

RECYCLING COUNCIL OF ALBERTA
Financial Statements
Year Ended March 31, 2016

RECYCLING COUNCIL OF ALBERTA
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Year Ended March 31, 2016

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INDEPENDENT AUDITOR'S REPORT

To the Members of Recycling Council of Alberta

We have audited the accompanying financial statements of Recycling Council of Alberta, which comprise the statement of financial position as at March 31, 2016 and the statements of revenues and expenditures, changes in net assets and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Independent Auditor's Report to the Members of Recycling Council of Alberta *(continued)*

Basis for Qualified Opinion

In common with many not-for-profit organizations, Recycling Council of Alberta derives revenue from donations and fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of Recycling Council of Alberta. Therefore, we were not able to determine whether any adjustments might be necessary to revenue, deficiency of revenues over expenses, and cash flows from operations for the year ended March 31, 2016, current assets and net assets as at March 31, 2016.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Recycling Council of Alberta as at March 31, 2016 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.

Other Matter

The financial statements of Recycling Council of Alberta for the year ended March 31, 2015 were unaudited and therefore we do not express an audit opinion on the comparative figures.

Edmonton, Alberta
September 13, 2016

VKO LLP

VKO LLP
CHARTERED ACCOUNTANTS

RECYCLING COUNCIL OF ALBERTA**Statement of Financial Position****March 31, 2016**

	2016	2015 <i>(Unaudited)</i>
ASSETS		
CURRENT		
Cash	\$ 178,565	\$ 168,487
Accounts receivable	13,407	42,626
Goods and services tax recoverable	1,579	4,613
Prepaid expenses	13,133	49,609
	206,684	265,335
PROPERTY AND EQUIPMENT <i>(Note 5)</i>	38,478	2,965
LONG TERM INVESTMENTS <i>(Note 6)</i>	153,984	152,939
	\$ 399,146	\$ 421,239
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 25,232	\$ 27,622
Deferred income <i>(Note 7)</i>	49,244	66,467
	74,476	94,089
NET ASSETS		
Invested in property & equipment	38,478	2,965
Unrestricted fund	286,192	324,185
	324,670	327,150
	\$ 399,146	\$ 421,239

ON BEHALF OF THE BOARD_____
*Director*_____
Director

See notes to financial statements

RECYCLING COUNCIL OF ALBERTA
Statement of Revenues and Expenditures
For the Year Ended March 31, 2016

	2016	2015 <i>(Unaudited)</i>
REVENUE		
Sponsorship	\$ 134,074	\$ 124,200
Project personnel income	89,695	83,853
Registration	80,477	131,785
Membership dues	66,662	66,705
Service revenue <i>(Schedule 1)</i>	66,124	57,848
Project disbursement income	62,505	82,526
Grants and funding	30,993	23,644
Advertising	30,866	37,476
Donations	14,033	2,427
Interest income	2,229	2,595
	577,658	613,059
EXPENSES		
Subcontracting expenses <i>(Schedule 2)</i>	189,411	185,737
Salaries, wages and benefits	130,749	122,376
Meals and entertainment	62,975	135,867
Office	60,712	39,869
Travel expenses <i>(Schedule 3)</i>	32,428	30,879
Printing and graphic design	27,098	13,915
Meeting expenses	14,920	19,460
Equipment rentals	13,548	34,759
Display and trade show	13,250	10,350
Interest and bank charges	10,227	5,537
Professional fees	7,700	3,900
Advertising	6,101	14,917
Telephone, fax, and internet	3,584	3,479
Insurance	3,222	1,888
Amortization	2,207	776
Postage	1,706	1,030
Training	300	157
Donations	-	100
	580,138	624,996
DEFICIENCY OF REVENUE OVER EXPENSES	\$ (2,480)	\$ (11,937)

RECYCLING COUNCIL OF ALBERTA
Statement of Changes in Net Assets
Year Ended March 31, 2016

	Invested in Property & Equipment		Unrestricted Fund	2016	2015 <i>(Unaudited)</i>
NET ASSETS - BEGINNING OF YEAR	\$	2,965	\$ 324,185	\$ 327,150	\$ 339,087
Deficiency of revenue over expenses		(2,207)	(273)	(2,480)	(11,937)
Interfund transfer		37,720	(37,720)	-	-
NET ASSETS - END OF YEAR	\$	38,478	\$ 286,192	\$ 324,670	\$ 327,150

See notes to financial statements

RECYCLING COUNCIL OF ALBERTA**Statement of Cash Flow****Year Ended March 31, 2016**

	2016	2015 <i>(Unaudited)</i>
OPERATING ACTIVITIES		
Deficiency of revenue over expenses	\$ (2,480)	\$ (11,937)
Item not affecting cash:		
Amortization of property and equipment	<u>2,207</u>	776
	<u>(273)</u>	<u>(11,161)</u>
Changes in non-cash working capital:		
Accounts receivable	29,219	(12,935)
Accounts payable	(2,390)	8,043
Deferred income	(17,223)	4,811
Prepaid expenses	36,476	(30,589)
Goods and services tax payable	<u>3,034</u>	<u>(2,864)</u>
	<u>49,116</u>	<u>(33,534)</u>
Cash flow from (used by) operating activities	<u>48,843</u>	<u>(44,695)</u>
INVESTING ACTIVITIES		
Purchase of property and equipment	(37,720)	-
Purchase of long term investments	<u>(1,045)</u>	<u>(1,468)</u>
Cash flow used by investing activities	<u>(38,765)</u>	<u>(1,468)</u>
INCREASE (DECREASE) IN CASH FLOW	10,078	(46,163)
Cash - beginning of year	<u>168,487</u>	<u>214,650</u>
CASH - END OF YEAR	\$ 178,565	\$ 168,487

See notes to financial statements

RECYCLING COUNCIL OF ALBERTA

Notes to Financial Statements

Year Ended March 31, 2016

1. DESCRIPTION OF OPERATIONS

Recycling Council of Alberta (the "council") is an organization that promotes and facilitates waste reduction, recycling and resource conservation in the Province of Alberta. The council was formed in 1987 and was registered as a charity in 1995.

The council incorporated under the Societies Act of Alberta and is a registered charity under the Income Tax Act and therefore is not subject to income tax.

2. BASIS OF PRESENTATION

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund accounting

Recycling Council of Alberta follows the deferral method of accounting for contributions.

Revenues and expenses related to program delivery and administrative activities are reported in the Unrestricted Fund.

The Invested in Property and Equipment Fund reports the assets, liabilities, revenues, and expenses related to Recycling Council of Alberta's capital assets.

Cash and cash equivalents

Cash includes cash and cash equivalents. Cash equivalents are investments in treasury bills and are valued at cost plus accrued interest. The carrying amounts approximate fair value because they have maturities at the date of purchase of less than ninety days.

Long term investments

Long term investments consist of guaranteed investment certificates with original maturities at date of purchase greater than ninety days.

Property and equipment

Property and equipment are stated at cost less accumulated amortization. Property and equipment are amortized over their estimated useful lives on a declining balance basis at the following rates and methods:

Computer equipment	55%	declining balance method
Office and other equipment	20%	declining balance method
Website	25%	declining balance method

The council regularly reviews its property and equipment to eliminate obsolete items. Government grants are treated as a reduction of property and equipment cost.

Property and equipment acquired during the year but not placed into use are not amortized until they are placed into use.

(continues)

RECYCLING COUNCIL OF ALBERTA

Notes to Financial Statements

Year Ended March 31, 2016

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

Revenue recognition

Revenue from conference fees is recognized in the year the conference is held. Revenue from membership and other fees is recognized in the year to which the fees apply if the amounts have been received or collection is reasonably assured. All other revenue, including interest income, is recognized on an accrual basis in the year earned.

Contributed services

The operations of the organization depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

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 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.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

4. FINANCIAL INSTRUMENTS

The council is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the council's risk exposure and concentration as of March 31, 2016.

(a) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The council is exposed to credit risk from customers. In order to reduce its credit risk, the council reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The council has a significant number of customers which minimizes concentration of credit risk.

(b) Liquidity risk

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

Unless otherwise noted, it is management's opinion that the council is not exposed to significant other price risks arising from these financial instruments.

RECYCLING COUNCIL OF ALBERTA**Notes to Financial Statements****Year Ended March 31, 2016****5. PROPERTY AND EQUIPMENT**

	Cost	Accumulated amortization	2016 Net book value	2015 Net book value
Computer equipment	\$ 501	\$ 485	\$ 16	\$ 35
Office and other equipment	14,705	11,893	2,812	2,930
Website	37,200	1,550	35,650	-
	<u>\$ 52,406</u>	<u>\$ 13,928</u>	<u>\$ 38,478</u>	<u>\$ 2,965</u>

6. LONG TERM INVESTMENTS

	2016	2015
Guaranteed investment certificate bearing interest at 0.65% per annum, maturing April 1, 2016.	\$ 127,236	\$ 126,416
Guaranteed investment certificate bearing interest at 0.90% per annum, maturing March 22, 2017.	26,748	26,523
	<u>\$ 153,984</u>	<u>\$ 152,939</u>

7. DEFERRED INCOME

	2016	2015
Memberships	\$ 30,744	\$ 30,810
Sponsorship and advertising	4,131	17,444
Grants	14,369	18,213
	<u>\$ 49,244</u>	<u>\$ 66,467</u>

8. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

RECYCLING COUNCIL OF ALBERTA**Service Revenue - Schedule One****(Schedule 1)****Year Ended March 31, 2016**

	2016	2015
Project management	\$ 37,707	\$ 25,018
Technical and advisory services	21,252	24,625
Program administration	7,165	8,205
	<u>\$ 66,124</u>	<u>\$ 57,848</u>

Subcontracting Expenses - Schedule Two**(Schedule 2)****Year Ended March 31, 2016**

Consulting and contractors	\$ 156,876	\$ 156,237
Accounting and bookkeeping	32,535	29,500
	<u>\$ 189,411</u>	<u>\$ 185,737</u>

Travel Expenses - Schedule Three**(Schedule 3)****Year Ended March 31, 2016**

	2016	2015
Mileage	\$ 12,987	\$ 14,817
Accommodations	14,597	9,740
Travel expenses	4,844	6,322
	<u>\$ 32,428</u>	<u>\$ 30,879</u>