

RECYCLING COUNCIL OF ALBERTA

Financial Statements

Year Ended March 31, 2013

RECYCLING COUNCIL OF ALBERTA
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Year Ended March 31, 2013

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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, 2013 and the statements of revenues and expenditures, changes in net assets and cash flows 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.

Basis for Qualified Opinion

In common with many charitable organizations, the council derives revenue from the general public in the form of donations and fundraising events the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the council and we were not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenses, current assets and net assets.

Qualified Opinion

*Denotes Professional Corporation

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

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the contributions referred to in the preceding paragraph, the financial statements present fairly, in all material respects, the financial position of Recycling Council of Alberta as at March 31, 2013 and the results of its operations and its cash flows 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, 2012 were unaudited and therefore we do not express an audit opinion on the opening balances.

Comparative Information

Without modifying our opinion, we draw attention to Note 9 to the financial statements which describes that Recycling Council of Alberta adopted Canadian accounting standards for not-for-profit organizations on April 1, 2012 with a transition date of April 1, 2011. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statements of financial position as at March 31, 2012 and April 1, 2011 and the statements of revenues and expenditures, changes in net assets and cash flows for the year ended March 31, 2012 and related disclosures. We were not engaged to report on the restated comparative information, and as such, it is unaudited.

Edmonton, Alberta
September 10, 2013

VKO LLP

VKO LLP
CHARTERED ACCOUNTANTS

RECYCLING COUNCIL OF ALBERTA

Statement of Financial Position

March 31, 2013

	<i>March 31</i> 2013	(Unaudited) <i>March 31</i> 2012	(Unaudited) <i>April 1</i> 2011
ASSETS			
CURRENT			
Cash	\$ 168,569	\$ 134,762	\$ 168,092
Short term investment (Note 5)	25,834	25,540	25,188
Accounts receivable	18,550	44,670	25,891
Goods and services tax recoverable	-	-	36
Prepaid expenses	19,564	19,357	21,747
	232,517	224,329	240,954
EQUIPMENT (Note 6)	4,013	4,622	6,183
LONG TERM INVESTMENTS (Note 7)	123,803	122,580	120,527
	\$ 360,333	\$ 351,531	\$ 367,664
LIABILITIES AND NET ASSETS			
CURRENT			
Accounts payable	\$ 20,367	\$ 21,566	\$ 33,696
Source deductions payable	-	-	2,159
Deferred income (Note 8)	32,323	27,407	24,755
	52,690	48,973	60,610
NET ASSETS			
Invested in equipment	4,013	4,622	6,183
Unrestricted	303,630	297,936	300,871
	307,643	302,558	307,054
	\$ 360,333	\$ 351,531	\$ 367,664

ON BEHALF OF THE BOARD

Director

Director

See notes to financial statements

RECYCLING COUNCIL OF ALBERTA
Statement of Revenues and Expenditures
Year Ended March 31, 2013

	2013	2012 <i>(Unaudited)</i>
REVENUE		
Registration	\$ 128,820	\$ 106,695
Sponsorship	117,910	134,772
Project personnel income	87,210	94,948
Membership dues	58,773	55,205
Project disbursement income	45,295	80,584
Advertising	27,595	26,802
Services revenue <i>(Schedule 1)</i>	27,455	70,164
Grants and funding	25,717	22,436
Donations	3,181	365
Interest income	2,508	3,774
Others	-	4,133
	<u>524,464</u>	<u>599,878</u>
EXPENSES		
Subcontracting expenses <i>(Schedule 2)</i>	154,867	183,375
Meals and refreshments	105,544	98,937
Salaries, wages and benefits	95,644	143,626
Office	43,219	46,565
Equipment rentals	27,877	40,201
Travel <i>(Schedule 3)</i>	25,949	35,195
Meeting expenses	21,513	10,580
Printing and graphic design	12,122	12,936
Advertising	8,992	8,569
Professional fees	7,475	3,500
Telephone, fax, and internet	4,628	6,274
Interest and bank charges	4,240	3,594
Display and trade show	3,148	4,078
Insurance	1,895	3,759
Amortization	1,150	1,174
Postage	936	673
Training	180	450
	<u>519,379</u>	<u>603,486</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FROM OPERATIONS	5,085	(3,608)
OTHER ITEM		
Loss on disposal of equipment	-	(888)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ 5,085	\$ (4,496)

See notes to financial statements

RECYCLING COUNCIL OF ALBERTA
Statement of Changes in Net Assets
Year Ended March 31, 2013

	Invested in Equipment	Unrestricted	2013	2012 <i>(Unaudited)</i>
NET ASSETS - BEGINNING OF YEAR	\$ 4,622	\$ 297,936	\$ 302,558	\$ 307,054
Excess of revenue over expenses	(1,149)	6,234	5,085	(4,496)
Transfer	540	(540)	-	-
NET ASSETS - END OF YEAR	\$ 4,013	\$ 303,630	\$ 307,643	\$ 302,558

See notes to financial statements

RECYCLING COUNCIL OF ALBERTA**Statement of Cash Flows****Year Ended March 31, 2013**

	2013	2012 <i>(Unaudited)</i>
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ 5,085	\$ (4,496)
Items not affecting cash:		
Amortization of equipment	1,150	1,174
Loss on disposal of assets	-	888
	<u>6,235</u>	<u>(2,434)</u>
Changes in non-cash working capital:		
Accounts receivable	26,120	(18,779)
Accounts payable	(1,200)	(12,130)
Deferred income	4,916	2,652
Prepaid expenses	(207)	2,390
Goods and services tax payable (recoverable)	-	36
Source deductions payable	-	(2,159)
	<u>29,629</u>	<u>(27,990)</u>
Cash flow from (used by) operating activities	<u>35,864</u>	<u>(30,424)</u>
INVESTING ACTIVITIES		
Purchase of equipment	(540)	(501)
Purchase of short term investments	(294)	(352)
Purchase of long term investments	(1,223)	(2,053)
Cash flow used by investing activities	<u>(2,057)</u>	<u>(2,906)</u>
INCREASE (DECREASE) IN CASH FLOW	33,807	(33,330)
Cash - beginning of year	<u>134,762</u>	<u>168,092</u>
CASH - END OF YEAR	\$ 168,569	\$ 134,762

See notes to financial statements

RECYCLING COUNCIL OF ALBERTA

Notes to Financial Statements

Year Ended March 31, 2013

1. DESCRIPTION OF BUSINESS

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 (ASNFPPO).

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 Operating Fund.

The Capital Asset 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.

Equipment

Equipment is stated at cost or deemed cost less accumulated amortization. Equipment is amortized over its estimated useful life on a declining balance basis at the following rates and methods:

Office and other equipment	20%
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Equipment acquired during the year but not placed into use are not amortized until they are placed into use. Amortization is prorated for the number of months in use in the year of acquisition.

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

Volunteers contribute a significant amount of their time each year. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

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RECYCLING COUNCIL OF ALBERTA

Notes to Financial Statements

Year Ended March 31, 2013

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 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.

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, 2013.

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.

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.

5. SHORT TERM INVESTMENT

Short term investment consists of a Guaranteed Investment Certificate bearing interest at 1.35% (2012 - 1.15%) maturing March 22, 2014.

6. EQUIPMENT

	Cost	Accumulated amortization	2013 Net book value	2012 Net book value
Computer equipment	\$ 501	\$ 327	\$ 174	\$ 386
Office and other equipment	13,583	9,744	3,839	4,236
	<u>\$ 14,084</u>	<u>\$ 10,071</u>	<u>\$ 4,013</u>	<u>\$ 4,622</u>

7. LONG TERM INVESTMENTS

Long term investment consist of a term deposit bearing interest at 1% (2012 - 1.70%) maturing April 2014.

RECYCLING COUNCIL OF ALBERTA

Notes to Financial Statements

Year Ended March 31, 2013

8. DEFERRED INCOME

	<u>2013</u>		<u>2012</u>
Membership	\$ 28,486	\$	26,169
Sponsorship and Advertising	1,337		1,238
Other	<u>2,500</u>		<u>-</u>
	<u>\$ 32,323</u>	\$	<u>27,407</u>

9. FIRST TIME ADOPTION OF ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS

During the year the council adopted accounting standards for not-for-profit organizations. These financial statements are the first prepared in accordance with these standards. The changes have been applied retrospectively, resulting in changes to beginning equity and restatement of certain assets and liabilities as described below.

a) The balance sheet at April 1, 2011 has no restatements.

RECYCLING COUNCIL OF ALBERTA**Schedule of Services Revenue****(Schedule 1)****Year Ended March 31, 2013**

	2013	2012 <i>(Unaudited)</i>
Project Management	\$ 20,592	\$ 33,682
Technical and advisory services	-	27,334
Program administration	6,863	9,148
	<u>\$ 27,455</u>	<u>\$ 70,164</u>

Schedule of Subcontracting Expenses**(Schedule 2)****Year Ended March 31, 2013**

	2013	2012 <i>(Unaudited)</i>
Consulting and contractors	\$ 131,198	\$ 156,112
Accounting and bookkeeping	23,669	27,263
	<u>\$ 154,867</u>	<u>\$ 183,375</u>

Schedule of Travel Expenses**(Schedule 3)****Year Ended March 31, 2013**

	2013	2012 <i>(Unaudited)</i>
Mileage	\$ 16,413	\$ 21,996
Accommodation	6,090	7,244
Travel expenses	3,446	5,955
	<u>\$ 25,949</u>	<u>\$ 35,195</u>

See notes to financial statements