Wood Buffalo Environmental Association

Financial Statements

March 31, 2026

Independent Auditor's Report

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, 2026, 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, 2026, 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.

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

MNP LLP

June 22, 2026

Chartered Professional Accountants

Wood Buffalo Environmental Association
Statement of Financial Position
As at March 31, 2026

	2026	*2025*
Assets		
Current		
Cash and cash equivalents	**3,639,072**	2,805,040
Restricted cash *(Note 6)*	**3,369,896**	3,036,406
Accounts receivable	**1,265,299**	2,274,430
Goods and Services Tax receivable	**37,807**	89,615
Inventory	**924,734**	766,595
Prepaid expenses and deposits	**304,387**	313,769
	9,541,195	9,285,855
Capital assets *(Note 3)*	**3,240,110**	3,221,287
	12,781,305	12,507,142
Liabilities		
Current		
Accounts payable and accrued liabilities *(Note 3), (Note 8)*	**4,012,472**	4,585,332
Government remittances payable	**9,983**	71,094
Deferred revenue *(Note 4)*	**397,315**	12,037
	4,419,770	4,668,463
Commitments *(Note 5)*		
Subsequent event *(Note 11)*		
Net Assets		
Investment in capital assets	**3,240,110**	3,221,287
Internally restricted *(Note 6)*	**2,000,000**	2,000,000
Non-program reserve *(Note 6)*	**1,311,706**	1,071,070
Unrestricted	**1,809,719**	1,546,322
	8,361,535	7,838,679
	12,781,305	12,507,142

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, 2026

	2026	2025
Revenue		
AEP grant funding	**12,368,465**	13,601,987
Grants	**760,113**	345,181
Interest and other income	**636,255**	648,590
In-kind contributions *(Note 7)*	**77,225**	114,775
Income from projects	**17,607**	13,408
Station builds	**-**	35,500
	13,859,665	14,759,441
Program expenses		
Ambient air monitoring *(Schedule 1)*	**5,622,213**	5,481,609
Data management *(Schedule 2)*	**826,136**	794,892
Knowledge translation *(Schedule 3)*	**172,723**	187,963
Administration *(Schedule 4)*	**2,136,467**	2,107,865
Deposition monitoring *(Schedule 5)*	**1,761,650**	2,464,532
Traditional knowledge *(Schedule 6)*	**-**	157,218
Analytical services *(Schedule 7)*	**1,072,618**	833,889
	11,591,807	12,027,968
Other expenditures (income)		
Amortization	**1,296,990**	1,404,669
Specific projects	**536,599**	530,863
In-kind expenses *(Note 7)*	**77,225**	114,775
Insurance proceeds	**(165,812)**	-
	1,745,002	2,050,307
Excess of revenue over expenses	**522,856**	681,166

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, 2026

	Investment in capital assets	*Internally restricted*	*Non-program reserve*	*Unrestricted*	***2026***	*2025*
Net assets, beginning of year	3,221,287	2,000,000	1,071,070	1,546,322	**7,838,679**	7,157,513
Excess of revenue over expenses	-	-	-	522,856	**522,856**	681,166
Transfer of internally restricted net assets *(Note 6)*	-	-	240,636	(240,636)	**-**	-
Amortization of capital assets	(1,296,990)	-	-	1,296,990	**-**	-
Capital assets acquired	1,320,113	-	-	(1,320,113)	**-**	-
Net book value of capital asset disposals	(4,300)	-	-	4,300	**-**	-
Net assets, end of year	**3,240,110**	**2,000,000**	**1,311,706**	**1,809,719**	**8,361,535**	7,838,679

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, 2026

	2026	*2025*
Cash provided by (used for) the following activities		
Operating		
Cash received from contributions *(Note 7)*	**15,073,264**	14,611,981
Cash paid for program service expenses *(Note 7)*	**(7,562,197)**	(8,223,937)
Cash paid for salaries and benefits	**(4,541,922)**	(4,751,757)
Interest received	**158,199**	236,139
	3,127,344	1,872,426
Investing		
Purchase of capital assets from internal funds *(Note 3)*	**(1,959,822)**	(1,108,444)
Increase in cash resources	**1,167,522**	763,982
Cash resources, beginning of year	**5,841,446**	5,077,464
Cash resources, end of year	**7,008,968**	5,841,446
Cash resources are composed of:		
Cash and cash equivalents	**3,639,072**	2,805,040
Restricted cash *(Note 6)*	**3,369,896**	3,036,406
	7,008,968	5,841,446

The accompanying notes are an integral part of these financial statements

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, with contributions are expensed as paid.

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 the shorter of their useful life and the 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.

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***	***2026 Net book value***	*2025 Net book value*
Air quality monitoring stations and equipment	**16,182,164**	**15,158,895**	**1,023,269**	1,472,912
Computer equipment	**166,882**	**165,722**	**1,160**	34,048
Database and website	**366,137**	**327,771**	**38,366**	29,135
Leasehold improvements	**3,327,850**	**1,703,004**	**1,624,846**	1,006,457
Office equipment	**185,703**	**163,123**	**22,580**	41,595
Site preparation	**1,867,377**	**1,337,488**	**529,889**	637,140
	22,096,113	**18,856,003**	**3,240,110**	3,221,287

Included in accounts payable and accruals is $111,519 (2025 - $755,528) related to capital assets.

4. Deferred revenue

Deferred revenue at year end consists of:

	2026	*2025*
Alberta Environment and Protected Areas - Strategic Partnerships Core Operating Grants	**19,315**	-
Alberta Environment and Protected Areas - Fort McKay Meteorological Profiler	**50,310**	-
Alberta Environment and Protected Areas - KT Grant	**-**	12,037
Tenant inducement	**327,690**	-
	397,315	12,037

5. Commitments

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

2027	946,821
2028	906,077
2029	927,316
2030	869,626
2031	866,558

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, 2026, the Governance Committee approved the transfer of $240,636 (2025 - $285,062) to the non-program reserve.

7. In-kind contributions and expenditures

In-kind contributions and expenditures include $77,225 (2025 - $114,775) 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 (2025 - $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, 2026, one funder (2025 - one) accounted for 93% (2025 - 86%) of accounts receivable. The Association believes that there is no unusual exposure associated with the collection of these receivables.

10. Economic dependence

Approximately 98% (2025 - 97%) of the Association's contributions are made by one (2025 - one) contributor, AEP. The funding under the associated contract is renewed on an annual basis. As of the date of these financial statements, funding has been approved by AEP for the 2027 year. A loss of this funding could have a materially adverse impact on the Association's operations.

11. Subsequent event

Subsequent to year end, the Association was granted funding from AEP's Oil Sands Monitoring Program of $9.6M and $2.9M respectively to support its Atmospheric Pollutant Active Monitoring and Integrated Atmospheric Deposition Monitoring (2026-2027). The Association estimates related costs to be $13.3M. The shortfall in funding of approximately $826,000 is expected to affect program activities. Management will implement risk management strategies to address and mitigate the effects of the shortfall in funding throughout the year.

Wood Buffalo Environmental Association
Schedule 1 - Ambient Air Monitoring Expenditures
For the year ended March 31, 2026

	2026	*2025*
Expenditures		
GC Calibration and maintenance fees	**2,310**	79,803
Information technology	**126,181**	126,838
Inventory expense	**370,728**	278,724
Lab analysis	**580,303**	656,205
Materials and consumables	**16,786**	34,420
Network assessment	**-**	5,640
Occupancy cost - 805 Memorial Drive	**867,469**	790,619
Odour monitoring - comp	**-**	558
Operational expense (station utilities and insurance)	**344,870**	356,632
Professional fees - external	**134,852**	206,570
Professional fees - internal	**2,478,231**	2,314,900
Reference standards, span & support gases	**159,821**	108,142
Safety training	**31,766**	17,047
Shipping	**10,548**	17,243
Stakeholder engagement	**3,924**	-
Station and site maintenance	**142,954**	154,962
Training	**40,994**	47,598
Vehicles	**310,476**	285,708
	5,622,213	5,481,609

Wood Buffalo Environmental Association
Schedule 2 - Database Management Expenditures
For the year ended March 31, 2026

	2026	*2025*
Expenditures		
DMS, management, hosting, and operations	**288,294**	358,956
Program management and benefits	**537,842**	435,936
	826,136	794,892

Wood Buffalo Environmental Association
Schedule 3 - Knowledge Translation Expenditures
For the year ended March 31, 2026

	2026	2025
Expenditures		
Knowledge translation	**172,723**	187,963

Wood Buffalo Environmental Association
Schedule 4 - Administration Expenditures
For the year ended March 31, 2026

	2026	*2025*
Expenditures		
Audit & legal	**48,019**	40,608
Conferences & meetings	**59,637**	28,953
Information technology	**59,231**	87,271
Insurance	**74,453**	72,857
Office equipment lease	**12,370**	11,038
Office expense	**112,426**	109,867
Safety & mandatory training	**90,173**	112,458
Salary, wages and professional fees	**1,613,837**	1,596,156
Stakeholder involvement	**58,008**	43,291
Travel	**8,313**	5,366
	2,136,467	2,107,865

	2026	2025
Expenditures		
Deposition training	**23,865**	12,649
Deposition site maintenance	**58,081**	88,105
Forest health monitoring	**84,137**	826,544
Helicopter	**481,448**	370,642
Information technology	**38,948**	21,016
Insurance	**13,874**	11,788
Laboratory analysis	**106,297**	98,455
Materials and consumables	**77,130**	67,634
Professional fees	**221,100**	337,252
Program management	**572,234**	546,836
Safety	**5,719**	9,154
Shipping	**4,151**	4,808
Stakeholder engagement and workshops	**22,464**	17,511
Vehicles	**52,202**	52,138
	1,761,650	2,464,532

Wood Buffalo Environmental Association
Schedule 6 - Traditional Knowledge Expenditures
For the year ended March 31, 2026

	2026	*2025*
Expenditures		
Traditional knowledge	**-**	157,218

Schedule 7 - Analytical Services Expenditures

For the year ended March 31, 2026

	2026	*2025*
Expenditures		
Gases & cylinders	**57,495**	15,713
Information technology	**42,696**	5,844
Insurance	**2,509**	4,510
Inventory expense	**61,271**	28,719
Materials and consumables	**234,977**	159,264
Professional fees - external	**38,964**	75,544
Program management	**622,479**	516,340
Safety & mandatory training	**1,712**	403
Shipping	**4,370**	8,035
Training & travel	**6,145**	19,517
	1,072,618	833,889