

**Wood Buffalo Environmental  
Association**  
**Financial Statements**  
*March 31, 2018*



## Management's Responsibility

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To the Members of Wood Buffalo Environmental Association:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed entirely of members who are neither management nor employees of the Association. The Board appoints a Governance Committee which is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Governance Committee has the responsibility of meeting with management and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Governance Committee is also responsible for recommending the appointment of the Association's external auditors.

MNP LLP is appointed by the members to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Governance Committee and management to discuss their audit findings.

June 12, 2018

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Sanjay Prasad, Executive Director

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## Independent Auditors' Report

To the Members of Wood Buffalo Environmental Association:

We have audited the accompanying financial statements of Wood Buffalo Environmental Association, which comprise the statement of financial position as at March 31, 2018, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility 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.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Wood Buffalo Environmental Association as at March 31, 2018 and the results of its operations, changes in net assets and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Fort McMurray, Alberta

June 12, 2018

**MNP LLP**

Chartered Professional Accountants

**MNP**



**Wood Buffalo Environmental Association**  
**Statement of Financial Position**

*As at March 31, 2018*

	<b>2018</b>	<b>2017</b>
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents	465,515	1,338,471
Accounts receivable	4,792,208	3,829,672
Restricted cash (Note 5)	2,000,000	2,000,000
Prepaid expenses and deposits	219,110	172,330
Inventory	562,624	275,303
Goods and Services Tax receivable	144,628	54,201
	8,184,085	7,669,977
<b>Capital assets (Note 3)</b>	<b>3,258,470</b>	<b>2,451,944</b>
	11,442,555	10,121,921
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 7)	5,245,223	5,124,451
Government remittances payable	39,933	44,190
	5,285,156	5,168,641
<b>Commitments (Note 4)</b>		
<b>Net Assets</b>		
Investment in capital assets	3,258,470	2,451,942
Internally restricted (Note 5)	2,000,000	2,000,000
Unrestricted	898,929	501,338
	6,157,399	4,953,280
	11,442,555	10,121,921

Approved on behalf of the Board

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Director

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Director

*The accompanying notes are an integral part of these financial statements*





**Wood Buffalo Environmental Association**  
**Statement of Operations**  
For the year ended March 31, 2018

	2018	2017
<b>Revenue</b>		
AEMERA and AEP grant funding (Note 7), (Note 9)	11,527,335	8,840,395
In-kind contributions (Note 6)	134,550	79,000
Grants	116,223	126,639
Interest and other income	11,624	1,698
	<b>11,789,732</b>	<b>9,047,732</b>
<b>Program expenses</b>		
Ambient air monitoring (Schedule 1)	4,626,024	3,611,857
Data management (Schedule 2)	401,939	271,107
Knowledge translation (Schedule 3)	99,943	64,258
Administration (Schedule 4)	1,623,201	2,482,771
Deposition monitoring (Schedule 5)	1,726,474	1,120,642
Odour monitoring (Schedule 6)	203,785	157,713
Enhanced deposition	81,806	32,712
Southern monitoring plan	-	13,621
Traditional knowledge	248,410	152,967
	<b>9,011,582</b>	<b>7,907,648</b>
<b>Other expenditures</b>		
Amortization	1,357,113	4,417,122
Specific projects	123,579	126,897
In-kind expenses (Note 6)	134,550	79,000
	<b>1,615,242</b>	<b>4,623,019</b>
<b>Total expenses</b>	<b>10,626,824</b>	<b>12,530,667</b>
<b>Excess (deficiency) of revenue over expenses before gain on disposal of capital assets</b>	<b>1,162,908</b>	<b>(3,482,935)</b>
<b>Gain on disposal of capital assets</b>	<b>41,211</b>	<b>-</b>
<b>Excess (deficiency) of revenue over expenses (Note 7)</b>	<b>1,204,119</b>	<b>(3,482,935)</b>

The accompanying notes are an integral part of these financial statements



**Wood Buffalo Environmental Association**  
**Statement of Changes in Net Assets**

*For the year ended March 31, 2018*

	<i>Investment in capital assets</i>	<i>Internally restricted (Note 5)</i>	<i>Unrestricted</i>	<b>2018</b>	<b>2017</b>
Net assets, beginning of year	2,451,942	2,000,000	501,338	4,953,280	8,436,213
Excess (deficiency) of revenue over expenses	-	-	1,204,119	1,204,119	(3,482,935)
Amortization of capital assets internally funded	(1,357,113)	-	1,357,113	-	-
Capital assets acquired from internal funds	2,168,829	-	(2,168,829)	-	-
Net book value of capital asset disposals	(5,188)	-	5,188	-	-
<b>Net assets, end of year</b>	<b>3,258,470</b>	<b>2,000,000</b>	<b>898,929</b>	<b>6,157,399</b>	<b>4,953,278</b>

*The accompanying notes are an integral part of these financial statements*



**Wood Buffalo Environmental Association**  
**Statement of Cash Flows**  
*For the year ended March 31, 2018*

	<b>2018</b>	<b>2017</b>
<b>Cash provided by (used for) the following activities</b>		
<b>Operating</b>		
Cash received from contributions <i>(Note 6)</i>	10,567,100	7,290,583
Cash receipts from grants	116,223	126,639
Interest received	9,322	-
Cash paid for program service expenses <i>(Note 6)</i>	(6,291,732)	(791,835)
Cash paid for salaries and benefits	(3,148,574)	(3,393,030)
Interest paid	(2,866)	(2,863)
	<b>1,249,473</b>	<b>3,229,494</b>
<b>Investing</b>		
Purchase of capital assets using internal funds	(2,168,829)	(663,666)
Proceeds on disposal of capital assets	46,400	-
	<b>(2,122,429)</b>	<b>(663,666)</b>
<b>Increase (decrease) in cash resources</b>	<b>(872,956)</b>	<b>2,565,828</b>
<b>Cash resources, beginning of year</b>	<b>3,338,471</b>	<b>772,643</b>
<b>Cash resources, end of year</b>	<b>2,465,515</b>	<b>3,338,471</b>

*The accompanying notes are an integral part of these financial statements*



# Wood Buffalo Environmental Association

## Notes to the Financial Statements

For the year ended March 31, 2018

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### 1. Incorporation and nature of the association

Wood Buffalo Environmental Association (the "Association") was registered under the authority of the Alberta Societies Act and is a not-for-profit organization. The Association is exempt from income taxes under section 149 (1)(l) of the Income Tax Act ("the Act"). In order to maintain its status as a not-for-profit organization under the Act, the Association must meet certain requirements within the Act. In the opinion of management these requirements have been met.

Wood Buffalo Environmental Association is a multi-stakeholder, consensus based organization that operates air quality and effects programs in Northeastern Alberta.

### 2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada using the following significant accounting policies:

#### **Revenue recognition**

The Association follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in 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.

#### **Cash and cash equivalents**

Cash and cash equivalents include the bank balance and petty cash balance and include cash subject to restrictions that prevent its use for current purposes (Note 5).

#### **Inventory**

Inventory is valued at the lower of cost and net realizable value. Cost is determined by the first in, first out method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling costs.

#### **Contributed materials and services**

Contributions of materials and services are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the materials are used in the normal course of the Association's operations and would otherwise have been purchased.

#### **Capital assets**

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined.

Amortization is provided using the following methods at rates intended to amortize the cost of assets over their estimated useful lives.

All capital assets are amortized at 20% straight line with no residual value (see Note 3).

#### **Measurement uncertainty**

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 and 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.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Provisions are made for slow moving and obsolete inventory. Amortization is based on the estimated useful lives of capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues and expenses in the periods in which they become known.





**Wood Buffalo Environmental Association**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2018*

**2. Significant accounting policies** *(Continued from previous page)*

**Financial instruments**

The Association recognizes its financial instruments when the Association becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. At initial recognition, the Association may irrevocably elect to subsequently measure any financial instrument at fair value.

The Association subsequently measures investments in equity instruments quoted in an active market. All other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess of revenues over expenses for the current period. Transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

The Association assesses impairment of all of its financial assets measured at cost or amortized cost when there is an indication of impairment. Any impairment which is not considered temporary is included in current year excess of revenues over expenses.

**3. Capital assets**

	<b>Cost</b>	<b>Accumulated amortization</b>	<b>2018 Net book value</b>	<b>2017 Net book value</b>
Air quality monitoring stations and equipment	12,161,914	9,238,532	2,923,382	1,959,382
Computer equipment	142,105	134,465	7,640	18,304
Database and website	462,626	443,530	19,096	3,203
Fences and towers	59,719	59,719	-	-
Leasehold improvements	1,284,940	1,228,783	56,157	122,159
Office equipment	369,192	317,994	51,198	80,900
Site preparation	334,995	133,998	200,997	267,996
	<b>14,815,491</b>	<b>11,557,021</b>	<b>3,258,470</b>	<b>2,451,944</b>

**4. Commitments**

The Association has entered into various office space, service, and equipment leases as well as equipment construction contracts with estimated minimum annual payments as follows:

2019	1,157,811
2020	798,363
2021	728,302
2022	690,767
2023	664,744
Thereafter, to 2025	669,999

**5. Internally restricted net assets**

The Association's members internally restricted \$2,000,000 of net assets to be utilized in the event there is a lag in receipt of funding allocations. These internally restricted amounts are not available for other purposes without approval of the general membership. At March 31, 2018, the Association had used \$nil (2017 - \$nil) of the internally restricted funds.



**Wood Buffalo Environmental Association**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2018*

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**6. In-kind contributions and expenditures**

In-kind contributions and expenditures include \$134,550 (2017 - \$79,000) which represent the estimated value of services provided by members in attendance at governance committee, general membership, AATC, DM, Odour, communications meetings and workshops as well as contributed furniture below the \$5,000 capitalization threshold. These transactions have been excluded from the statement of cash flows.

**7. Supplemental information regarding excess of revenue over expenses**

The final year to date project reconciliation indicates a cumulative excess in funding received from previous year, in the amount of \$3,156,839 (2017 - \$3,156,839). This excess in funding has been recognized as a liability and is included in accounts payable and accrued liabilities in the statement of financial position.

Excess (deficiency) of revenue over expenses include funds received from Alberta Environmental Monitoring, Alberta Environment and Parks ("AEP") that were spent on capital asset purchases during the period, and transferred to investment in capital assets on the statement of changes in net assets.

Since the excess (deficiency) of revenue over expenses excludes funds that were spent on capital asset purchases, and includes non-cash expenses, the financial statements will not reflect the actual surplus funding as reported by the Association to AEP in the year to date project reconciliation.

**8. Financial instruments**

The Association, as part of its operations, carries a number of financial instruments. It is management's opinion that the Association is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

***Credit concentration***

As at March 31, 2018, one funder (2017 - one) accounted for 96% (2017 - 99%) of accounts receivable. The Association believes that there is no unusual exposure associated with the collection of these receivables.

**9. Economic dependence**

Approximately 98% (2017 - 99%) of the Association's contributions are made by one (2017 - one) contributor. A loss of this contributor could have a materially adverse impact on the Association's operations.

**10. Comparative figures**

Certain comparative figures have been reclassified to conform with current year presentation.



**Wood Buffalo Environmental Association**  
**Schedule 1 - Ambient Air Monitoring Expenditures**

*For the year ended March 31, 2018*

	2018	2017
<b>Expenditures</b>		
Field operation centre - occupancy	418,448	390,315
Fort Chipewyan expenses - AMS 8	14,756	14,395
Information technology	113,082	102,878
Lab analysis	735,451	565,367
Materials and consumables	347,074	160,194
Operational expense (station utilities and insurance)	124,864	110,334
Professional fees - external	488,727	409,630
Professional fees - internal	1,883,740	1,468,114
Quality assurance program	30,068	32,212
Reference standards, span & support gases	95,990	98,952
Safety & training	16,180	10,924
Shipping	26,931	14,313
Stakeholder engagement	1,550	-
Station and site maintenance	106,003	76,109
Technology assessment and review	3,709	-
Training	36,787	-
Vehicles	168,367	149,717
Wet precipitation	14,297	8,403
	<b>4,626,024</b>	<b>335,365</b>



**Wood Buffalo Environmental Association**  
**Schedule 2 - Data Management Expenditures**  
*For the year ended March 31, 2018*

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	<i>2018</i>	<i>2017</i>
<b>Expenditures</b>		
DMS management, hosting, and operations	<b>401,939</b>	271,107

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**Wood Buffalo Environmental Association**  
**Schedule 3 - Knowledge Translation Expenditures**  
*For the year ended March 31, 2018*

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	<i>2018</i>	<i>2017</i>
<b>Expenditures</b>		
Community relations and outreach	-	12,789
Communications	<b>99,943</b>	1,288
Reports	-	28,401
WBEA digital media	-	21,780
	<b>99,943</b>	64,258

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**Wood Buffalo Environmental Association**  
**Schedule 4 - Administration Expenditures**

*For the year ended March 31, 2018*

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	2018	2017
<b>Expenditures</b>		
Audit & legal	50,184	72,405
Conferences & meetings	60,468	40,438
Emergent items	-	100,376
Employee benefits	-	335,731
Insurance	33,241	33,025
Occupancy costs - Thickwood	242,537	230,269
Office equipment lease	20,697	27,297
Office expense	166,198	160,970
Office vehicle	12,263	8,974
Safety & mandatory training	28,645	39,890
Salary, wages and professional fees	955,139	1,344,912
Stakeholder involvement	21,376	50,601
Travel	32,453	37,883
	1,623,201	3,603,413

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**Wood Buffalo Environmental Association**  
**Schedule 5 - Deposition Monitoring Expenditures**

*For the year ended March 31, 2018*

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	2018	2017
<b>Expenditures</b>		
Deposition training	3,407	-
Dry deposition monitoring	209,396	89,457
Forest health monitoring	97,586	44,966
Instrumented MET towers	100,722	102,919
Passive monitoring	416,528	472,907
Professional fees	69,675	-
Program design review	377,653	-
Program management	426,284	357,132
Remote continuous ozone monitoring	23,590	53,261
Stakeholder engagement	1,633	-
	<b>1,726,474</b>	<b>1,120,642</b>

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**Wood Buffalo Environmental Association**  
**Schedule 6 - Odour Monitoring Expenditures**

*For the year ended March 31, 2018*

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	<b>2018</b>	<b>2017</b>
<b>Expenditures</b>		
Acute odour monitoring	31,671	-
Ambient odour study	125,916	-
Labour & professional fees	30,778	78,186
Odour measurement	15,420	51,427
Odour workshop and reporting	-	28,100
	<b>203,785</b>	<b>157,713</b>

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**Wood Buffalo Environmental Association**  
**Schedule 7 - Enhanced Deposition Expenditures**  
*For the year ended March 31, 2018*

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	<i>2018</i>	<i>2017</i>
<b>Enhanced deposition</b>	<b>81,806</b>	<b>32,712</b>

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**Wood Buffalo Environmental Association**  
**Schedule 8 - Southern Monitoring Plan Expenditures**  
*For the year ended March 31, 2018*

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	2018	2017
Southern monitoring plan	-	13,621

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**Wood Buffalo Environmental Association**  
**Schedule 9 - Traditional Knowledge Expenditures**  
*For the year ended March 31, 2018*

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	<i>2018</i>	<i>2017</i>
<b>Traditional knowledge</b>		
Traditional knowledge	214,600	152,967
Wetland plants	33,810	-
	<b>248,410</b>	<b>152,967</b>

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