 2024, and the statements of operations, 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 Elk River Watershed Alliance as at January 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.

### **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 Entity 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 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 these 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

### **Auditors' 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 auditors' 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

## **Chartered Professional Accountants**

**ELK RIVER WATERSHED ALLIANCE**  
**Statement of Financial Position**  
**As at January 31, 2024**

	<u>2024</u>	<u>2023</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 171,470	\$ 187,286
Accounts receivable	65,621	518
GST recoverable	4,624	7,019
Prepaid expenses	<u>9,953</u>	<u>12,480</u>
	<b>251,668</b>	<b>207,303</b>
Capital assets (note 3)	<u>16,988</u>	<u>19,069</u>
	<u><b>\$ 268,656</b></u>	<u><b>\$ 226,372</b></u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	\$ 15,163	\$ 16,393
Wages payable	3,815	10,665
Deferred revenue (note 4)	177,545	147,074
Deferred capital contributions (note 5)	<u>16,988</u>	<u>19,069</u>
	<u><b>213,511</b></u>	<u><b>193,201</b></u>
<b>NET ASSETS</b>		
Operating reserve (note 2)	15,800	
Unrestricted net assets	<u>39,345</u>	<u>33,171</u>
	<u><b>\$ 268,656</b></u>	<u><b>\$ 226,372</b></u>

Approved on behalf of the board

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**ELK RIVER WATERSHED ALLIANCE**  
**Statement of Operations**  
**For the Year Ended January 31, 2024**

	<u>2024</u>	<u>Unaudited</u> <u>Budget 2024</u>	<u>2023</u>
<b>Revenue</b>			
Donations	\$ 182,975	\$	\$ 149,368
Revenue from other registered charities	203,050		180,429
Government grants	58,139		35,869
Goods and services	38,807		26,034
Memberships and fundraising	8,061		2,540
Interest income	184		47
Amortization of deferred capital contributions	<u>2,081</u>	<u>                    </u>	<u>1,745</u>
	<u>493,297</u>	<u>                    </u>	<u>396,032</u>
<b>Expenses</b>			
Advertising and promotion	3,388		922
Amortization	2,081		1,745
Compensation	277,288		242,252
Donations and fundraising cost	20		356
Education and training	478		1,557
Insurance	8,831		3,357
Interest and bank charges	600		365
Memberships and licenses	374		358
Occupancy costs	16,909		16,862
Office supplies and expenses	5,328		3,636
Outreach - hospitality	1,923		1,551
Professional and consulting fees	115,224		92,543
Purchased supplies and assets	33,531		33,376
Travel expenses	<u>5,348</u>	<u>                    </u>	<u>5,329</u>
	<u>471,323</u>	<u>                    </u>	<u>404,209</u>
<b>Excess (deficiency) of revenues over expenses</b>	<u>\$ 21,974</u>	<u>\$</u>	<u>\$ (8,177)</u>

**ELK RIVER WATERSHED ALLIANCE**  
**Statement of Changes in Net Assets**  
**For the Year Ended January 31, 2024**

	<u>Investment in capital assets</u>	<u>Operating reserve</u>	<u>Unrestricted net assets</u>	<u>2024</u>	<u>2023</u>
Balance, beginning of year	\$ 0	\$ 0	\$ 33,171	\$ 33,171	\$ 41,348
Excess (deficiency) of operations			21,974	21,974	(8,177)
Purchase of capital assets	19,069		(19,069)		
Amortization of capital assets	(2,081)		2,081		
Deferred capital contributions	(16,988)		16,988		
Transfers from unrestricted net assets	_____	15,800	(15,800)	_____	_____
Balance, end of year	<u>\$ 0</u>	<u>\$ 15,800</u>	<u>\$ 39,345</u>	<u>\$ 55,145</u>	<u>\$ 33,171</u>

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**ELK RIVER WATERSHED ALLIANCE**  
**Statement of Cash Flows**  
**For the Year Ended January 31, 2024**

	<u>2024</u>	<u>2023</u>
<b>Operating Activities</b>		
Excess (deficiency) of revenue over expenses	\$ 21,974	\$ (8,177)
Add items not involving cash:		
Amortization	<u>2,081</u>	<u>1,745</u>
	<u>24,055</u>	<u>(6,432)</u>
Change in working capital:		
(Increase) decrease in Accounts receivable	(65,103)	11,945
(Increase) decrease in GST recoverable	2,395	(3,590)
(Increase) decrease in Prepaid expenses	2,526	(10,063)
Increase (decrease) in Accounts payable and accrued liabilities	(1,229)	1,558
Increase (decrease) in Wages payable	(6,850)	6,214
Increase (decrease) in Deferred revenue	30,471	29,918
Increase (decrease) in Deferred capital contributions	<u>(2,081)</u>	<u>19,069</u>
	<u>(39,871)</u>	<u>55,051</u>
<b>Investing Activities</b>		
Purchase of capital assets	<u>          </u>	<u>(20,814)</u>
Increase (decrease) in cash during the year	(15,816)	27,805
Cash - beginning	<u>187,286</u>	<u>159,481</u>
Cash - ending	<u>\$ 171,470</u>	<u>\$ 187,286</u>
Cash flow from interest:		
Interest earned on investments	<u>\$ 184</u>	<u>\$ 47</u>

# **ELK RIVER WATERSHED ALLIANCE**

## **Notes to Financial Statements**

### **January 31, 2024**

#### **1. Nature of Operations**

Elk River Watershed Alliance is incorporated under the British Columbia Societies Act. The Society was incorporated on September 20, 2013. On August 1, 2018 the Society registered as a Charity under the Income Tax Act. As a registered charity the Society is exempt from income taxes and may issue donation receipts allowing donors tax credits under the Income Tax Act.

The Society facilitates dialogue, collaboration and community engagement across the watershed, undertaking education to promote environmental literacy and awareness, collects, interprets and uses scientific data to protect and restore the Elk River watershed and promotes safe and environmentally responsible use of the Elk River.

#### **2. Significant Accounting Policies**

These financial statements of the Society have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the Chartered Professional Accountants of Canada ("CPA Canada") Handbook. The preparation of financial statements in conformity with Canadian accounting standards for not-for-profits requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The financial statements have, in management's opinion, been properly prepared using careful judgment with reasonable limits of materiality and within the framework of the significant accounting policies summarized below.

##### **a) Revenue recognition**

Revenues from donations, other registered charities, memberships and fundraising are recognized when received.

Unrestricted donations are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Fees for services and materials for programs by the Society are recognized as revenue when such programs are delivered.

Investment income is recognized when received or receivable.

Donations in kind are recorded at fair market value when reasonably determinable.

Externally restricted contributions (e.g. revenue from funding agreements or 'grants') are shown as deferred revenue on the balance sheet until the contribution is expended in accordance with the Agreement, and then they are recognized as revenue in the statement of operations.

##### **b) Cash and cash equivalents**

Cash and cash equivalents consists of cash on hand and balances with financial institutions net of outstanding deposits and cheques.

**ELK RIVER WATERSHED ALLIANCE**  
**Notes to Financial Statements**  
**January 31, 2024**

**c) Capital assets**

Capital assets are recorded at cost. Contributed capital assets are recorded at fair market value at the date of contribution when reasonably determinable and at a nominal amount when not reasonably determinable. Restricted contributions for the purchase of tangible capital assets that are amortized have been deferred and recognized as revenue on the same basis as the amortization expense related to the acquired tangible capital asset. Amortization for equipment is recorded on a straight-line basis over ten years useful life.

**d) Contributed Materials and Services**

Contributed materials and services which are used in the normal course of the Society's operations and would otherwise have been purchased are recorded at their fair value at the date of the contribution if fair value can be reasonably estimated.

Volunteers contribute many hours each year to assist the Society in carrying out its activities. Because of the difficulty in determining their fair value and of the fact that such assistance is generally not otherwise purchased, contributed services of this nature are not recognized on the financial statements.

**e) Financial Instruments**

The Society's financial instruments consist of various assets and liabilities. Unless otherwise noted, it is management's opinion that the Society is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

**Credit risk management**

The society is exposed to credit risk on the accounts receivable from its supporters. However, because of the large number of supporters and different suppliers, credit risk concentration is reduced to the minimum.

**Liquidity risk**

Liquidity risk is the risk that the society will be unable to fulfil its obligations on a timely basis or at a reasonable cost. The society's exposure to liquidity risk is dependent on the donations, collection of accounts receivable, purchasing commitments and obligations or raising of funds to meet commitments and sustain operations. Cash flow from operations provides a substantial portion of the society's cash requirements.

**Interest risk**

Interest rate risk is the adverse affect a rise in interest rates could have on the society's earnings. As the society does not have any debt, interest rate risk is inconsequential.

**Fair Values**

The carrying amount of accounts receivable, prepaid expenses, accounts payable and deferred revenue approximates their fair value because of the short term maturities of these items.

**ELK RIVER WATERSHED ALLIANCE**  
**Notes to Financial Statements**  
**January 31, 2024**

**f) 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 amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant. Significant items subject to such estimates and assumptions include the allowance for doubtful accounts in accounts receivable.

**g) Operating Reserve**

The operating reserve funds have been internally restricted to be used for an orderly winding up of the Society should it be put in a position where revenue is no longer sufficient to meet the Society's objectives.

**3. Capital Assets**

	<u>2024</u>	<u>2024</u>	<u>2024</u>
	Cost	Accumulated Amortization	Net Book Value
Water monitoring equipment	\$ 20,814	\$ 3,826	\$ 16,988
	<u>2023</u>	<u>2023</u>	<u>2023</u>
	Cost	Accumulated Amortization	Net Book Value
Water monitoring equipment	\$ 20,814	\$ 1,745	\$ 19,069

**4. Deferred Revenue**

Deferred revenue are funds received for a project that are unexpended during the period shown in the financial statements. In subsequent periods, as the funds are spent on the project, the funds will be recognized as revenue in the statement of operations in accordance with the revenue recognition accounting policy.

A separate bank account has not been opened for the deposit of these funds which have been commingled with the Society's general bank account.

**5. Deferred Capital Contributions**

Deferred capital contributions are restricted contributions used to acquire equipment with a useful life beyond one year. Deferred capital contributions are recognized as revenue in the statement of operations as amortization of deferred capital contributions. The recognition of revenue is at the same rate that the asset acquired with the funds is amortized as an annual expense on the statement of operations.

**ELK RIVER WATERSHED ALLIANCE**  
**Notes to Financial Statements**  
**January 31, 2024**

**6. Commitment**

The Society operates in Fernie, British Columbia at 1111 2nd Avenue. The term is for twelve months from December 1 to November 30 of each year. The term renews each year unless the landlord or tenant gives sixty days notice prior to the current term ending that they will not renew the term. The monthly base rent, effective December 2020 is \$1,000 plus GST. The rent increases by 3% for each renewed annual term. Commencing in second term, the tenant will pay 2% of the current base rent for taxes, maintenance and insurance (TMI). TMI will increase with each subsequent renewal period by an additional 2% of the current base rent until it reaches 8% of the base rent in year five. TMI will stay at 8% thereafter. The current monthly rent is \$1,158.29 plus GST until November 30, 2024.

**7. Economic Dependence**

In 2024 25% (2023 23%) of the Society's revenue came from Teck Resources Limited.

In 2024 24% (2023 9%) of the Society's revenue came from Columbia Basin Trust.

**8. Expenditures**

During the year, the Alliance had project expenditures throughout the year on equipment recorded as capital assets on the statement of financial position and expenses on the statement of operations. The amounts are shown in the table below:

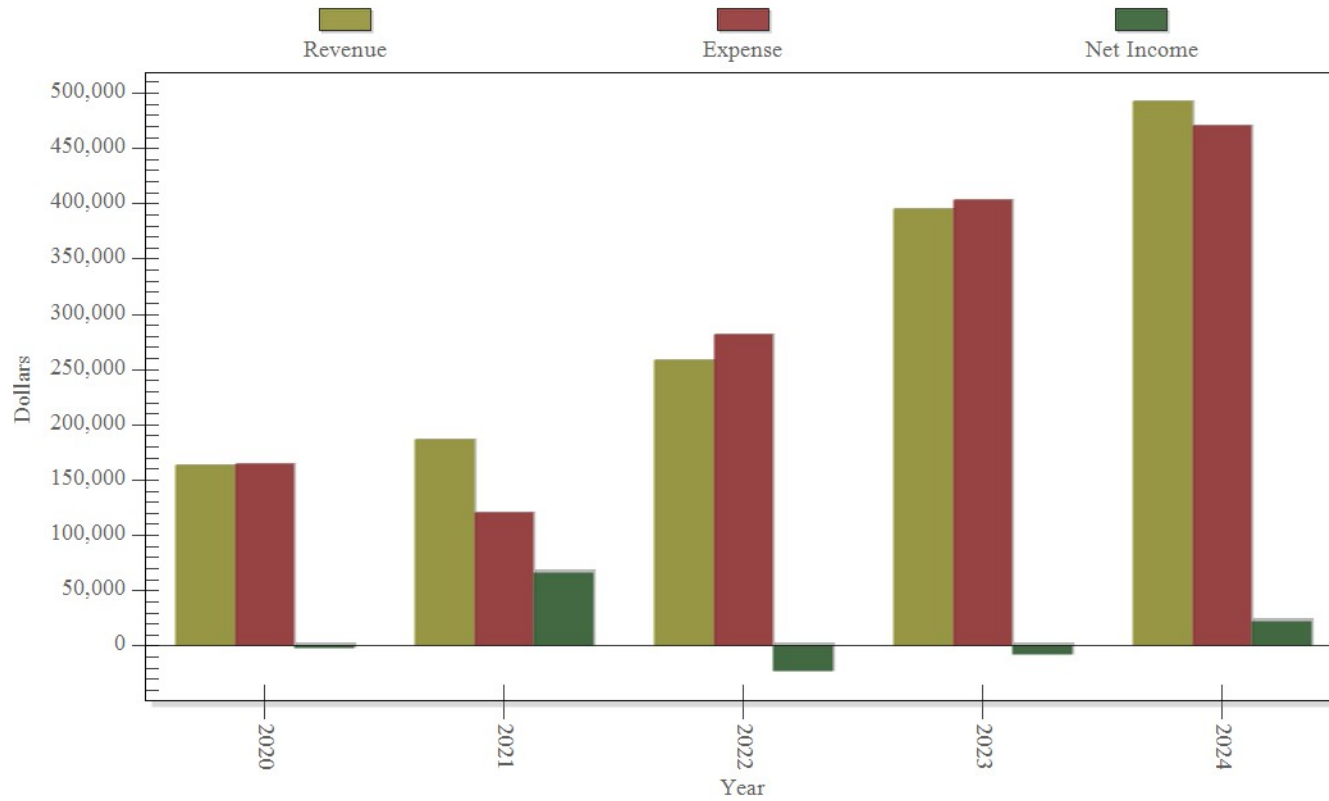
	<u>2024</u>	<u>2023</u>
Expenditures on equipment recorded as capital assets	\$	\$ 20,814
Expenditures on statement of operations less amortization charges	<u>469,242</u>	<u>402,464</u>
	<u>\$ 469,242</u>	<u>\$ 423,278</u>

**9. Comparative Figures**

Certain figures have been reclassified to confirm with the presentation adopted for the current year financial statements.

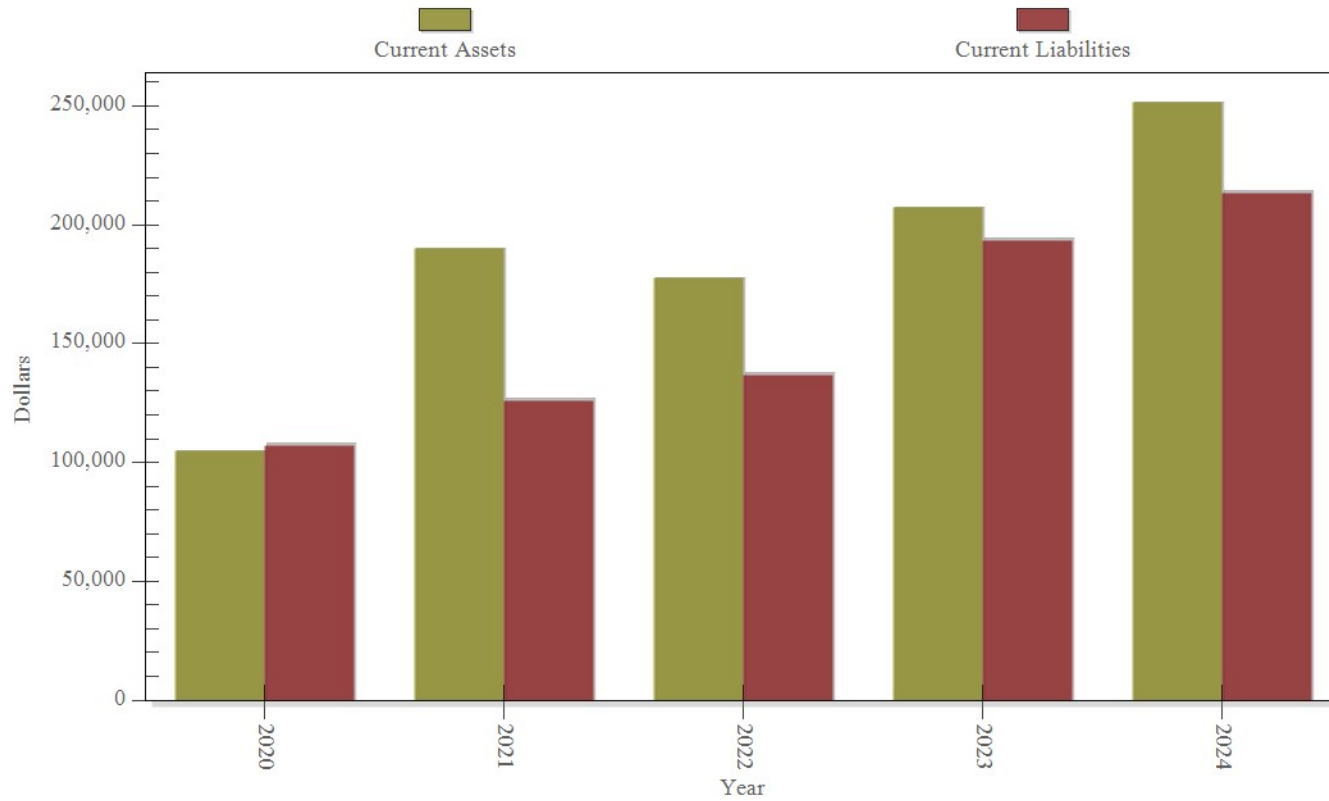
**ELK RIVER WATERSHED ALLIANCE**  
**Graphs of Selected Financial Information**  
**January 31, 2024**

**Revenue Expense and Net Income**



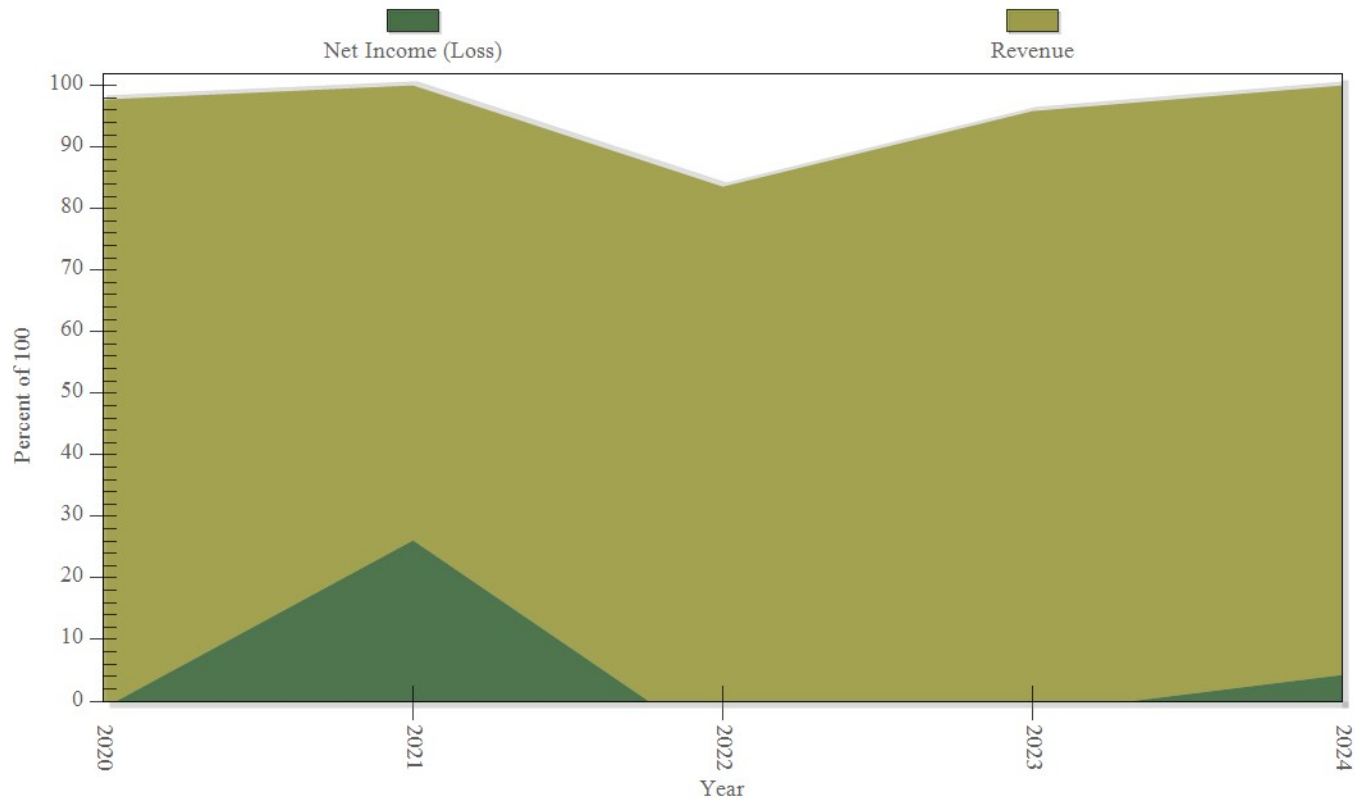
**ELK RIVER WATERSHED ALLIANCE**  
**Graphs of Selected Financial Information**  
**January 31, 2024**

**Comparative Working Capital**



**ELK RIVER WATERSHED ALLIANCE**  
**Graphs of Selected Financial Information**  
**January 31, 2024**

**Net Income As a Percentage of Revenue**





**ELK RIVER WATERSHED ALLIANCE**  
**Graphs of Selected Financial Information**  
**January 31, 2024**

**Comparative Summarized Balance Sheet**

