

**Winter River-Tracadie Bay
Watershed Association
Financial Statements
For the Year Ended March 31, 2022**

Winter River-Tracadie Bay Watershed Association
Financial Statements
For the Year Ended March 31, 2022

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Independent Auditor's Report

To the Board of Directors of Winter River-Tracadie Bay Watershed Association

Qualified Opinion

We have audited the financial statements of Winter River-Tracadie Bay Watershed Association (the Association), which comprise the statement of financial position as at March 31, 2022, 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, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at March 31, 2022, and its financial performance and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Association derives revenue from donations in the form of cash receipts, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Association. Therefore, we were not able to determine whether any adjustments might be necessary to revenues, excess of revenue over expenses and cash flows from operations for the year ended March 31, 2022, current assets as at March 31, 2022, and net assets as at March 31, 2022 and April 1, 2021.

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 qualified audit opinion.



Emphasis of Matter - Comparative Information

We draw attention to Note 2 of the financial statements which describes that the Association adopted Canadian accounting standards for not-for-profit organizations on April 1, 2021 with a transition date of April 1, 2020. These standards were applied retrospectively by management to the comparative information in these financial statements, including the balance sheets as at March 31, 2021 and April 1, 2020, the statement of operations, changes in net assets, and cash flows for the year ended March 31, 2021, and related disclosures. Our conclusion is not modified in respect of this matter.

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.

Chartered Professional Accountants

Charlottetown, PE
May 25, 2022

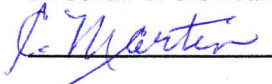
Winter River-Tracadie Bay Watershed Association Statement of Financial Position

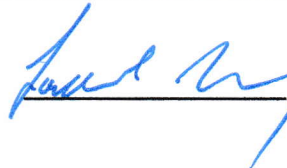
March 31	2022	(Neither audited nor reviewed) 2021	(Neither audited nor reviewed) April 1, 2020
Assets			
Current			
Cash	\$ 168,405	\$ 80,864	\$ 76,883
Accounts receivable (Note 3)	12,790	19,178	4,613
Prepaid expenses	10,757	12,362	12,326
	191,952	112,404	93,822
Land	30,595	26,909	26,909
	\$ 222,547	\$ 139,313	\$ 120,731

Liabilities and Net Assets

Current			
Deferred revenue (Note 4)	\$ 66,263	\$ -	\$ -
Net Assets			
Unrestricted	156,284	139,313	120,731
	\$ 222,547	\$ 139,313	\$ 120,731

On behalf of the Board:

 Director

 Director

Winter River-Tracadie Bay Watershed Association Statement of Changes in Net Assets

For the year ended March 31	2022 Total	(Neither audited nor reviewed) 2021 Total
Balance, beginning of the year	\$ 139,313	\$ 120,731
Excess of revenues over expenses	16,971	18,582
Balance, end of the year	\$ 156,284	\$ 139,313

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

Winter River-Tracadie Bay Watershed Association Statement of Operations

For the year ended March 31	2022	(Neither audited nor reviewed) 2021
Revenue		
City of Charlottetown	\$ 32,000	\$ 32,000
Province of Prince Edward Island	66,241	49,616
Wage subsidies (Note 5)	97,915	75,847
Other (Note 6)	69,369	117,076
	265,525	274,539
Expenses		
Advertising and promotion	3,959	2,405
Equipment rentals and purchase	1,521	5,773
Insurance	1,794	1,248
Interest and bank charges	338	35
Land costs	22	21
Meetings, travel and workshops	9,210	5,922
Office	5,474	2,628
Professional development	351	393
Professional fees - administration	3,524	2,631
Professional fees - project	7,712	538
Rental	6,595	6,540
Repairs and maintenance	272	220
Special projects	-	54,136
Supplies	13,098	7,617
Telephone	1,120	1,314
Utilities	702	642
Wages and benefits	192,862	163,894
	248,554	255,957
Excess of revenues over expenses	\$ 16,971	\$ 18,582

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

Winter River-Tracadie Bay Watershed Association Statement of Cash Flows

For the year ended March 31	2022	(Neither audited nor reviewed) 2021
Cash flows from operating activities		
Cash receipts from customers and funders	\$ 338,177	\$ 259,973
Cash paid to suppliers and employees	(246,949)	(255,992)
	91,228	3,981
Cash flows from investing activities		
Acquisition of tangible capital assets	(3,687)	-
Net increase in cash	87,541	3,981
Cash, beginning of the year	80,864	76,883
Cash, end of the year	\$ 168,405	\$ 80,864

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

Winter River-Tracadie Bay Watershed Association

Notes to Financial Statements

March 31, 2022

1. Significant Accounting Policies

Nature and Purpose of Organization	Winter River-Tracadie Bay Watershed Association Inc. ("the Association") is primarily involved in watershed management. The Association is a registered charity under the Income Tax Act and accordingly is exempt from income taxes, provided certain requirements of the Income Tax Act are met, and may issue income tax receipts to donors.
Basis of Accounting	The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.
Revenue Recognition	<p>The Association follows the deferral method of accounting for contributions.</p> <p>Government funding and other contributions are recognized in the period to which they relate. Funding approved but not received at the end of the accounting period is accrued. Where funding received relates to a future period, it is reported as deferred revenue until that future period, when it is transferred to revenue.</p>
Financial Instruments	Financial instruments are recorded at fair value at initial recognition. In subsequent periods, financial instruments are reported at cost or amortized cost less impairment. Financial assets are tested for impairment when indicators of impairment exist.
Cash	Cash consists of bank balances.
Tangible Capital Assets	<p>The land which the Association owns is reported at the value at the time of donation along with legal fees paid by the Association for the transfer and site restoration costs.</p> <p>Tangible capital assets in excess of \$3,000 are capitalized; tangible capital assets of \$3,000 or less are expensed.</p>
Contributed Services	A substantial number of volunteers contribute a significant amount of their time each year to assist the Association in carrying out its activities. Due to the difficulty of determining fair value, contributed services are not recognized in the financial statements.

Winter River-Tracadie Bay Watershed Association Notes to Financial Statements

March 31, 2022

2. First-time adoption

Effective April 1, 2021, the Association adopted the requirements of the framework, Canadian Accounting Standards for Not-for-Profit Organizations (ASNPO) or Part III of the requirements of the CPA Handbook - Accounting. These are the Association's first financial statements prepared in accordance with this framework and the transitional provisions of Section 1501 *First-time Application by Not-for-Profit Organizations*, have been applied. Section 1501 requires retrospective application of the accounting standards. The accounting policies set out in Note 1 - Significant Accounting Policies have been applied in preparing the financial statements for the year ended March 31, 2022, the comparative information presented in these financial statements for the year ended March 31, 2021 and in preparation of an opening ASNPO balance sheet at the date of transition of April 1, 2020.

The Association issued audited statement of receipts and disbursements for the year ended March 31, 2021. The adoption of ASNPO resulted in adjustments to the previously reported assets, net assets, and excess of revenue over expenses of the Association. The April 1, 2020 net assets was decreased \$1,081 for an increase of \$1,909 to land for improvement costs that had not been capitalized and decrease of \$828 to accounts receivable.

3. Accounts Receivable

	<u>2022</u>	<u>2021</u>
Trade	\$ 12,096	\$ 15,395
Government remittances	694	3,783
	<u>\$ 12,790</u>	<u>\$ 19,178</u>

4. Deferred revenue

The balance of \$66,263 (2021 - \$Nil) represents federal funding to purchase a culvert pipe in the upcoming year as part of the joint project with the Province of Prince Edward Island.

Winter River-Tracadie Bay Watershed Association Notes to Financial Statements

March 31, 2022

5. Wage Subsidies

	2022	2021
Post Secondary Program	\$ 21,512	\$ 24,864
Employment and Social Development Canada - Canada Summer Jobs	20,399	16,259
Colleges and Institutes Canada - Clean Tech Internship	12,200	13,661
Colleges and Institutes Canada - Natural Resources program	10,900	-
Employment and Social Development Canada - Youth Employment and Skills Program	9,350	-
Rural Jobs Initiative	7,065	7,240
Nature Canada	6,451	-
CPR Green Jobs Initiative	5,712	-
Jobs for Youth	4,326	8,550
Perce Program	-	3,348
Government Wage Subsidy	-	1,925
	\$ 97,915	\$ 75,847

6. Other income

	2022	2021
Environment and Climate Change Canada - EcoAction Program	\$ 26,935	\$ 13,295
Fisheries and Oceans Canada - Coastal Restoration Fund	23,156	73,443
Atlantic Ecosystems Initiatives	7,642	5,472
P.E.I. Wildlife Conservation Fund	7,605	7,145
Cotton Trust Fund for Public Parks	2,000	-
Contract work	1,620	1,962
Donations	340	367
Interest revenue	71	59
Refunds and services	-	14,729
Innovation PEI	-	604
	\$ 69,369	\$ 117,076

Winter River-Tracadie Bay Watershed Association Notes to Financial Statements

March 31, 2022

7. Financial Instrument

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Association is exposed to credit risk resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations; if there is a concentration of transactions carried out with the same counterparty; or of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions. The Association's financial instruments that are exposed to concentrations of credit risk relate primarily to its accounts and contributions receivable. The majority of the Association's receivables are from government sources and the Association works to ensure it meets all eligibility criteria in order to qualify to receive the funding.

8. Economic Dependence

Approximately 98% (2021 - 94%) of revenue reported in the period related to funding is provided by various government agencies or groups.
