

ALBERTA WATER COUNCIL ASSOCIATION
Financial Statements
Year Ended December 31, 2023

ALBERTA WATER COUNCIL ASSOCIATION

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Year Ended December 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Directors of Alberta Water Council Association

Opinion

We have audited the financial statements of Alberta Water Council Association (the association), which comprise the statement of financial position as at December 31, 2023, 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 association as at December 31, 2023, 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 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 opinion.

Other Matter

The financial statements for the year ended December 31, 2022 were audited by another auditor who expressed an unmodified opinion on those financial statements on March 9, 2023.

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 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.

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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:

- 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.

Edmonton, Alberta
February 29, 2024

Rutwind Brar LLP
Rutwind Brar LLP
Chartered Professional Accountants

ALBERTA WATER COUNCIL ASSOCIATION

Statement of Financial Position

December 31, 2023

	2023	2022
ASSETS		
CURRENT		
Cash and cash equivalents (Note 2)	\$ 1,291,817	\$ 1,052,914
Accounts receivable (Note 3)	36,995	17,077
Prepaid expenses	2,342	2,342
	<u>1,331,154</u>	<u>1,072,333</u>
INVESTMENTS (Note 4)	200,000	200,000
	<u>\$ 1,531,154</u>	<u>\$ 1,272,333</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 6)	\$ 26,281	\$ 40,232
Deferred contributions (Note 7)	1,504,373	1,231,601
	<u>-</u>	<u>-</u>
	<u>1,530,654</u>	<u>1,271,833</u>
NET ASSETS		
Unrestricted net assets	<u>500</u>	<u>500</u>
	<u>\$ 1,531,154</u>	<u>\$ 1,272,333</u>

ON BEHALF OF THE BOARD

Director

Director

ALBERTA WATER COUNCIL ASSOCIATION

Statement of Revenues and Expenditures

Year Ended December 31, 2023

	2023	2022
REVENUE		
Grants (<i>Note 7</i>)	\$ 327,229	\$ 445,836
Interest	62,105	20,242
Donations	456	203
Amortization of deferred contributions - tangible capital assets	-	947
Other	-	100
	<u>389,790</u>	<u>467,328</u>
EXPENSES		
Salaries and wages	278,582	315,736
Professional fees	54,685	54,018
Administration (<i>Schedule 1</i>)	33,100	30,216
Director and stakeholder support	10,343	21,003
Sub-contracts	3,688	30,409
Rental	3,444	4,404
Insurance	2,810	3,210
Training and conferences	2,230	1,829
Travel	794	5,464
Advertising	114	92
Amortization	-	947
	<u>389,790</u>	<u>467,328</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ -</u>	<u>\$ -</u>

ALBERTA WATER COUNCIL ASSOCIATION

Statement of Changes in Net Assets

Year Ended December 31, 2023

	Unrestricted Net Assets	Invested in Tangible Capital Assets	2023	2022
NET ASSETS - BEGINNING OF YEAR	\$ 500	\$ -	\$ 500	\$ 500
EXCESS OF REVENUE OVER EXPENSES	-	-	-	-
NET ASSETS - END OF YEAR	\$ 500	\$ -	\$ 500	\$ 500

ALBERTA WATER COUNCIL ASSOCIATION

Statement of Cash Flows Year Ended December 31, 2023

	2023	2022
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ -	\$ -
Items not affecting cash:		
Amortization	-	947
Amortization of deferred contributions - tangible capital assets	-	(947)
	-	-
Changes in non-cash working capital:		
Accounts receivable	(19,918)	(6,008)
Accounts payable and accrued liabilities	(13,951)	17,371
Deferred contributions	272,772	119,946
Prepaid expenses	-	400
	238,903	131,709
Cash flow from operating activities	238,903	131,709
INVESTING ACTIVITY		
Purchase of investments	100,000	(200,000)
INCREASE (DECREASE) IN CASH FLOW	338,903	(68,291)
Cash and cash equivalents - beginning of year	1,052,914	1,121,205
CASH AND CASH EQUIVALENTS - END OF YEAR (Note 2)	\$ 1,391,817	\$ 1,052,914

ALBERTA WATER COUNCIL ASSOCIATION

Notes to Financial Statements
Year Ended December 31, 2023

NATURE OF OPERATIONS

The Alberta Water Council Association (the "Association") is a multi-stakeholder partnership with Members from governments, industry, and non-government organizations, all of whom have a vested interest in water. The Association was created in 2004 under Ministerial Order by Alberta's Minister of Environment and Parks and it was incorporated under the *Societies Act* of Alberta on September 21, 2007. The Association monitors implementation of the *Water for Life* strategy and champions achievement of the strategy's goals.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations

Revenue Recognition

The Association follows the deferral method of accounting for contributions, which include donations and government grants. Restricted contributions are recognized as revenue during 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.

Restricted contributions for the purchase of tangible capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related tangible capital assets

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred.

Cash and Cash Equivalents

Cash and cash equivalents include items that are readily convertible to known amounts of cash, are subject to an insignificant risk of change in value, and have a maturity of one year or less at acquisition

Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization. Contributed tangible capital assets are recorded at fair value at the date of contribution. When a tangible capital asset no longer contributes to the Association's ability to provide services or the value of future economic benefits associated with the tangible capital asset is less than its net book value, the carrying value of the tangible capital asset is reduced to reflect the decline in the asset's value.

Tangible capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives on a straight-line basis at the following rates and methods:

Computer equipment	3 -6 years	straight-line method
Furniture and fixtures	5 years	straight-line method

The Association regularly reviews its tangible capital assets to eliminate obsolete items

The Association's capitalization policy is to capitalize items with a cost greater than \$3,000.

Financial Instruments

Measurement of financial instruments

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ALBERTA WATER COUNCIL ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2023

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

The Association initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instruments.

The Association subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash and cash equivalents, and accounts receivable

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities

The Association has no financial assets measured at fair value.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income

Measurement uncertainty

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the recorded amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management's estimates include the useful lives of tangible capital assets and the corresponding rates of amortization and the amount of accrued liabilities. All estimates are reviewed periodically and adjustments are made to the statements of operations as appropriate in the year they become known.

2. CASH AND EQUIVALENTS

	<u>2023</u>	<u>2022</u>
Operating accounts	\$ 91,817	\$ 52,914
Guaranteed Investment Certificates	1,300,000	1,000,000
	<u>\$ 1,391,817</u>	<u>\$ 1,052,914</u>

Guaranteed Investment Certificates bear interest at rates ranging from 4.55% to 5.50% (2022 - 2.00% - 4.95%) and maturing at dates ranging between May 2024 to December 2024

Cash in the amount of \$200,000 (2022 - \$200,000) has been designated by the Association for winding down costs

3. ACCOUNTS RECEIVABLE

	<u>2023</u>	<u>2022</u>
Interest receivable	\$ 31,420	\$ 13,986
Goods and Services Tax Recoverable	5,574	3,091

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ALBERTA WATER COUNCIL ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2023

3. ACCOUNTS RECEIVABLE *(continued)*

<u>2023</u>	<u>2022</u>
\$ 36,994	\$ 17,077

4. INVESTMENTS

Investments consist of a Guaranteed Investment Certificate bearing interest 3.25% maturing May 2024

5. TANGIBLE CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated amortization</u>	<u>2023 Net book value</u>	<u>2022 Net book value</u>
Furniture and fixtures	\$ 87,558	\$ 87,558	\$ -	\$ -
Computer equipment	69,122	69,122	-	-
	\$ 156,680	\$ 156,680	\$ -	\$ -

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2023</u>	<u>2022</u>
Trade	\$ 15,400	\$ 11,840
Accrued Vacation Payable	10,881	7,358
The Clean Air Strategic Alliance Association	-	21,033
	\$ 26,281	\$ 40,231

7. DEFERRED CONTRIBUTIONS

The purpose of core funding grants is to provide core funding in support of the Association's objectives as detailed in Nature of Operations.

The Environment and Parks Grant Regulation, under which the grants have been provided, specifies that the grants must either be used for the purposes specified in the grant agreement, be used for different purposes if such different purposes are agreed to by the applicant and the respective Minister, or be returned to the Province of Alberta. Accordingly, in the event the Association does not utilize the funds in pursuit of its objectives, any unexpended grant monies remaining may have to be repaid to the Province of Alberta.

The changes in deferred contributions for the year are as follows:

	<u>2023</u>	<u>2022</u>
Balance, Beginning of Year	\$ 1,231,602	\$ 1,111,656
Add:		
Government of Alberta (Environment and Parks) - core funding	500,000	500,000

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ALBERTA WATER COUNCIL ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2023

7. DEFERRED CONTRIBUTIONS *(continued)*

	<u>2023</u>	<u>2022</u>
Government of Alberta (Environment and Parks) - interchange	-	55,782
Alberta Innovate	100,000	10,000
Less:		
Grant revenue recognized to cover expenses during the year	(327,229)	(445,836)
	\$ 1,504,373	\$ 1,231,602
Deferred contributions are comprised of the following:		
Government of Alberta (Environment and Parks) - core funding	\$ 1,457,853	\$ 1,230,543
Alberta Innovates	46,520	1,059
	\$ 1,504,373	\$ 1,231,602

8. ECONOMIC DEPENDENCE

The Association's primary source of revenue is grant funding from the Alberta Government. The Association's ability to continue viable operations is dependent on this funding.

9. TRANSACTIONS WITH THE GOVERNMENT OF ALBERTA

The Government of Alberta provides office space to the Association at no charge under the terms Letter of Understanding between the Government of Alberta and the Association. No amounts have been recognized in the financial statements as the amounts are not readily determinable.

10. FINANCIAL INSTRUMENTS

The Association is not exposed to significant credit, market, currency or other price risk through its financial instruments. The following analysis provides information about the Association's risk exposure and concentration as of December 31, 2023.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The company is exposed to credit risk from customers. The Association is not exposed to credit risk.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Association is exposed to this risk mainly in respect of its receipt of funds from the Government of Alberta (Environment and Parks) and other related sources, and accounts payable and accrued liabilities.

The Association mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and maintaining investments that may be converted to cash in the near-term if unexpected cash outflows arise

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The association is exposed to interest rate risk.

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ALBERTA WATER COUNCIL ASSOCIATION

Notes to Financial Statements
Year Ended December 31, 2023

10. FINANCIAL INSTRUMENTS *(continued)*

Currency risk

Currency risk is the risk to the company's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The association is not exposed to foreign currency exchange risk.

Interest rate risk

Interest rate risk is the risk that the fair value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Association manages exposure through its normal operating and financing activities. The Association is exposed to interest rate risk primarily through its investments

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The association is not exposed to other price risk.

Change in risk

There have been no significant changes in the Associations risk exposures from the 2022 fiscal year

ALBERTA WATER COUNCIL ASSOCIATION

Schedule of Administration Expenses (Schedule 1)

Year Ended December 31, 2023

	2023	2022
EXPENSES		
Information technology	\$ 11,750	\$ 14,549
Printing and copying	10,553	2,137
Telephone	3,681	3,264
Internet	1,479	1,373
Software	1,308	875
Photocopiers	1,020	1,840
Recognition gifts	946	-
Bank charges	636	701
Other	609	2,706
Supplies	597	2,050
Books, subscriptions, reference	405	368
Hospitality	116	-
Team building	-	353
	\$ 33,100	\$ 30,216