

P.E.I. WATERSHED ALLIANCE, INCORPORATED

(Incorporated under the laws of Prince Edward Island)

SOURIS, PRINCE EDWARD ISLAND

FINANCIAL STATEMENTS

(Unaudited)

YEAR ENDED MARCH 31, 2022

P.E.I. WATERSHED ALLIANCE, INCORPORATED

(Unaudited)

YEAR ENDED MARCH 31, 2022

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REVIEW ENGAGEMENT REPORT

To the Board of Directors of P.E.I. Watershed Alliance, Incorporated,

We have reviewed the accompanying financial statements of P.E.I. Watershed Alliance, Incorporated that comprise the statement of financial position as at March 31, 2022 and the statements of operations and net assets and cash flow for the year then ended and the summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation 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.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

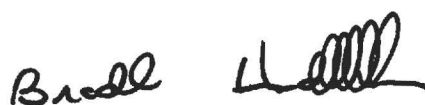
The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of P.E.I. Watershed Alliance, Incorporated as at March 31, 2022, and the results of its operations and its cash flow for the year then ended in accordance with Canadian Accounting Standards for Not-For-Profit Organizations.

The prior year financial statements were not reviewed nor audited by this firm or another firm of Chartered Professional Accountants.

FEBRUARY 3, 2023
STRATFORD, PEI


CHARTERED PROFESSIONAL ACCOUNTANTS

P.E.I. WATERSHED ALLIANCE, INCORPORATED

STATEMENT OF FINANCIAL POSITION

(Unaudited)

MARCH 31, 2022

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
CURRENT		
Cash	\$ 681,140	\$ 823,462
Receivables	<u>244,773</u>	<u>36,677</u>
	925,913	860,139
TANGIBLE CAPITAL ASSETS (Note 4)	<u>1,056</u>	<u>-</u>
	<u>\$ 926,969</u>	<u>\$ 860,139</u>

<u>LIABILITIES</u>		
CURRENT		
Payables and accruals, including government remittances payable of \$4,237, (2021 - \$2,168)	\$ 110,899	\$ 28,199
DEFERRED REVENUE (Note 5)	<u>706,178</u>	<u>729,236</u>
	<u>817,077</u>	<u>757,435</u>

<u>NET ASSETS</u>		
UNRESTRICTED NET ASSETS	<u>109,892</u>	<u>102,704</u>
	<u>\$ 926,969</u>	<u>\$ 860,139</u>

ON BEHALF OF THE BOARD OF DIRECTORS:

_____ **DIRECTOR**

_____ **DIRECTOR**

P.E.I. WATERSHED ALLIANCE, INCORPORATED
STATEMENT OF OPERATIONS AND NET ASSETS

(Unaudited)

YEAR ENDED MARCH 31, 2022

	<u>2022</u>	<u>2021</u>
REVENUE		
Project Revenues (Note 3)	\$ 1,049,957	\$ 691,557
Watershed Management Fund	<u>45,500</u>	<u>78,879</u>
	<u>1,095,457</u>	<u>770,436</u>
PROJECT EXPENSES (Note 3)	<u>1,024,010</u>	<u>713,708</u>
GROSS PROFIT	<u>71,447</u>	<u>56,728</u>
EXPENSES		
Advertising	-	4,229
Dues, fees and licenses	-	116
Insurance	7,696	4,564
Interest and bank charges	1,560	181
Office	3,063	40
Professional fees	9,878	3,569
Sub-contracts	5,186	22,510
Rent	545	-
Telephone	442	3,465
Training	4,190	8,424
Travel	1,294	-
Wages and benefits	<u>30,362</u>	<u>5,896</u>
	<u>64,216</u>	<u>52,994</u>
EXCESS OF REVENUES OVER EXPENSES BEFORE OTHER	<u>7,231</u>	<u>3,734</u>
OTHER		
Interest	74	-
Other grants	-	30,002
Depreciation	<u>(117)</u>	<u>-</u>
	<u>(43)</u>	<u>30,002</u>
EXCESS OF REVENUES OVER EXPENSES	<u>7,188</u>	<u>33,736</u>
NET ASSETS, BEGINNING OF YEAR	<u>102,704</u>	<u>68,968</u>
NET ASSETS, END OF YEAR	<u>\$ 109,892</u>	<u>\$ 102,704</u>

P.E.I. WATERSHED ALLIANCE, INCORPORATED

STATEMENT OF CASH FLOW

(Unaudited)

YEAR ENDED MARCH 31, 2022

	<u>2022</u>	<u>2021</u>
CASH PROVIDED FROM (USED FOR)		
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 7,188	\$ 33,736
Item not requiring an outlay of cash		
Depreciation	<u>117</u>	<u>-</u>
	7,305	33,736
 Changes in non-cash working capital items		
Receivables	(208,096)	66,195
Payables and accruals	82,700	(3,405)
Deferred revenues	<u>(23,058)</u>	<u>240,260</u>
	<u>(141,149)</u>	<u>336,786</u>
 INVESTING ACTIVITY		
Purchase of tangible capital assets	<u>(1,173)</u>	<u>-</u>
 CHANGE IN CASH	(142,322)	336,786
CASH, BEGINNING OF YEAR	<u>823,462</u>	<u>486,676</u>
CASH, END OF YEAR	<u>\$ 681,140</u>	<u>\$ 823,462</u>

P.E.I. WATERSHED ALLIANCE, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

(Unaudited)

MARCH 31, 2022

1. NATURE OF OPERATIONS

P.E.I. Watershed Alliance, Incorporated is a non-profit organization with a mission to improve and protect the environmental quality of Prince Edward Island by empowering Island watershed groups to achieve their goals. The organization is exempt from taxes under the Income Tax Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian Accounting Standards for Not-For-Profit Organizations in Part III of the CPA Canada Handbook and include the following significant accounting policies.

REVENUES

P.E.I. Watershed Alliance, Incorporated follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expense occurs or the restrictions are met. Unrestricted contributions are recognized as revenue when received or receivable, if the amount can be reasonably estimated and collection is reasonably assured.

Investment transactions are recognized on the transaction date and resulting revenue is recognized in the period in which the revenue is earned. Gains or losses on the disposal of investments are determined using the weighted average cost method. Interest income is recognized in the period in which it is earned.

CONTRIBUTED SERVICES AND MATERIALS

Volunteers contribute services and materials to assist the company in carrying out its activities. Because of the difficulty in determining the fair value of these services and materials, contributed services and materials are not recognized on these financial statements.

CASH

Cash consists of cash on hand and balances held at financial institutions with a maturity less than one year.

TANGIBLE CAPITAL ASSETS

Tangible capital assets are stated at cost, less any applicable government assistance received. Depreciation of tangible capital assets is provided for using the declining balance method at the rates shown in Note 4. Depreciation of additions is calculated at one-half the stated rate. No depreciation is recorded in the year of disposal. Tangible capital assets should be tested for impairment.

When tangible capital assets no longer contribute to P.E.I. Watershed Alliance, Incorporated's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net carrying amount, the net carrying amount of the tangible capital assets are written down to the asset's fair value or replacement cost. The net write-downs are accounted for as expenses in the statement of operations.

P.E.I. WATERSHED ALLIANCE, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

(Unaudited)

MARCH 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GOVERNMENT ASSISTANCE

The company has recognized financial assistance under government incentive programs. Government assistance relating to capital expenditures is reflected as a reduction of the cost of the related asset. Government assistance relating to the reimbursement of expenses is recorded as revenue in the period the expenditure was incurred.

USE OF ESTIMATES

The preparation of these financial statements in conformity with Canadian Accounting Standards for Not-For-Profit Organizations requires management to make estimates and assumptions that affect the reported amount 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 current period. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

The use of estimates are used in the determination of depreciation, which requires an estimate by management in regards to the estimated useful life of the tangible capital assets; allowance for doubtful accounts, which requires an estimate in regards of the collectability of receivables and, as such, bad debt expense is based on these estimates.

FINANCIAL INSTRUMENTS

The company initially records a financial instrument at its fair value except for a related party transaction which is recorded at the carrying or exchange amount depending on the circumstances.

The company's financial instruments subsequently measured at amortized cost include cash, receivables, and payables and accruals.

P.E.I. WATERSHED ALLIANCE, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

(Unaudited)

MARCH 31, 2022

3. PROJECT REVENUE AND EXPENSES

	<u>2022</u>	<u>2021</u>
PROJECT REVENUE		
Atlantic Eco Initiative	\$ 60,670	\$ 69,300
Agri Watershed Partnership	51,657	44,175
Canada Nature Fund	74,839	-
Climate Action & Awareness Fund	310,995	-
Climate Change Fund	2,183	-
Coastal Restoration Fund	301,089	407,240
Community Nominated Priority Place	4,105	1,245
Dept. Forest, Fish, and Wildlife	5,000	-
Forested Landscape Priority Place	21,783	29,100
HSP DFO Salmon	77,000	99,688
HSP ECC Bats	40,495	26,388
Living Laboratory	2,000	-
Nature Canada Winter Youth	1,386	-
PEI Invasive Species Council	82,000	-
Post Secondary Funding	5,619	7,181
Rural Jobs Funding	5,436	7,240
Wildlife Conservation Fund	3,700	-
	<u>\$ 1,049,957</u>	<u>\$ 691,557</u>
PROJECT EXPENSES		
Atlantic Eco Initiative	\$ 60,404	\$ 69,300
Agri Watershed Partnership	51,657	44,175
Canada Nature Fund	74,802	-
Climate Action & Awareness Fund	285,911	-
Climate Change Fund	2,183	-
Coastal Restoration Fund	300,161	426,045
Community Nominated Priority Place	-	1,245
Dept. Forest, Fish, and Wildlife	4,950	-
Forested Landscape Priority Place	21,783	30,473
HSP DFO Salmon	77,027	99,688
HSP ECC Bats	40,495	26,390
Living Laboratory	2,000	-
Nature Canada Winter Youth	1,788	-
PEI Invasive Species Council	82,000	-
Post Secondary Funding	6,883	9,152
Rural Jobs Funding	8,018	7,240
Wildlife Conservation Fund	3,948	-
	<u>\$ 1,024,010</u>	<u>\$ 713,708</u>

P.E.I. WATERSHED ALLIANCE, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

(Unaudited)

MARCH 31, 2022

4. TANGIBLE CAPITAL ASSETS

			<u>2022</u>		<u>2021</u>
	<u>Rate</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Furniture and fixtures	20%	\$ <u>1,173</u>	\$ <u>117</u>	\$ <u>1,056</u>	\$ <u>-</u>

5. DEFERRED REVENUE BY PROJECT

	<u>2022</u>	<u>2021</u>
Agri Watershed Partnership	\$ 643,144	\$ 694,801
Climate Change Fund	47,817	-
Coastal Restoration Fund	-	27,330
Community Nominated Priority Place	-	4,105
Forested Landscape Priority Place	14,217	-
Living Laboratory	<u>1,000</u>	<u>3,000</u>
	<u>\$ 706,178</u>	<u>\$ 729,236</u>

6. FINANCIAL RISKS

The company is exposed to various financial risks through transactions in financial instruments. The following provides information in assessing the extent of the company's exposure to these risks.

Interest risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company is exposed to interest rate risk on its fixed and floating interest rate financial instruments.