

# JAMES H. STINN

*CPA, Prof. Corp.*

---

SUITE 300 - 820 51ST STREET EAST  
SASKATOON, SASKATCHEWAN S7K 0X8  
PHONE (306) 955-9977 FAX (306) 978-8173  
EMAIL [jstinn@sasktel.net](mailto:jstinn@sasktel.net)

**SASKATCHEWAN ENVIRONMENTAL SOCIETY INC.  
FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**SASKATCHEWAN ENVIRONMENTAL SOCIETY INC.  
INDEX TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

	<b>Page</b>
Independent Auditor's Report	1
Statement of Financial Position	3
Statement of Changes in Fund Balances	4
Statement of Revenues and Expenses	5
Statement of Cash Flows	6
Notes to the Financial Statements	7-11

# JAMES H. STINN

CPA, Prof. Corp.

SUITE 300 - 820 51ST STREET EAST  
SASKATOON, SASKATCHEWAN S7K 0X8  
PHONE (306) 955-9977 FAX (306) 978-8173

INDEPENDENT AUDITOR'S REPORT [jstinn@sasktel.net](mailto:jstinn@sasktel.net)

To the Members of Saskatchewan Environmental Society Inc.:

## Qualified Opinion

I have audited the accompanying financial statements of Saskatchewan Environmental Society Inc. which comprise the statement of financial position as at December 31, 2018 and the statements of operations, changes in net assets and cash flows, and schedules of receipts and disbursements for the year then ended, and a summary of significant accounting policies and other explanatory information.

In my opinion, except for the possible effects of the matter described in the Basis of Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Saskatchewan Environmental Society Inc. as at December 31, 2018 and its financial performance for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

## Basis For Qualified Opinion

In common with many charitable organizations, the association derives a part of its revenue from cash fund-raising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amounts recorded in the records of the association and I was not able to determine whether any adjustments might be necessary to revenue, excess of revenues over expenses, assets and net assets.

I conducted my audit in accordance with Canadian Auditing Standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Society in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

The 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.

In preparing the financial statements, management is responsible for assessing the Society'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 Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 Society'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 Society's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. Our conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Society 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Society to express an opinion on the financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I 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 I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Saskatoon, Saskatchewan  
March 11, 2019




CPA, Prof Corp

**SASKATCHEWAN ENVIRONMENTAL SOCIETY INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**As at DECEMBER 31, 2018**

	<u>Operating Fund</u>	<u>Ann Coxworth</u> <u>Environmental Fund</u>	<u>Total</u> <u>2018</u>	<u>Total</u> <u>2017</u>
	\$	\$	\$	\$
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and bank (Note 3)	93,227	3	93,230	163,319
Accounts receivable (Note 4)	12,132	0	12,132	5,813
Prepaid expenses and deposits	2,616	0	2,616	2,433
	<u>107,975</u>	<u>3</u>	<u>107,978</u>	<u>171,565</u>
Investments (Note 5)	287,406	19,426	306,832	301,325
	<u>201,759</u>	<u>0</u>	<u>201,759</u>	<u>48,408</u>
<b>Tangible Capital Assets (Note 6)</b>	<u>597,140</u>	<u>19,429</u>	<u>616,569</u>	<u>521,298</u>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Accounts payable and accrued liabilities (Note 7)	9,563	0	9,563	9,800
Deferred contributions (Note 8)	62,125	0	62,125	139,263
Deferred contributions related to tangible capital assets (Note 9)	199,010	0	199,010	41,657
	<u>270,698</u>	<u>0</u>	<u>270,698</u>	<u>190,720</u>
<b>FUND BALANCES</b>				
Invested in tangible capital assets	201,759	0	201,759	48,408
Internally restricted reserves (Note 10)	178,337	0	178,337	178,337
Externally restricted reserves	4,000	19,429	23,429	25,153
Unrestricted	(57,654)	0	(57,654)	78,680
	<u>326,442</u>	<u>19,429</u>	<u>345,871</u>	<u>330,578</u>
	<u>597,140</u>	<u>19,429</u>	<u>616,569</u>	<u>521,298</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, 2018**

	<u>Operating Fund</u> \$	<u>Ann Coxworth Environmental Fund</u> \$	<u>Total 2018</u> \$	<u>Total 2017</u> \$
<b>Balance - Beginning of Year</b>	309,425	21,153	330,578	348,388
Net revenue (expenses) for the year	<u>17,017</u>	<u>(1,724)</u>	<u>15,293</u>	<u>(17,810)</u>
<b>Balance - End of Year</b>	<u><u>326,442</u></u>	<u><u>19,429</u></u>	<u><u>345,871</u></u>	<u><u>330,578</u></u>
<b>Fund Balances Consists of:</b>				
Invested in capital assets	201,759	0	201,759	48,408
Internally restricted reserves	178,337	0	178,337	178,337
Externally restricted	4,000	19,429	23,429	25,153
Unrestricted	<u>(57,654)</u>	<u>0</u>	<u>(57,654)</u>	<u>78,680</u>
	<u><u>326,442</u></u>	<u><u>19,429</u></u>	<u><u>345,871</u></u>	<u><u>330,578</u></u>

**SASKATCHEWAN ENVIRONMENTAL SOCIETY INC.**  
**STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	Ann Coxworth Environmental			
	Operating Fund		Fund	
	2018	2017	2018	2017
	\$	\$	\$	\$
Revenue	Total			
	2018	2017	2018	2017
	\$	\$	\$	\$
Donations	59,125	75,015	100	0
Event auction fundraising	0	6,430	0	0
General projects funding	229,553	187,395	0	0
Interest	4,955	4,631	326	324
Memberships and publications	4,795	3,730	0	0
Miscellaneous	0	1,681	0	0
Ticket sales and event registration	37,765	35,690	0	0
Sponsorship	<u>32,300</u>	<u>33,350</u>	<u>0</u>	<u>0</u>
	<u>368,493</u>	<u>347,922</u>	<u>426</u>	<u>324</u>
	<u>368,493</u>	<u>348,246</u>	<u>368,919</u>	<u>348,246</u>
	4,830	4,081	0	0
Administration	352	7,228	0	0
Advertising	46,473	6,720	0	0
Amortization	15,794	12,149	0	0
Audit and legal	349	1,511	2,150	600
Conferences and meetings	28,588	11,953	0	0
Consulting services	9,539	13,631	0	0
Employee benefits	31,567	33,318	0	0
Event advertising and rentals	6,719	1,963	0	500
Materials and supplies	1,963	2,989	0	0
Newsletter	2,338	3,548	0	0
Office	1,911	1,418	0	0
Photocopying and printing	493	766	0	0
Postage and courier	27,473	18,467	0	0
Program delivery	24,743	36,692	0	0
Rent	2,001	2,767	0	0
Telephone	1,819	4,025	0	0
Travel	<u>144,524</u>	<u>201,730</u>	<u>0</u>	<u>0</u>
Wage and fees for services	<u>351,476</u>	<u>364,956</u>	<u>2,150</u>	<u>1,100</u>
	<u>351,476</u>	<u>366,056</u>	<u>353,626</u>	<u>366,056</u>
	<u>17,017</u>	<u>(17,034)</u>	<u>(1,724)</u>	<u>(776)</u>
Excess (deficiency) of revenues over expenses	<u>17,017</u>	<u>(17,034)</u>	<u>(1,724)</u>	<u>(776)</u>
	<u>17,017</u>	<u>(17,810)</u>	<u>15,293</u>	<u>(17,810)</u>

**SASKATCHEWAN ENVIRONMENTAL SOCIETY INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>2018</u>	<u>2017</u>
	<u>\$</u>	<u>\$</u>
<b>Operating Activities</b>		
Excess (deficiency) of revenues over expenses	15,293	(17,810)
Items not requiring cash:		
Amortization	<u>46,473</u>	<u>6,720</u>
	61,766	(11,090)
Changes in non-cash working capital items:		
Accounts receivable	(6,318)	43,550
Prepaid expenses	(183)	(17)
Accounts payable	(237)	(12,917)
Deferred contributions	(77,138)	77,176
Deferred contributions related to tangible capital assets	<u>157,353</u>	<u>41,657</u>
Cash provided by Operating Activities	<u>135,243</u>	<u>138,359</u>
<b>Investing Activities</b>		
Purchase of tangible capital assets	(199,824)	(41,657)
Decrease (increase) in long-term investments	<u>(5,508)</u>	<u>25,807</u>
Cash Provided By (Used In) Investing Activities	<u>(205,332)</u>	<u>(15,850)</u>
<b>Increase (Decrease) in Cash Position</b>	(70,089)	122,509
<b>Cash Position - Beginning of Year</b>	<u>163,319</u>	<u>40,810</u>
<b>Cash Position - End of Year</b>	<u><u>93,230</u></u>	<u><u>163,319</u></u>



**SASKATCHEWAN ENVIRONMENTAL SOCIETY INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**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. Unrealized gains or losses are recognized in the statement of operations.

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, 2018**

**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>2018</u>	<u>2017</u>
	\$	\$
Cash in bank	93,049	67,074
Cash on deposit	1,067	1,053
Cheques issued and outstanding	<u>(11,923)</u>	<u>(4,533)</u>
	82,193	63,594
ACE Fund	3	2,280
Canadahelps account	2,292	0
Credit union share	5	5
Paypal account	68	2,832
Renewable Rides account	6,857	3,146
Undeposited funds	<u>1,812</u>	<u>91,462</u>
	<u>93,230</u>	<u>163,319</u>

**4. ACCOUNTS RECEIVABLE**

Accounts receivable consists of:

	<u>2018</u>	<u>2017</u>
	\$	\$
GST receivable	7,118	3,773
Trade receivables	<u>5,015</u>	<u>2,040</u>
	<u>12,133</u>	<u>5,813</u>

**5. INVESTMENTS**

	<u>2018</u>	<u>2017</u>
	\$	\$
<b>Operating Fund</b>		
Credential	287,406	282,452
<b>Ann Coxworth Environmental Fund</b>		
Manulife Bank Investment	<u>19,426</u>	<u>18,873</u>
	<u>306,832</u>	<u>301,325</u>

**SASKATCHEWAN ENVIRONMENTAL SOCIETY INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**6. TANGIBLE CAPITAL ASSETS**

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	
	\$	\$	<u>2018</u>	<u>2017</u>
Computer equipment	17,361	17,037	324	679
Office furniture and equipment	1,261	1,261	0	0
Renewable Rides vehicles and equip.	241,481	42,471	199,010	41,657
Website	<u>19,096</u>	<u>16,671</u>	<u>2,425</u>	<u>6,072</u>
	<u>279,199</u>	<u>77,440</u>	<u>201,759</u>	<u>48,408</u>

**7. ACCOUNTS PAYABLE**

Accounts payable consists of:

	<u>2018</u>	<u>2017</u>
	\$	\$
Accrued liabilities	7,200	7,200
Mastercard	122	146
Source deduction	0	79
Trade payables	<u>2,241</u>	<u>2,375</u>
	<u>9,563</u>	<u>9,800</u>

**8. DEFERRED CONTRIBUTIONS**

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

	<u>2018</u>	<u>2017</u>
	\$	\$
Building Operator Training Program	2,650	107
Climate Friendly Zone	0	1,839
Community Connections	3,244	1,692
Destination Conservation	5,122	12,599
Efficiency for Organizations	6,041	4,013
Living Green Expo	15,385	32,956
Issues	1,382	710
Renewable Rides	12,738	57,916
SASF	9,785	10,780
SSBB	5,778	8,921
Wild Waters	<u>0</u>	<u>7,730</u>
	<u>62,125</u>	<u>139,263</u>

**SASKATCHEWAN ENVIRONMENTAL SOCIETY INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**9. DEFERRED CONTRIBUTIONS RELATED TO TANGIBLE CAPITAL ASSETS**

Deferred contributions related to tangible capital assets represent restricted contributions used to purchase capital assets. These deferred contributions are recognized at the same rate as the amortization of the capital assets. The changes in deferred contributions balance for the year are as follows:

	<u>2018</u>	<u>2017</u>
	\$	\$
Balance, beginning of year	41,657	0
Capital purchases with restricted funds	<u>199,824</u>	<u>41,657</u>
	241,481	41,657
Less amounts amortized to revenue	<u>(42,471)</u>	<u>0</u>
Balance, end of year	<u>199,010</u>	<u>41,657</u>

**10. INTERNALLY RESTRICTED FUNDS**

Internally restricted reserves consist of the following:

	<u>2018</u>	<u>2017</u>
	\$	\$
Energy Conservation Projects	83,028	83,028
General Reserve Fund	59,500	59,500
Policy Analyst	<u>35,809</u>	<u>35,809</u>
	<u>178,337</u>	<u>178,337</u>

The internally restricted reserves are not available for purposes other than their intended use unless approved by the Board of Directors. During 2018, there were no changes to the General Reserve Fund during the year (2017 - \$2,500), to the Energy Conservation Projects fund (2017 - (\$1,900)), or to the Policy Analyst fund (2017 - (\$17,034)).

**11. FINANCIAL RISK AND CONCENTRATION OF RISK**

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 \$12,133 (2017 - \$5,813). 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.

**SASKATCHEWAN ENVIRONMENTAL SOCIETY INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**11. FINANCIAL RISK AND CONCENTRATION OF RISK - continued**

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.

**12. 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.

**13. CONTINGENT LIABILITY**

The Society's signed a five year lease with Shift Development Inc. on August 3, 2016, which was amended in 2017 with the removal of one office from the lease.

The Society will recognize monthly lease obligations for the period of September 2018 through August 2019 for base rent of \$1,400 plus GST. The monthly base rent rate increases by \$50 each September through 2021. The Society will recognize estimated occupancy costs of \$645 plus GST, which are reviewed and adjusted each fiscal year.