

Wood Buffalo Environmental Association
Financial Statements
March 31, 2025

To the Members of Wood Buffalo Environmental Association:

Opinion

We have audited the financial statements of Wood Buffalo Environmental Association (the "Association"), which comprise the statement of financial position as at March 31, 2025, 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 the Association as at March 31, 2025, 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 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 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.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. We obtained the Annual Report prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 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.

Fort McMurray, Alberta

July 10, 2025

MNP LLP

Chartered Professional Accountants

Wood Buffalo Environmental Association

Statement of Financial Position

As at March 31, 2025

	2025	2024
Assets		
Current		
Cash and cash equivalents	2,805,040	2,514,166
Restricted cash (Note 6)	3,036,406	2,563,298
Accounts receivable	2,274,430	2,692,367
Prepaid expenses and deposits	313,769	206,216
Inventory	766,595	696,187
Goods and Services Tax receivable	89,615	75,330
	9,285,855	8,747,564
Capital assets (Note 3)	3,221,287	2,900,742
	12,507,142	11,648,306
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 3), (Note 8)	4,585,332	4,199,227
Government remittances payable	71,094	65,046
Deferred revenue (Note 4)	12,037	226,520
	4,668,463	4,490,793
Commitments (Note 5)		
Subsequent event (Note 11)		
Net Assets		
Investment in capital assets	3,221,287	2,900,742
Internally restricted (Note 6)	2,000,000	2,000,000
Non-program reserve (Note 6)	1,071,070	781,142
Unrestricted	1,546,322	1,475,629
	7,838,679	7,157,513
	12,507,142	11,648,306

Approved on behalf of the Board


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, 2025

	2025	2024
Revenue		
AEP grant funding	13,601,987	12,059,888
Interest and other income	648,590	564,104
Grants	345,181	519,369
In-kind contributions (Note 7)	114,775	147,625
Station builds	35,500	-
Income from projects	13,408	17,169
	14,759,441	13,308,155
Program expenses		
Ambient air monitoring (Schedule 1)	5,481,609	5,872,164
Data management (Schedule 2)	794,892	359,042
Knowledge translation (Schedule 3)	187,963	153,000
Administration (Schedule 4)	2,107,865	2,168,695
Deposition monitoring (Schedule 5)	2,464,532	1,755,945
Traditional knowledge (Schedule 6)	157,218	289,253
Analytical services (Schedule 7)	833,889	909,138
	12,027,968	11,507,237
Other expenditures		
Amortization	1,404,669	1,315,674
Specific projects	530,863	419,379
In kind expenses (Note 7)	114,775	147,625
	2,050,307	1,882,678
Total expenses	14,078,275	13,389,915
(Deficiency) excess of revenue over expenses	681,166	(81,760)

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, 2025

	<i>Investment in capital assets</i>	<i>Internally restricted</i>	<i>Non-program reserve</i>	<i>Unrestricted</i>	2025	2024
Net assets, beginning of year	2,900,742	2,000,000	781,142	1,475,629	7,157,513	7,239,273
(Deficiency) excess of revenue over expenses	-	-	-	681,166	681,166	(81,760)
Transfer of internally restricted net assets (Note 6)	-	-	289,928	(289,928)	-	-
Amortization of capital assets	(1,404,669)	-	-	1,404,669	-	-
Capital assets acquired	1,725,214	-	-	(1,725,214)	-	-
Net assets, end of year	3,221,287	2,000,000	1,071,070	1,546,322	7,838,679	7,157,513

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, 2025

	2025	2024
Cash provided by (used for) the following activities		
Operating		
Cash received from contributions (Note 7)	14,611,981	13,712,425
Cash paid for program service expenses (Note 7)	(8,223,937)	(7,851,384)
Cash paid for salaries and benefits	(4,751,757)	(4,459,302)
Interest received	236,139	248,192
	1,872,426	1,649,931
Investing		
Proceeds from redemption of term deposit	-	40,000
Purchase of capital assets from internal funds	(1,108,444)	(985,559)
	(1,108,444)	(945,559)
Increase in cash resources	763,982	704,372
Cash resources, beginning of year	5,077,464	4,373,092
Cash resources, end of year	5,841,446	5,077,464
Cash resources are composed of:		
Cash and cash equivalents	2,805,040	2,514,166
Restricted cash	3,036,406	2,563,298
	5,841,446	5,077,464

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, 2025

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 terrestrial environmental 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.

Station builds revenue is recognized when a price is agreed, all significant contractual obligations have been satisfied, and collectability is reasonably assured. Rental revenue from rental agreements is recognized over the rental term.

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 6).

Inventory

Inventory is valued at the lower of cost and replacement cost. Cost is determined by the first in, first out method.

Contributed materials and services

Contributions of materials and services are recognized both as revenues 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.

Employee future benefits

The Association's employee future benefit program consists of an RRSP matching plan. Contributions in the current year were \$397,268 (2024 - \$306,767).

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 with the exception of leasehold improvements are amortized at 20% straight line with no residual value. Leasehold improvements are amortized over their lease term (Note 3).

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

Long-lived assets

Long-lived assets consist of capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Association writes down long-lived assets held for use when conditions indicate that the asset no longer contributes to the Association's ability to provide goods and services. The assets are also written-down when the value of future economic benefits or service potential associated with the group of assets is less than its net carrying amount. When the Association determines that a long-lived asset is impaired, its carrying amount is written down to the asset's fair value.

Financial instruments

The Association recognizes financial instruments when the Association becomes party to the contractual provisions of the financial instrument.

Arm's length financial instruments

Financial instruments originated/acquired or issued/assumed in an arm's length transaction ("arm's length financial instruments") are initially recorded at their fair value.

At initial recognition, the Association may irrevocably elect to subsequently measure any arm's length financial instrument at fair value. The Association has not made such an election during the year.

The Association subsequently measures investments in equity instruments quoted in an active market and all derivative instruments at fair value. 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 excess of revenue over expenses. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Related party financial instruments

The Association initially measures investments or debt instruments with a quoted market value or derivatives originated in a related party transaction ("related party financial instruments") at fair value.

All other related party financial instruments are measured at cost on initial recognition.

At initial recognition, the Association may elect to subsequently measure related party debt instruments that are quoted in active market, or that have observable inputs significant to the determination of fair value, at fair value. The Association has not made such an election during the year, thus all such related party debt instruments are subsequently measured at amortized cost.

The Association subsequently measures investments in equity instruments quoted in an active market and all derivative instruments at fair value.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of related party financial instruments are immediately recognized in excess of revenue over expenses.

Financial asset impairment

The Association assesses impairment of all its financial assets measured at cost or amortized cost. The Association reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

Any impairment, which is not considered temporary, is included in current year excess of revenue over expenses. The Association reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in excess of revenue over expenses in the year the reversal occurs.

Wood Buffalo Environmental Association

Notes to the Financial Statements

For the year ended March 31, 2025

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

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 over expenses in the periods in which they become known.

3. Capital assets

	Cost	Accumulated amortization	2025 Net book value	2024 Net book value
Air quality monitoring stations and equipment	16,233,783	14,760,871	1,472,912	1,668,660
Computer equipment	166,882	132,834	34,048	66,936
Database and website	319,375	290,240	29,135	53,543
Leasehold improvements	2,537,286	1,530,829	1,006,457	757,284
Office equipment	178,403	136,808	41,595	43,145
Site preparation	1,681,955	1,044,815	637,140	311,174
	21,117,684	17,896,397	3,221,287	2,900,742

Included in accounts payable and accruals is \$755,528 (2024 - \$138,758) related to capital assets.

4. Deferred revenue

Deferred revenue at year end consists of:

	2025	2024
Alberta Environment and Protected Areas - KT Grant	12,037	-
Community Led Berry Contamination Study	-	226,520
	12,037	226,520

5. Commitments

The Association has entered into various lease agreements with estimated minimum annual payments as follows:

2026	979,624
2027	891,221
2028	841,071
2029	862,310
2030	866,558

Wood Buffalo Environmental Association

Notes to the Financial Statements

For the year ended March 31, 2025

6. Internally restricted

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 from the province. These internally restricted amounts are not available for other purposes without approval of the Governance Committee.

The Association also has restricted funds, which are included in the non-program reserve, resulting from income earned that is not associated with government funding. At March 31, 2025, the Governance Committee approved the transfer of \$289,928 (2024 - \$285,062) to the non-program reserve.

7. In-kind contributions and expenditures

In-kind contributions and expenditures include \$114,775 (2024 - \$147,625) which represent the estimated value of services provided by members in attendance at governance committee, general membership, AATC, TEEM, and odour meetings and workshops. These transactions have been excluded from the statement of cash flows.

8. Supplemental information regarding excess of revenue over expenses

The current year-to-date project reconciliation indicates a cumulative excess in funding received in the amount of \$3,241,280 (2024 - \$3,241,280) from both AEP and grants. 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 of revenue over expenses includes 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 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.

9. 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, 2025, one funder (2024 - one) accounted for 86% (2024 - 98%) of accounts receivable. The Association believes that there is no unusual exposure associated with the collection of these receivables.

10. Economic dependence

Approximately 97% (2024 - 97%) of the Association's contributions are made by one (2024 - one) contributor, AEP. The funding under the associated contract is renewed on an annual basis. As of the date of these financial statements, the funding has not been approved by AEP for the 2026 year. A loss of this funding could have a materially adverse impact on the Association's operations.

Wood Buffalo Environmental Association

Notes to the Financial Statements

For the year ended March 31, 2025

11. Subsequent event

After year-end, the Association received the funding decision for the 25/26 fiscal year, from the Oil Sands Monitoring (OSM) Program. The approved funding amounted to only 88% of the total requested in the Association's submitted work plan. This funding shortfall is expected to affect program activities and result in a decrease in funding received of approximately \$1.75M. Management will implement risk management strategies to address and mitigate the effects of the reduced funding throughout the year.

12. 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, 2025

	2025	2024
Expenditures		
Audits	-	29,961
Fort Chipewyan expenses - AMS 8	-	17,935
GC Calibration and maintenance fees	79,803	117,312
Information technology	126,838	89,487
Inventory expense	278,724	331,930
Lab analysis	656,205	603,213
Materials and consumables	34,420	58,995
Network assessment	5,640	-
Occupancy cost - 805 Memorial Drive	790,619	881,748
Odour monitoring - comp	558	49,619
Operational expense (station utilities and insurance)	356,632	401,900
Professional fees - external	206,570	260,423
Professional fees - internal	2,314,900	2,451,430
Reference standards, span & support gases	108,142	114,443
Safety training	17,047	31,446
Shipping	17,243	12,013
Station and site maintenance	154,962	129,820
Training	47,598	19,046
Vehicles	285,708	271,443
	5,481,609	5,872,164

Wood Buffalo Environmental Association
Schedule 2 - Database Management Expenditures

For the year ended March 31, 2025

	2025	2024
Expenditures		
DMS, management, hosting, and operations	358,956	359,042
Program management and benefits	435,936	-
	794,892	359,042

Wood Buffalo Environmental Association
Schedule 3 - Knowledge Translation Expenditures
For the year ended March 31, 2025

	2025	2024
Expenditures		
Knowledge translation	187,963	153,000

Wood Buffalo Environmental Association
Schedule 4 - Administration Expenditures

For the year ended March 31, 2025

	2025	2024
Expenditures		
Audit & legal	40,608	70,225
Conferences & meetings	28,953	24,775
Information technology	87,271	116,948
Insurance	72,857	60,865
Office equipment lease	11,038	12,365
Office expense	109,867	162,368
Safety & mandatory training	112,458	142,845
Salary, wages and professional fees	1,596,156	1,525,627
Stakeholder involvement	43,291	40,532
Travel	5,366	12,145
	2,107,865	2,168,695

Wood Buffalo Environmental Association

Schedule 5 - Deposition Monitoring Expenditures

For the year ended March 31, 2025

	2025	2024
Expenditures		
Deposition training	12,649	4,851
Deposition site maintenance	88,105	98,193
Dry deposition monitoring	-	28,356
Forest health monitoring	826,544	343,790
Helicopter	370,642	301,123
Information technology	21,016	4,783
Insurance	11,788	12,568
Laboratory analysis	98,455	358,474
Materials and consumables	67,634	17,089
Professional fees	337,252	166,386
Program management	546,836	316,821
Safety	9,154	2,318
Shipping	4,808	3,233
Stakeholder engagement and workshops	17,511	46,008
Vehicles	52,138	51,952
	2,464,532	1,755,945

Wood Buffalo Environmental Association
Schedule 6 - Traditional Knowledge Expenditures

For the year ended March 31, 2025

	2025	2024
Expenditures		
Traditional knowledge	157,218	289,253

Wood Buffalo Environmental Association
Schedule 7 - Analytical Services Expenditures

For the year ended March 31, 2025

	2025	2024
Expenditures		
Gases & cylinders	15,713	10,619
Information technology	5,844	2,614
Insurance	4,510	6,699
Inventory expense	28,719	46,326
Materials and consumables	159,264	174,604
Professional fees - external	75,544	143,706
Program management	516,340	507,866
Safety & mandatory training	403	1,674
Shipping	8,035	3,144
Training & travel	19,517	11,886
	833,889	909,138