ALBERTA LOW IMPACT DEVELOPMENT PARTNERSHIP SOCIETY

Financial Statements

Year Ended December 31, 2019

ALBERTA LOW IMPACT DEVELOPMENT PARTNERSHIP SOCIETY

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Khalfan*
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Members of Alberta Low Impact Development Partnership Society

Opinion

We have audited the financial statements of Alberta Low Impact Development Partnership Society (the Society), which comprise the statement of financial position as at December 31, 2019, and the statements of revenues and expenses, 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 Society as at December 31, 2019, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

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 Society in accordance with 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 Matter

The financial statements for the year ended December 31, 2018 were audited by another professional accountant who expressed an unmodified opinion on those financial statements on May 24, 2019.

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 ASNPO, 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 Society'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 Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

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**operating through Mahmud Khalfan Professional Corporation, Chartered Professional Accountants*

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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 Society'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 Society'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 Society 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.

Mahmud Khalfan Prof Corp

Calgary, Alberta
June 18, 2020

Mahmud Khalfan Professional Corporation
Chartered Professional Accountants

ALBERTA LOW IMPACT DEVELOPMENT PARTNERSHIP SOCIETY
Statement of Financial Position
December 31, 2019

	2019	2018
ASSETS		
CURRENT		
Cash	**$ 43,191**	$ 10,671
Restricted cash *(Note 4)*	**668,840**	557,104
Accounts receivable	**22,276**	38,482
Prepaid expenses	**1,478**	289
Prepaid project expenses	**-**	4,762
Goods and services tax recoverable	**1,751**	-
Goods and services tax recoverable, restricted	**4,117**	3,256
	741,653	614,564
CAPITAL ASSETS *(Note 5)*	**1,584**	18,253
	$ 743,237	$ 632,817
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	**$ 37,248**	$ 23,460
Deferred contributions *(Note 6)*	**593,840**	482,104
	631,088	505,564
DEFERRED CONTRIBUTIONS RELATING TO CAPITAL ASSETS *(Note 7)*	**1,584**	18,253
	632,672	523,817
NET ASSETS		
Invested in capital assets	**-**	-
Restricted net assets *(Note 4)*	**75,000**	75,000
Unrestricted net assets	**35,565**	34,000
	110,565	109,000
	$ 743,237	$ 632,817

ON BEHALF OF THE BOARD

_______________ *Director*

_______________ *Director*

See notes to financial statements

ALBERTA LOW IMPACT DEVELOPMENT PARTNERSHIP SOCIETY
Statement of Revenues and Expenses
Year Ended December 31, 2019

	2019	2018
REVENUES		
Grants	**$ 87,507**	$ 79,871
Events and courses	**59,544**	98,333
Membership fees	**30,235**	36,335
Projects	**28,157**	26,885
Amortization of deferred contributions related to capital assets	**16,669**	15,086
Sponsorships	**3,000**	5,500
Program advertising	**500**	-
Interest and others	**7,716**	2,294
	233,328	264,304
OPERATING EXPENSES		
Consulting and logistic fees	**128,445**	112,474
Venue costs	**23,661**	39,660
Amortization of capital assets	**16,669**	16,669
Laboratory analysis	**6,409**	-
Travel	**6,042**	8,266
Design and construction	**4,699**	10,331
Event and education	**5,231**	10,272
Supplies	**1,869**	4,500
Advertising and promotion	**-**	286
Equipment expenses	**-**	1,469
Service fees	**3,887**	6,852
	196,912	210,779
GROSS PROFIT	**36,416**	53,525
ADMINISTRATIVE EXPENSES		
Management fees	**16,281**	12,424
Professional fees	**12,476**	9,129
Rent and office expenses	**2,891**	9,628
Memberships, dues and subscriptions	**1,343**	2,426
Insurance	**1,268**	2,435
Bank charges	**378**	354
Travel and meals	**214**	-
Bad debts	**-**	3,255
Amortization of capital assets	**-**	6,960
	34,851	46,611
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	**$ 1,565**	$ 6,914

See notes to financial statements

ALBERTA LOW IMPACT DEVELOPMENT PARTNERSHIP SOCIETY
Statement of Changes in Net Assets
Year Ended December 31, 2019

	Invested in capital assets	Restricted net assets	Unrestricted net assets	**2019**	2018
NET ASSETS - BEGINNING OF YEAR	$ -	$ 75,000	$ 34,000	**$ 109,000**	$ 102,086
Excess (Deficiency) of revenues over expenses	-	-	1,565	**1,565**	6,914
NET ASSETS - END OF YEAR	$ -	$ 75,000	$ 35,565	**$ 110,565**	$ 109,000

See notes to financial statements

ALBERTA LOW IMPACT DEVELOPMENT PARTNERSHIP SOCIETY

Statement of Cash Flows

Year Ended December 31, 2019

	2019	2018
OPERATING ACTIVITIES		
Cash receipts from customers and grants	**$ 336,885**	$ 147,820
Cash paid to suppliers and contractors	**(200,345)**	(226,503)
Interest received	**7,716**	2,294
Cash flow from (used by) operating activities	**144,256**	(76,389)
INVESTING ACTIVITY		
Purchase of capital assets	**-**	(4,751)
INCREASE (DECREASE) IN CASH FLOW	**144,256**	(81,140)
Cash - beginning of year	**567,775**	648,915
CASH - END OF YEAR	**$ 712,031**	$ 567,775
CASH CONSISTS OF:		
Cash	**$ 43,191**	$ 10,671
Restricted cash	**668,840**	557,104
	$ 712,031	$ 567,775

1. PURPOSE OF THE SOCIETY

The Alberta Low Impact Development Partnership Society ("The Society") was formed to protect and maintain the integrity of the natural environment. The Society was registered under the Societies Act of Alberta on August 27, 2008, and thus is exempt from income tax under section 149(1) of the Income Tax Act.

2. BASIS OF PRESENTATION

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO) on a going-concern basis that assumes that the Society will be able to realize its assets and discharge its liabilities in the normal course of business.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents include amounts on deposit with financial institutions, both restricted and non-restricted cash.

Revenue recognition

The Society's revenue is recognized when the fees have been collected or when it can be reasonably determined and reasonably assured the revenue will be received.

The Society recognizes restricted contributions in accordance with the deferral method.

Property and equipment

Property and equipment is stated at cost or deemed cost less accumulated amortization and is amortized over its estimated useful life at the following rates and methods:

Computer equipment	3 years	straight-line method
Website redevelopment	3 years	straight-line method
Monitoring equipment	3 years	straight-line method

Contributed services

Volunteers contribute a significant amount of hours per year to assist the organization in carrying out its service delivery activities. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Financial instruments

Financial assets and liabilities are measured initially at fair value, except for certain non-arm's length transactions. Subsequent measurement is at amortized cost. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost consist of cash and accounts receivable.

Financial liabilities measured at amortized cost consist of the accounts payable and accrued liabilities.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

In particular, the estimates are used to determine if assets may be impaired, the useful life of tangible capital assets, and the valuation of accrued liabilities. Actual results could differ from those reported.

Impairment of long lived assets

Financial assets measured at cost are tested for impairment when there are indications of impairment. The amount of the write-down is recognized in excess of revenues over expenses.

4. RESTRICTED CASH

The Society created an internally restricted contingency fund to be used for future operating deficits and unforeseen circumstances.

The Society's restricted cash consists of the internally restricted contingency fund and deferred contributions.

The Society's internally restricted contingency fund was at $75,000 in 2019 (2018 - $75,000). This fund requires board approval before use.

The Society's deferred contributions consist of government grants (as shown in Note 6) which require specified spending and have been classified as restricted cash of $593,840 (2018 - $482,104).

Total restricted cash for 2019 is $668,840 (2018- $557,104).

5. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	**2019 Net book value**	2018 Net book value
Computer equipment	$ 1,301	$ 1,301	**$ -**	$ -
Website redevelopment	52,940	52,940	**-**	-
Monitoring Equipment	50,008	48,424	**1,584**	18,253
	$ 104,249	$ 102,665	**$ 1,584**	$ 18,253

6. DEFERRED CONTRIBUTIONS

The Society receives funds from government grants for certain specified purposes. These funds may only be used for the specified purpose thus are deferred until spent.

Deferred contributions represent the unexpended portion of the funds as at December 31

	2019	2018
Beginning balance	**$ 482,104**	$ 565,725
Received from government grant and interest	**208,800**	584
Funding used	**(97,064)**	(84,205)
Ending balance	**$ 593,840**	$ 482,104

7. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

Deferred contributions related to capital assets represent restricted contributions with which the Society's equipment was originally purchased. The changes in the deferred contributions balance for the period are as follows:

	2019	2018
Beginning balance	**$ 18,253**	$ 30,171
Contributions	**-**	4,751
Amounts amortized to revenue	**(16,669)**	(16,669)
Ending balance	**$ 1,584**	$ 18,253

8. RELATED PARTY TRANSACTIONS

In 2019, a board member worked for and had a minor shareholding in a vendor that was paid $47,104 for services rendered (2018 - $43,099).

In 2019, a corporation owned by another board member was paid $0 (2018 - $1,500) for developing and delivering training on erosion and sediment control.

9. SUBSEQUENT EVENTS

On March 17, 2020, the Government of Alberta declared a public health emergency in response to the Covid-19 pandemic. The global pandemic has disrupted economic activities and supply chains. Although the effect of the Covid-19 pandemic is expected to be temporary, given the dynamic nature of the circumstances, it may have an impact on some of the revenue streams and expenses of the Society.

Subsequent to year end, there have been noted impacts on the Society as partners of the Society have requested for deferrals in their partnership fees as well as program delivery mode has had to change to an online basis. It is anticipated that the Society will continue with online activities, except for a small proportion of field based activities that may be deferred. However, the overall financial impact of this pandemic cannot be reasonably estimated at this time.

10. FINANCIAL INSTRUMENTS

The Society is exposed to various risks through its financial instruments. The financial instruments consist of cash, accounts receivable, accounts payable, deferred revenue and accrued liabilities. Unless otherwise noted, it is management's opinion that there is no significant credit or liquidity risks arising from these financial instruments. The fair value of the instruments approximates their carrying values, unless otherwise noted.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Society's main credit risks relate to its accounts receivable.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Society is exposed to this risk mainly in respect of its receipt of funds from its customers and accounts payable and accrued liabilities.

Subsequent to year end, the Society's credit and liquidity risk have increased due to the possible delays in the collection of funds from customers.

11. COMPARATIVE FIGURES

In the prior year comparatives, some of the figures on the statement of operations have been reclassified to conform with the current year's presentation. Figures for the December 31, 2018 yearend were audited by another professional accountant.