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**SASKATCHEWAN ENVIRONMENTAL SOCIETY INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2016**

**SASKATCHEWAN ENVIRONMENTAL SOCIETY INC.
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DECEMBER 31, 2016**

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INDEPENDENT AUDITOR'S REPORT

To the Members of Saskatchewan Environmental Society Inc.

I have audited the statement of financial position of Saskatchewan Environmental Society Inc. as at December 31, 2015 and the statements of operations, changes in fund balances, and cash flows for the year then ended along with the 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

My responsibility is to express an opinion on these financial statements based on my audit. I conduct my audit in accordance with Canadian auditing standards. Those standards require the I 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 organization'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 organization'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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Saskatchewan Environmental Society Inc. as at December 31, 2015 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Saskatoon, Saskatchewan
March 24, 2015



CPA, Prof Corp

SASKATCHEWAN ENVIRONMENTAL SOCIETY INC.
STATEMENT OF FINANCIAL POSITION
As at DECEMBER 31, 2016

	<u>Operating Fund</u>	<u>Ann Coxworth Environmental Fund</u>	<u>Total 2016</u>	<u>Total 2015</u>
	\$	\$	\$	\$
ASSETS				
Current Assets				
Cash and bank	40,810	0	40,810	107,245
Accounts receivable	49,362	0	49,362	8,485
Prepaid expenses and deposits	<u>2,416</u>	<u>0</u>	<u>2,416</u>	<u>2,415</u>
Investments (Note 5)	92,588	0	92,588	118,145
Tangible Capital Assets (Note 6)	305,203	21,929	327,132	372,591
	<u>13,472</u>	<u>0</u>	<u>13,472</u>	<u>18,333</u>
	<u>411,263</u>	<u>21,929</u>	<u>433,192</u>	<u>509,069</u>
LIABILITIES				
Current Liabilities				
Accounts payable and accrued liabilities	22,717	0	22,717	13,079
Deferred contribution (Note 8)	<u>62,087</u>	<u>0</u>	<u>62,087</u>	<u>152,411</u>
	<u>84,804</u>	<u>0</u>	<u>84,804</u>	<u>165,490</u>
FUND BALANCES				
Invested in tangible capital assets	13,472	0	13,472	18,333
Internally restricted reserves (Note 9)	194,771	0	194,771	193,346
Externally restricted reserves	4,000	21,929	25,929	27,765
Unrestricted	<u>114,216</u>	<u>0</u>	<u>114,216</u>	<u>104,134</u>
	<u>326,459</u>	<u>21,929</u>	<u>348,388</u>	<u>343,578</u>
	<u>411,263</u>	<u>21,929</u>	<u>433,192</u>	<u>509,068</u>

Approved on behalf of the Board:

_____ Director

_____ Director

**SASKATCHEWAN ENVIRONMENTAL SOCIETY INC.
STATEMENT OF CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Operating Fund</u>	<u>Ann Coxworth Environmental Fund</u>	<u>Total 2016</u>	<u>Total 2015</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Balance - Beginning of Year	319,813	23,765	343,578	350,356
Net revenue (expenses) for the year	6,062	(1,252)	4,810	(6,778)
Interfund transfers	<u>584</u>	<u>(584)</u>	<u>0</u>	<u>0</u>
Balance - End of Year	<u><u>326,459</u></u>	<u><u>21,929</u></u>	<u><u>348,388</u></u>	<u><u>343,578</u></u>
Fund Balances Consists of:				
Invested in capital assets	13,472	0	13,472	18,333
Internally restricted reserves	194,771	0	194,771	193,346
Externally restricted	4,000	21,929	25,929	27,765
Unrestricted	<u>114,216</u>	<u>0</u>	<u>114,216</u>	<u>104,134</u>
	<u><u>326,459</u></u>	<u><u>21,929</u></u>	<u><u>348,388</u></u>	<u><u>343,578</u></u>

SASKATCHEWAN ENVIRONMENTAL SOCIETY INC.
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Revenue						
Donations	82,786	85,686	0	0	82,786	85,686
Event auction fundraising	6,675	5,025	0	0	6,675	5,025
General projects funding	253,507	184,636	0	0	253,507	184,636
Interest	3,858	2,540	231	258	4,089	2,798
Memberships and publications	4,105	4,685	0	0	4,105	4,685
Miscellaneous	2,301	4,311	0	0	2,301	4,311
Ticket sales and event registration	60,099	60,950	0	0	60,099	60,950
Sponsorship	48,000	60,500	0	0	48,000	60,500
	<u>461,331</u>	<u>408,333</u>	<u>231</u>	<u>258</u>	<u>461,562</u>	<u>408,591</u>
Expenses						
Administration	3,053	3,732	0	0	3,053	3,732
Advertising	5,738	6,244	0	0	5,738	6,244
Amortization	8,315	6,283	0	0	8,315	6,283
Audit and legal	6,803	15,034	0	0	6,803	15,034
Conferences and meetings	280	756	1,340	1,550	1,620	2,306
Consulting services	23,606	19,034	0	0	23,606	19,034
Employee benefits	15,323	14,789	0	0	15,323	14,789
Event advertising and rentals	46,511	49,948	0	0	46,511	49,948
Materials and supplies	3,207	7,425	0	0	3,207	7,425
Newsletter	2,973	3,069	0	0	2,973	3,069
Office	4,163	2,431	0	0	4,163	2,431
Photocopying and printing	6,499	2,245	0	0	6,499	2,245
Postage and courier	1,404	1,838	0	0	1,404	1,838
Program delivery	48,098	5,864	0	0	48,098	5,864
Rent	28,353	22,755	0	0	28,353	22,755
Telephone	2,735	3,095	0	0	2,735	3,095
Travel	13,718	16,642	143	644	13,861	17,286
Wage and fees for services	234,490	231,991	0	0	234,490	231,991
	<u>455,269</u>	<u>413,175</u>	<u>1,483</u>	<u>2,194</u>	<u>456,752</u>	<u>415,369</u>
Excess (deficiency) of revenues over expenses	<u>6,062</u>	<u>(4,842)</u>	<u>(1,252)</u>	<u>(1,936)</u>	<u>4,810</u>	<u>(6,778)</u>

**SASKATCHEWAN ENVIRONMENTAL SOCIETY INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>2016</u>	<u>2015</u>
	<u>\$</u>	<u>\$</u>
Operating Activities		
Excess (deficiency) of revenues over expenses	4,810	(6,778)
Items not requiring cash:		
Amortization	<u>8,315</u>	<u>6,283</u>
	13,125	(495)
Changes in non-cash working capital items:		
Accounts receivable	(40,878)	(2,475)
Prepaid expenses	(1)	(119)
Accounts payable	9,637	6,578
Deferred revenue	<u>(90,324)</u>	<u>(59,117)</u>
Cash provided by Operating Activities	<u>(108,441)</u>	<u>(55,628)</u>
Investing Activities		
Purchase of tangible capital assets	(3,452)	(7,270)
Decrease (increase) in long-term investments	<u>45,458</u>	<u>(1,188)</u>
Cash Provided By (Used In) Investing Activities	<u>42,006</u>	<u>(8,458)</u>
Increase (Decrease) in Cash Position	(66,435)	(64,086)
Cash Position - Beginning of Year	<u>107,245</u>	<u>171,331</u>
Cash Position - End of Year	<u><u>40,810</u></u>	<u><u>107,245</u></u>

**SASKATCHEWAN ENVIRONMENTAL SOCIETY INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

1. DESCRIPTION OF ORGANIZATION

The goals of the Saskatchewan Environmental Society Inc. are to identify important environmental issues in Saskatchewan, to seek responsible action on those issues, and to sponsor educational programs. The Society is a registered charity under the Income Tax Act, and is incorporated under the Non-Profit Corporations Act of Saskatchewan

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) and include the following significant accounting policies:

Use of Estimates

When preparing financial statements according to ASNPO, the Association makes estimates and assumptions relating to:

- Reported amounts of revenue and expenses;
- Reported amounts of assets and liabilities; and
- Disclosure of contingent assets and liabilities.

Management's assumptions are based on a number of factors, including historical experience, current events and actions that the Society may undertake in the future, and other assumptions that we believe are reasonable under the circumstances. Actual results could differ from those estimates under different conditions and assumptions. Estimates were used when accounting for certain items, such as the useful lives of capital assets and impairment of long-lived assets.

Financial Instruments

Financial instruments, including cash, accounts receivable, and accounts payable are initially recorded at their fair value and are subsequently measured at cost or amortized cost, net of any provisions for impairment. Investments are initially recorded at fair value at the date of acquisition. Subsequently, investments in debt securities, such as treasury bills and government bonds, are recorded at amortized cost. Investments in publicly traded equity securities are recorded at fair value based on quoted market prices. Unrealized gains or losses are recognized in the statement of operations. Transaction costs, such as commissions, arising from investments in publicly traded equity securities are expensed when incurred.

Revenue Recognition

Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be recorded can be reasonably estimated and collection is reasonably assured.

Fund Accounting

The Association follows the restricted fund method of accounting for contributions.

Operating Fund

The operating fund reflects the primary operations of the Society including revenue from projects, donations, memberships, and other services. Expenses are for the delivery of services.

**SASKATCHEWAN ENVIRONMENTAL SOCIETY INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Ann Coxworth Environmental Fund

The Ann Coxworth Environmental Fund is a restricted fund maintained for the purposes of providing funds for special projects supporting environmental leadership development. Revenue of the fund consists of donations and interest. Expenses of the fund are for special projects that are in accordance with the conditions of the letter of understanding with the primary donor.

Donated Services

No accounting recognition is given to the value of services donated to the Society for operating purposes due to the difficulty in determining a value of the donated service.

3. CASH

The Cash component included in the cash flow statement is comprised of the following balance sheet accounts:

	<u>2016</u>	<u>2015</u>
	\$	\$
Cash in bank	39,188	116,156
Cash on deposit	0	11,587
Cheques issued and outstanding	<u>(1,400)</u>	<u>(21,199)</u>
	37,788	106,544
Credit union share	5	5
Paypal account	1,596	696
Undeposited funds	<u>1,421</u>	<u>0</u>
	<u>40,810</u>	<u>107,245</u>

4. ACCOUNTS RECEIVABLE

Accounts receivable consists of:

	<u>2016</u>	<u>2015</u>
	\$	\$
GST receivable	3,339	3,286
Program receivables	24,382	0
Trade receivables	<u>21,641</u>	<u>5,199</u>
	<u>49,362</u>	<u>8,485</u>

5. LONG-TERM INVESTMENTS

	<u>2016</u>	<u>2015</u>
	\$	\$
Operating Fund		
Renaissance High Interest Savings Account	0	348,696
Manulife Bank Investment	305,203	0
CIBC Wood Gundy Broker Account	<u>0</u>	<u>130</u>
	305,203	348,826
Ann Coxworth Environmental Fund		
Manulife Bank Investment	21,929	0
Renaissance High Interest Savings Account	<u>0</u>	<u>23,765</u>
	<u>327,132</u>	<u>372,591</u>

**SASKATCHEWAN ENVIRONMENTAL SOCIETY INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

6. TANGIBLE CAPITAL ASSETS

	Accumulated <u>Cost</u> \$	Net <u>Amortization</u> \$	Net Book Value <u>2016</u> \$	<u>2015</u> \$
Computer equipment	17,361	13,780	3,581	4,537
Office furniture and equipment	1,261	1,261	0	86
Website	<u>19,096</u>	<u>9,205</u>	<u>9,891</u>	<u>13,710</u>
	<u>37,718</u>	<u>24,246</u>	<u>13,472</u>	<u>18,333</u>

7. ACCOUNTS PAYABLE

Accounts payable consists of:

	<u>2016</u> \$	<u>2015</u> \$
Accrued liabilities	5,500	5,500
Securities for Destination Conservation	175	421
Trade payables	<u>17,042</u>	<u>7,158</u>
	<u>22,717</u>	<u>13,079</u>

8. DEFERRED CONTRIBUTIONS

Deferred contributions consist of unexpended funds relating to the following projects:

	<u>2016</u> \$	<u>2015</u> \$
25 Acts	6,551	12,469
Boreal Watershed Monitoring Project	0	39,947
Building Operator Training Program	1,901	1,718
Climate Friendly Zone	5,908	10,879
Destination Conservation	9,021	14,143
Efficiency for Organizations	5,016	0
Living Green Expo	14,513	11,468
ICI Water	1,579	8,872
Issues	1,167	1,280
Renewable Energy Project	6,320	49,073
SASF	4,786	2,178
SSBB	325	384
Water Education	<u>5,000</u>	<u>0</u>
	<u>62,087</u>	<u>152,411</u>

**SASKATCHEWAN ENVIRONMENTAL SOCIETY INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

9. INTERNALLY RESTRICTED FUNDS

Internally restricted reserves consist of the following:

	<u>2016</u>	<u>2015</u>
	\$	\$
Energy Conservation Projects	84,928	86,003
General Reserve Fund	57,000	54,500
Policy Analyst	<u>52,843</u>	<u>52,843</u>
	<u>194,771</u>	<u>193,346</u>

The internally restricted reserves are not available for purposes other than their intended use unless approved by the Board of Directors. \$2,500 was added to the General Reserve Fund during the year (2015 - \$3,800), and transferred \$1,075 (2015 - \$3,182) from Energy Conservation Projects as the funds were used for their stated purpose. No funds were spent from the Policy Analyst fund during the year (2015 - \$0).

10. FINANCIAL INSTRUMENTS

The Society, as part of its operations, carries a number of financial instruments. It is the board of director's opinion that the Society is not exposed to significant interest or credit risk arising from these financial instruments except as otherwise disclosed.

Liquidity risk

Liquidity risk is the risk that the Society will encounter difficulty in meeting obligations associated with financial liabilities. The Society enters into transactions to purchase goods and services on credit, borrow funds from creditors, etc. for which repayment is required at various maturity dates. Liquidity is measured by reviewing the Society's future net cash flows for the possibility of a negative cash flow. The Society manages the liquidity risk resulting from its accounts payable by investing in liquid assets.

Credit risk

Financial instruments that potentially subject the Society to concentrations of credit risk consist of accounts receivable. The maximum credit risk exposure is \$49,362 (2015 - \$8,484). The Society believes that there is minimal risk associated with the collection of these amounts as it performs regular credit assessments and provides allowances for potentially uncorrectable accounts.

Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. In seeking to minimize the risks from interest rate fluctuations, the Society manages exposure through investing in short-term instruments. The Society is exposed to interest rate risk primarily relating to its investments in short term fixed rate instruments.

**SASKATCHEWAN ENVIRONMENTAL SOCIETY INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

11. INCOME TAXES

The Society is classified as a non-profit organization under the Income Tax Act and is exempt from income taxes on its net earnings.

12. CONTINGENT LIABILITY

The Society's signed a five year lease with Shift Development Inc. on August 3, 2016.

The Society will recognize monthly lease obligations for the period of September 2016 through August 2017 for base rent of \$1,800 plus GST. The monthly base rent rate increases by \$75 annually through 2021. The Society will recognize estimated occupancy costs of \$775 plus GST, which are reviewed and adjusted each fiscal year.