

**WASCANA & UPPER QU'APPELLE WATERSHEDS
ASSOCIATION TAKING RESPONSIBILITY INC.**

Financial Statements

Year Ended December 31, 2022

**WASCANA & UPPER QU'APPELLE WATERSHEDS ASSOCIATION TAKING
RESPONSIBILITY INC.**

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Year Ended December 31, 2022**

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DUDLEY & COMPANY LLP

Chartered Professional Accountants

INDEPENDENT AUDITOR'S REPORT

To the Members of Wascana & Upper Qu'Appelle Watersheds Association Taking Responsibility Inc.

Opinion

We have audited the financial statements of Wascana & Upper Qu'Appelle Watersheds Association Taking Responsibility Inc. (the association), which comprise the statement of financial position as at December 31, 2022, 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 association as at December 31, 2022, 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 association 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, 2021 were audited by another auditor who expressed an unmodified opinion on those financial statements on October 19, 2022.

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 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.

(continues)

Independent Auditor's Report to the Members of Wascana & Upper Qu'Appelle Watersheds Association
Taking Responsibility Inc. (continued)

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.

Regina, Saskatchewan
June 28, 2023



Dudley & Company LLP
Chartered Professional Accountants



**WASCANA & UPPER QU'APPELLE WATERSHEDS ASSOCIATION TAKING
RESPONSIBILITY INC.**

Statement of Financial Position

December 31, 2022

	2022	2021
ASSETS		
CURRENT		
Bank	\$ 337,652	\$ 244,561
Accounts receivable	110,514	112,737
GST Receivable	1,688	815
	<u>\$ 449,854</u>	<u>\$ 358,113</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 2,175	\$ 7,990
Employee deductions payable	2,264	2,313
Deferred grants	-	47,875
	<u>4,439</u>	<u>58,178</u>
ALUS FUNDS IN TRUST	<u>155,351</u>	<u>124,845</u>
	<u>159,790</u>	<u>183,023</u>
NET ASSETS		
Unrestricted fund	196,659	81,685
Operating reserve fund	93,405	93,405
	<u>290,064</u>	<u>175,090</u>
	<u>\$ 449,854</u>	<u>\$ 358,113</u>

ON BEHALF OF THE BOARD

Board member



Board member



See notes to financial statements

**WASCANA & UPPER QU'APPELLE WATERSHEDS ASSOCIATION TAKING
RESPONSIBILITY INC.**

Statement of Revenues and Expenses

Year Ended December 31, 2022

	2022	2021
REVENUE		
ALUS Project (Schedule 1)	\$ 77,963	\$ 54,200
Ministry of Agriculture (Schedule 2)	-	48,750
Environment and Climate Change Canada (Schedule 3)	65,000	-
Citizen Science (Schedule 4)	15,000	10,000
Aquatic Invasive Species (Schedule 5)	4,000	-
Water Security Agency (Schedule 6)	1,925	8,250
Eco Canada (Schedule 7)	7,450	4,680
General and Administration (Schedule 8)	118,591	120,844
	<u>289,929</u>	<u>246,724</u>
EXPENSES		
ALUS Project (Schedule 1)	42,241	46,524
Ministry of Agriculture (Schedule 2)	-	27,630
Environment and Climate Change Canada (Schedule 3)	57,808	4,363
Citizen Science (Schedule 4)	10,970	9,127
Aquatic Invasive Species (Schedule 5)	321	4,039
Water Security Agency (Schedule 6)	2,419	-
Eco Canada (Schedule 7)	6,339	-
General and Administration (Schedule 8)	54,857	107,344
	<u>174,955</u>	<u>199,027</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ 114,974</u>	<u>\$ 47,697</u>

**WASCANA & UPPER QU'APPELLE WATERSHEDS ASSOCIATION TAKING
RESPONSIBILITY INC.**

**Statement of Changes in Net Assets
Year Ended December 31, 2022**

	Unrestricted Fund	Operating Reserve Fund	2022	2021
NET ASSETS - BEGINNING OF YEAR	\$ 81,685	\$ 93,405	\$ 175,090	\$ 127,393
EXCESS OF REVENUE OVER EXPENSES	114,974	-	114,974	47,697
NET ASSETS - END OF YEAR	\$ 196,659	\$ 93,405	\$ 290,064	\$ 175,090

**WASCANA & UPPER QU'APPELLE WATERSHEDS ASSOCIATION TAKING
RESPONSIBILITY INC.**

**Statement of Cash Flows
Year Ended December 31, 2022**

	2022	2021
CASH FLOWS FROM (FOR) OPERATING ACTIVITIES		
Cash receipts from grants, fees and contributions	\$ 244,277	\$ 215,318
Cash paid to suppliers and employees	<u>(181,693)</u>	<u>(201,272)</u>
Cash Flows From (For) Operating Activities	<u>62,584</u>	<u>14,046</u>
CASH FLOWS FROM (FOR) FINANCING ACTIVITIES		
ALUS Deferred revenue	30,507	7,435
Prior period adjustment	<u>-</u>	<u>3,364</u>
Cash Flows From (For) Financing Activities	<u>30,507</u>	<u>10,799</u>
INCREASE IN CASH FLOWS	<u>93,091</u>	<u>24,845</u>
Cash - beginning of year	<u>244,561</u>	<u>219,716</u>
CASH - END OF YEAR	<u>\$ 337,652</u>	<u>\$ 244,561</u>
CASH CONSISTS OF:		
Cash	\$ 72,434	\$ 28,851
Cash - ALUS Trust	1,832	1,780
Cash - Operating Reserve	143,454	94,634
ALUS - GIC General	11,100	7,566
ALUS - GIC Specific	<u>108,832</u>	<u>111,730</u>
	<u>\$ 337,652</u>	<u>\$ 244,561</u>

**WASCANA & UPPER QU'APPELLE WATERSHEDS ASSOCIATION TAKING
RESPONSIBILITY INC.**

**Notes to Financial Statements
Year Ended December 31, 2022**

1. NATURE OF OPERATIONS

Wascana & Upper Qu'Appelle Watersheds Association Taking Responsibility Inc. was incorporated on April 22, 2008 as a non-profit corporation in the Province of Saskatchewan. The association's purpose is to lead the Watershed Plan implementation and promote society's understanding of water as finite and essential to life. The association's mission is to have healthy watersheds with abundant quality water, achieved through individuals, communities and their governments working co-operatively to ensure the environmental, social and economic sustainability of the watersheds. The association is not subject to income tax payable on the reported income of their operations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents are made up of bank balances and short term investments (maturing in 1 year or less). Accounts used for separate purposes are presented separately.

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Capital assets

Capital assets are recorded as expenses in the year of purchase.

Revenue recognition

1. Member fees are recognized as revenue for the fiscal year when received.
2. Service fee income is recognized after the services are provided.

Revenue recognition

The association follows the deferral method of accounting for contributions. Grants are recorded as revenue in the fiscal period for which the monies were approved by the funding association. Grants received in advance of the period for which they are to be used are recorded as deferred grant revenue. 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.

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**WASCANA & UPPER QU'APPELLE WATERSHEDS ASSOCIATION TAKING
RESPONSIBILITY INC.**

**Notes to Financial Statements
Year Ended December 31, 2022**

2. 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 when setting an allowance for doubtful accounts and calculating amortization that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Comparative figures

Prior year's comparative figures were reported on by another auditor.

Operating reserve fund

The association has set up an operating reserve fund to ensure the stability of the mission, programs, employment, and ongoing operations of the organization. It is intended to provide an internal source of funds for situations such as a sudden increase in expenses, one-time budgeted expenses, unanticipated loss in funding or uninsured losses.

Financial instruments

The association initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets subsequently measured at amortized cost include cash and accounts receivable. Financial liabilities subsequently measured at amortized cost include accounts payable and accrued liabilities.

Sales tax

The association is a qualifying non-profit organization eligible to claim the public service bodies' rebate for the GST paid on eligible purchases and expenses. These amounts are recorded and reported semi-annually.

Allocation of expenses

The association allocated a number of its expenses by function and project. The costs are allocated based on actual effort expended and estimated portion of common cost. The details of allocation are indicated in the Schedule of Expenses.

**WASCANA & UPPER QU'APPELLE WATERSHEDS ASSOCIATION TAKING
RESPONSIBILITY INC.**

**Notes to Financial Statements
Year Ended December 31, 2022**

3. FINANCIAL INSTRUMENTS - MEASUREMENT AND IMPAIRMENT

The organization initially measures its financial assets and financial liabilities at fair value. The organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments, if any, in equity instruments that are quoted in an active market, which are measured at fair value. Financial assets measured at amortized cost include cash, accounts receivable and GST receivable. Financial liabilities measured at amortized cost include accounts payable. At the end of each reporting period, the organization assesses whether there are any indications that a financial asset measured at amortized cost may be impaired, and if so, reduces the carrying amount accordingly.

4. FINANCIAL INSTRUMENTS - RISK EXPOSURES

Like any entity, the association is potentially exposed to various risks through its financial instruments and has a risk management framework to monitor, evaluate and manage these risks. These include credit, liquidity, market, currency, interest rate and other price risks. None of these risk exposures are considered by management to be material, and there have been no changes in the organization's risk exposures from the prior year.

Credit risk

Financial instruments which potentially subject the association to concentrations of credit risk consist of cash equivalents and accounts receivable. The cash equivalents consist mainly of short-term money market deposits. The association has deposited the cash equivalents with reputable financial institutions, from which management believes the risk of loss to be remote. The association has accounts receivable from clients primarily governmental agencies and credit risk is managed by the credit quality. There has been no change from credit risk exposure from the prior year.

Liquidity risk

Liquidity risk is the risk that the association may not be able to meet a demand for cash or fund its obligations as they come due or not able to liquidate assets in a timely manner at a reasonable price. The association is exposed to liquidity risk with respect to its accounts payable and accrued liabilities but manages its liquidity risk by holding assets that can be readily converted into cash. There has been no change from liquidity risk exposure from the prior year.

Interest rate risk

Interest rate risk is a type of market risk that refers to the risk that the fair value of financial instruments or future cash flows associated with the financial instruments will fluctuate due to changes in market interest rates. The association is exposed to interest rate risk with respect to its cash and its effect on interest income. Fluctuations in interest rates do not have a significant effect on cash due to the fact that interest income is not a major percentage of total revenue. There has been no change from interest rate risk exposure from the prior year.

**WASCANA & UPPER QU'APPELLE WATERSHEDS ASSOCIATION TAKING
RESPONSIBILITY INC.**

Notes to Financial Statements

Year Ended December 31, 2022

5. SIGNIFICANT AGREEMENT - ALUS CANADA

The association has a long standing contractual agreement with ALUS Canada. ALUS Canada ("ALUS") is a Canadian charity registered under the Income Tax Act as a charitable organization. ALUS has retained the association to assist in the implementation of charitable activities to provide support to farmers and ranchers in the Wascana & Upper Qu'Appelle Watersheds to create/restore/enhance, manage and maintain the benefits - commonly called 'ecosystem services' - that nature can provide to Canadian Society. The ALUS program involves the modification/improvement of these farmers' marginal, unproductive, inefficient or environmentally sensitive lands and helps to conserve/restore ecosystems and biodiversity by providing cleaner air, cleaner water, erosion and flood control as well as habitat for pollinators, fish and wildlife and by sustaining agriculture, wildlife and natural space for all Canadians.

The association assists in the administration and implementation of this program which results in multi-year contracts with producers, as such funds are held separately in Trust to manage the program. Deferred revenue is recorded to recognize a future obligation exists for funds that have been received and will be paid in a future period(s). During the prior fiscal year a detailed review was undertaken by the association to ensure that the funds held in trust are reflective of the program future obligations.

6. SIGNIFICANT EVENTS

On March 11, 2020, the World Health Organization declared a global pandemic for the COVID-19 virus. The pandemic has had little effect on the association to date, as they were able to continue to provide services to their members with no interruption.

**WASCANA & UPPER QU'APPELLE WATERSHEDS ASSOCIATION TAKING
RESPONSIBILITY INC.**

**ALUS Project
(Schedule 1)**

Year Ended December 31, 2022

	2022	2021
REVENUES		
ALUS Project Funding	\$ 77,963	\$ 54,200
EXPENSES		
Telephone	1,656	924
Supplies	82	-
Postage and mailing	245	-
Memberships and subscriptions	2,665	5,000
Computer hardware and software	902	75
Rent	4,100	-
Bank charges	18	-
Advertising	1,965	-
Wages and benefits	21,436	29,695
Meals and travel	921	1,096
Insurance	4,242	1,730
Office	530	6,137
Professional services	1,716	1,666
Conference and meetings	1,763	201
	<u>42,241</u>	<u>46,524</u>
INCOME FROM OPERATIONS	<u>\$ 35,722</u>	<u>\$ 7,676</u>

**WASCANA & UPPER QU'APPELLE WATERSHEDS ASSOCIATION TAKING
RESPONSIBILITY INC.**

**Ministry of Agriculture
(Schedule 2)**

Year Ended December 31, 2022

	2022	2021
REVENUES		
Ministry of Agriculture	\$ -	\$ 48,750
EXPENSES		
Meals and travel	-	502
Wages and benefits	-	19,304
Programming	-	53
Insurance	-	1,730
Telephone	-	884
Administration	-	4,241
Professional services	-	916
	-	27,630
INCOME FROM OPERATIONS	\$ -	\$ 21,120

See notes to financial statements

**WASCANA & UPPER QU'APPELLE WATERSHEDS ASSOCIATION TAKING
RESPONSIBILITY INC.**

**Environment and Climate Change Canada
(Schedule 3)**

Year Ended December 31, 2022

	2022	2021
REVENUES		
ECCC Project Funding	\$ 65,000	\$ -
EXPENSES		
Telephone	1,216	-
Supplies	674	-
Memberships and subscriptions	2,500	-
Computer hardware and software	116	-
Rent	3,536	-
Bank charges	26	-
Advertising	1,720	-
Wages and benefits	45,484	2,003
Meals and travel	323	110
Insurance	935	-
Office	285	1,500
Professional services	898	750
Conference and meetings	95	-
	<u>57,808</u>	<u>4,363</u>
INCOME (LOSS) FROM OPERATIONS	<u>\$ 7,192</u>	<u>\$ (4,363)</u>

**WASCANA & UPPER QU'APPELLE WATERSHEDS ASSOCIATION TAKING
RESPONSIBILITY INC.**

**Citizen Science
(Schedule 4)**

Year Ended December 31, 2022

	2022	2021
REVENUES		
Citizen Science	\$ 15,000	\$ 10,000
EXPENSES		
Supplies	7,178	7,842
Postage and mailing	245	240
Wages and benefits	2,969	1,045
Meals and travel	78	-
Educational programs	500	-
	<u>10,970</u>	<u>9,127</u>
INCOME FROM OPERATIONS	<u>\$ 4,030</u>	<u>\$ 873</u>

See notes to financial statements

**WASCANA & UPPER QU'APPELLE WATERSHEDS ASSOCIATION TAKING
RESPONSIBILITY INC.**

**Aquatic Invasive Species
(Schedule 5)**

Year Ended December 31, 2022

	2022	2021
REVENUES		
AIS Funding	\$ 4,000	\$ -
EXPENSES		
Supplies	-	40
Meals and travel	-	1,227
Computer hardware and software	-	33
Equipment rental	-	38
Wages and benefits	321	2,701
	<u>321</u>	<u>4,039</u>
INCOME (LOSS) FROM OPERATIONS	<u>\$ 3,679</u>	<u>\$ (4,039)</u>

**WASCANA & UPPER QU'APPELLE WATERSHEDS ASSOCIATION TAKING
RESPONSIBILITY INC.**

**Water Security Agency
(Schedule 6)**

Year Ended December 31, 2022

	2022	2021
REVENUES		
WSA Special Projects	\$ 1,925	\$ 8,250
EXPENSES		
Advertising	9	-
Wages and benefits	320	-
Meals and travel	40	-
Consultant	2,050	-
	<u>2,419</u>	<u>-</u>
INCOME (LOSS) FROM OPERATIONS	<u>\$ (494)</u>	<u>\$ 8,250</u>

**WASCANA & UPPER QU'APPELLE WATERSHEDS ASSOCIATION TAKING
RESPONSIBILITY INC.**

**Eco Canada
(Schedule 7)**

Year Ended December 31, 2022

	2022	2021
REVENUES		
ECO Summer Student	\$ 7,450	\$ 4,680
EXPENSES		
Wages and benefits	6,024	-
Meals and travel	315	-
	6,339	-
INCOME FROM OPERATIONS	\$ 1,111	\$ 4,680

See notes to financial statements

**WASCANA & UPPER QU'APPELLE WATERSHEDS ASSOCIATION TAKING
RESPONSIBILITY INC.**

**General and Administration
(Schedule 8)**

Year Ended December 31, 2022

	2022	2021
REVENUES		
Sask Watershed Authority	\$ 18,625	\$ 74,500
Nutrien	50,000	-
Summer Student (Govt of Canada)	3,787	-
Drainage project	3,000	-
Other project funding	4,025	7,025
Other grants	-	7,275
Other projects	1,670	-
Memberships	33,179	31,587
Investment income	2,531	457
Poster contest contributions	524	-
Services	1,250	-
	118,591	120,844
EXPENSES		
Telephone	570	981
Supplies	515	748
Postage and mailing	94	236
Memberships and subscriptions	402	4,082
Computer hardware and software	36	1,993
Rent	1,755	3,293
Bank charges	20	2
Advertising	1,439	297
Wages and benefits	47,854	79,296
Meals and travel	1,430	2,338
Insurance	234	1,730
Office	-	512
Equipment rental	-	38
Professional fees	-	1,666
Consulting fees	-	2,423
Programming	-	625
Staff training and education	-	8,010
Miscellaneous	-	(996)
Conference and meetings	508	70
	54,857	107,344
INCOME FROM OPERATIONS	\$ 63,734	\$ 13,500

See notes to financial statements