

RECYCLING COUNCIL OF ALBERTA

Financial Statements

Year Ended March 31, 2017

(Unaudited)

RECYCLING COUNCIL OF ALBERTA

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Year Ended March 31, 2017

(Unaudited)

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REVIEW ENGAGEMENT REPORT

To the Members of Recycling Council of Alberta

We have reviewed the statement of financial position of Recycling Council of Alberta as at March 31, 2017 and the statements of revenues and expenditures, changes in net assets and cash flow for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of inquiry, analytical procedures and discussion related to information supplied to us by the organization.

A review does not constitute an audit and, consequently, we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian accounting standards for not-for-profit organizations.

VKO LLP

Edmonton, Alberta
September 19, 2017

VKO LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

RECYCLING COUNCIL OF ALBERTA

Statement of Financial Position

March 31, 2017

(Unaudited)

	2017	2016
ASSETS		
CURRENT		
Cash	\$ 146,575	\$ 178,565
Accounts receivable	14,122	13,407
Goods and services tax recoverable	211	1,579
Prepaid expenses	13,986	13,133
	<u>174,894</u>	206,684
PROPERTY AND EQUIPMENT <i>(Note 5)</i>	36,357	38,478
LONG TERM INVESTMENTS <i>(Note 6)</i>	154,988	153,984
	<u>\$ 366,239</u>	<u>\$ 399,146</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 17,643	\$ 25,232
Source deductions payable	920	-
Deferred income <i>(Note 7)</i>	53,122	49,244
	<u>71,685</u>	74,476
NET ASSETS		
Invested in property & equipment	36,357	38,478
Unrestricted fund	258,197	286,192
	<u>294,554</u>	324,670
	<u>\$ 366,239</u>	<u>\$ 399,146</u>

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, 2017

(Unaudited)

	2017	2016
REVENUE		
Sponsorship	\$ 144,424	\$ 134,074
Registration	114,994	80,477
Membership dues	65,513	66,662
Project disbursement income	51,466	62,505
Advertising	45,469	30,866
Project personnel income	27,869	89,695
Service revenue (Schedule 1)	26,632	66,124
Grants and funding	11,890	30,993
Donations	4,709	14,033
Interest income	1,589	2,229
	<u>494,555</u>	<u>577,658</u>
EXPENSES		
Subcontracting expenses (Schedule 2)	156,072	189,411
Meals and entertainment	121,556	62,975
Salaries, wages and benefits	71,888	130,749
Office	48,555	60,712
Travel expenses (Schedule 3)	25,307	32,428
Equipment rentals	21,269	13,548
Advertising	21,041	6,101
Meeting expenses	14,723	14,920
Display and trade show	11,622	13,250
Printing and graphic design	11,245	27,098
Telephone, fax, and internet	6,748	3,584
Interest and bank charges	5,346	10,227
Professional fees	4,100	7,700
Amortization	2,121	2,207
Insurance	1,886	3,222
Donations	600	-
Postage	592	1,706
Training	-	300
	<u>524,671</u>	<u>580,138</u>
DEFICIENCY OF REVENUE OVER EXPENSES	<u>\$ (30,116)</u>	<u>\$ (2,480)</u>

RECYCLING COUNCIL OF ALBERTA

Statement of Changes in Net Assets

Year Ended March 31, 2017

(Unaudited)

	Invested in Property & Equipment	Unrestricted Fund	2017 <i>(Unaudited)</i>	2016
NET ASSETS - BEGINNING OF YEAR	\$ 38,478	\$ 286,192	\$ 324,670	\$ 327,150
Deficiency of revenue over expenses	(2,121)	(27,995)	(30,116)	(2,480)
NET ASSETS - END OF YEAR	\$ 36,357	\$ 258,197	\$ 294,554	\$ 324,670

RECYCLING COUNCIL OF ALBERTA**Statement of Cash Flow****Year Ended March 31, 2017***(Unaudited)*

	2017	2016
OPERATING ACTIVITIES		
Deficiency of revenue over expenses	\$ (30,116)	\$ (2,480)
Item not affecting cash:		
Amortization of property and equipment	2,121	2,207
	<u>(27,995)</u>	<u>(273)</u>
Changes in non-cash working capital:		
Accounts receivable	(715)	29,219
Accounts payable	(7,589)	(2,390)
Deferred income	3,878	(17,223)
Prepaid expenses	(853)	36,476
Goods and services tax payable	1,368	3,034
Source deductions payable	920	-
	<u>(2,991)</u>	<u>49,116</u>
Cash flow from (used by) operating activities	<u>(30,986)</u>	<u>48,843</u>
INVESTING ACTIVITIES		
Purchase of property and equipment	-	(37,720)
Long term Investments	(1,004)	(1,045)
Cash flow used by investing activities	<u>(1,004)</u>	<u>(38,765)</u>
INCREASE (DECREASE) IN CASH FLOW	(31,990)	10,078
Cash - beginning of year	<u>178,565</u>	<u>168,487</u>
CASH - END OF YEAR	\$ 146,575	\$ 178,565
CASH CONSISTS OF:		
Cash	<u>\$ 146,575</u>	<u>\$ 178,565</u>

RECYCLING COUNCIL OF ALBERTA

Notes to Financial Statements

Year Ended March 31, 2017

(Unaudited)

1. PURPOSE OF THE ORGANIZATION

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 or deemed cost less accumulated amortization. Property and equipment are amortized over its 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.

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RECYCLING COUNCIL OF ALBERTA

Notes to Financial Statements

Year Ended March 31, 2017

(Unaudited)

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 organization's risk exposure and concentration as of March 31, 2017.

(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 organization 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.

(continues)

Notes to Financial Statements**Year Ended March 31, 2017***(Unaudited)***4. FINANCIAL INSTRUMENTS (continued)**

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

5. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2017 Net book value	2016 Net book value
Computer equipment	\$ 501	\$ 494	\$ 7	\$ 16
Office and other equipment	14,705	12,455	2,250	2,812
Website	37,200	3,100	34,100	35,650
	<u>\$ 52,406</u>	<u>\$ 16,049</u>	<u>\$ 36,357</u>	<u>\$ 38,478</u>

6. LONG TERM INVESTMENTS

	2017	2016
Guaranteed investment certificate bearing interest at 0.50% per annum, maturing April 1, 2018.	\$ 127,999	\$ 127,236
Guaranteed investment certificate bearing interest at 1.50% per annum, maturing March 22, 2018	26,989	26,748
	<u>\$ 154,988</u>	<u>\$ 153,984</u>

Subsequent to year-end, the above GIC's were cashed in and then a GIC for \$150,000 was acquired, bearing interest at 1.5% per annum, maturing October 4, 2018.

7. DEFERRED INCOME

	2017	2016
Memberships	\$ 30,744	\$ 30,744
Sponsorship and advertising	8,009	4,131
Grants	14,369	14,369
	<u>\$ 53,122</u>	<u>\$ 49,244</u>

RECYCLING COUNCIL OF ALBERTA**Service Revenue - Schedule One****(Schedule 1)****Year Ended March 31, 2017***(Unaudited)*

	2017	2016
Project management	\$ 9,414	\$ 37,707
Technical and advisory services	13,324	21,252
Program administration	3,894	7,165
	<u>\$ 26,632</u>	<u>\$ 66,124</u>

Subcontracting Expenses - Schedule Two**(Schedule 2)****Year Ended March 31, 2017***(Unaudited)*

	2017	2016
Consulting and contractors	\$ 132,164	\$ 156,876
Accounting and bookkeeping	23,908	32,535
	<u>\$ 156,072</u>	<u>\$ 189,411</u>

Travel Expenses - Schedule Three**(Schedule 3)****Year Ended March 31, 2017***(Unaudited)*

	2017	2016
Mileage/fuel	\$ 12,215	\$ 12,987
Accommodations	8,310	14,597
Travel expense	4,782	4,844
	<u>\$ 25,307</u>	<u>\$ 32,428</u>