

Ottawa Riverkeeper Inc.
Financial Statements
For the year ended March 31, 2013

Contents

Independent Auditor's Report	2 - 3
Financial Statements	
Statement of Financial Position	4
Statement of Changes in Net Assets	5
Statement of Operations	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 12

Independent Auditor's Report

**To the members of
Ottawa Riverkeeper Inc.**

We have audited the accompanying financial statements of Ottawa Riverkeeper Inc., which comprise the statements of financial position as at March 31, 2013, March 31, 2012 and April 1, 2011, and the statements of operations, changes in net assets and cash flows for the years ended March 31, 2013 and March 31, 2012, 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 audits. We conducted our audits 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 in our audits is sufficient and appropriate to provide a basis for our qualified audit opinion.

**Basis for Qualified Opinion**

In common with many not-for-profit organizations, the entity derives revenue from donations and cash receipts, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the entity. Therefore, we were not able to determine whether any adjustments might be necessary to these revenues, excess (deficiency) of revenues over expenses and cash flows from operations for the years ended March 31, 2013 and March 31, 2012, current assets as and net assets at March 31, 2013 and 2012 and April 1, 2011.

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 Ottawa Riverkeeper Inc. as at March 31, 2013, March 31, 2012 and April 1, 2011, and the results of its operations and its cash flows for the years ended March 31, 2013 and March 31, 2012 in accordance with Canadian accounting standards for not-for-profit organizations.

A handwritten signature in black ink that reads 'BDO Canada LLP'.

Chartered Accountants, Licensed Public Accountants

Ottawa, Ontario
June 13, 2013

Ottawa Riverkeeper Inc. Statement of Financial Position

	March 31 2013	March 31 2012	April 1 2011
Assets			
Current			
Cash	\$ 68,221	\$ 67,088	\$ 50,161
Amounts receivable	125,808	6,065	35,976
Prepaid expenses	4,914	2,671	1,957
	<u>198,943</u>	<u>75,824</u>	<u>88,094</u>
Tangible capital assets (Note 3)	34,247	24,963	18,322
Funding receivable	<u>25,000</u>	<u>-</u>	<u>-</u>
	<u>\$ 258,190</u>	<u>\$ 100,787</u>	<u>\$ 106,416</u>
Liabilities and Net Assets			
Current			
Accounts payable and accrued liabilities	\$ 4,928	\$ 3,723	\$ 8,100
Deferred contributions (Note 4)	168,300	-	26,500
	<u>173,228</u>	<u>3,723</u>	<u>34,600</u>
Deferred contributions related to tangible capital assets (Note 5)	31,199	26,897	15,680
Deferred contributions	<u>25,000</u>	<u>-</u>	<u>-</u>
	<u>229,427</u>	<u>30,620</u>	<u>50,280</u>
Commitment (Note 6)			
Net Assets			
Unrestricted	<u>28,763</u>	<u>70,167</u>	<u>56,136</u>
	<u>\$ 258,190</u>	<u>\$ 100,787</u>	<u>\$ 106,416</u>

On behalf of the board:

_____ Director

_____ Director

Ottawa Riverkeeper Inc.
Statement of Changes in Net Assets

For the year ended March 31	2013	2012
<hr/>		
Balance, beginning of the year	\$ 70,167	\$ 56,136
Excess (deficiency) of revenues over expenses	<u>(41,404)</u>	14,031
Balance, end of the year	<u>\$ 28,763</u>	<u>\$ 70,167</u>

Ottawa Riverkeeper Inc. Statement of Operations

For the year ended March 31	2013	2012
Revenues		
Corporate donations	\$ 63,095	\$ 100,179
Grants	51,222	44,560
Funding - Trillium Foundation	50,090	82,500
Individual donations	26,964	20,253
Events	10,880	3,467
Amortization of deferred contributions related to tangible capital assets (Note 4)	6,302	4,936
Other	2,855	11,432
	<u>211,408</u>	<u>267,327</u>
Expenses		
Advertising and promotion	12,468	10,912
Amortization	9,064	6,787
Bank charges	1,275	988
Communications	4,086	7,462
Conference and membership fees	1,728	1,221
Equipment rental and lab fees	56	12,253
Insurance	1,293	1,258
Office	7,783	9,032
Professional fees	32,978	9,044
Rent	20,821	20,995
Salaries and benefits	157,541	164,308
Sub-contracts	-	3,833
Travel	3,719	5,203
	<u>252,812</u>	<u>253,296</u>
Excess (deficiency) of revenues over expenses	<u>\$ (41,404)</u>	<u>\$ 14,031</u>

Ottawa Riverkeeper Inc. Statement of Cash Flows

For the year ended March 31	2013	2012
Cash flows from operating activities		
Excess (deficiency) of revenues over expenses	\$ (41,404)	\$ 14,031
Items not affecting cash:		
Amortization	9,064	6,787
	(32,340)	20,818
Changes in non-cash working capital:		
Funding receivable	(119,746)	29,911
Prepaid expenses	(2,243)	(714)
Accounts payable and accrued liabilities	1,205	(4,377)
Deferred contributions	159,575	(26,500)
	6,451	19,138
Cash flows from investing activities		
Acquisition of tangible capital assets	(18,350)	(13,428)
Cash flows from financing activities		
Deferred contributions related to tangible capital assets	13,032	11,217
Net increase in cash	1,133	16,927
Cash, beginning of the year	67,088	50,161
Cash, end of year	\$ 68,221	\$ 67,088

Ottawa Riverkeeper Inc. Notes to Financial Statements

March 31, 2013

1. Significant Accounting Policies

Purpose of Organization Ottawa Riverkeeper Inc. is a not-for-profit organization incorporated without share capital under the laws of Canada. The organization's purpose is the protection of the Ottawa River's ecological integrity. The objectives of Ottawa Riverkeeper are to achieve a healthy, ecologically sustainable Ottawa River available for the enjoyment and benefit of its Ontario and Quebec communities; and to work independently as well as cooperatively with individuals, businesses, community groups and all levels of government on both sides of the river to achieve their mission.

Ottawa Riverkeeper Inc. was established to:

- a) Sustain and enhance the ecological health of the Ottawa River; identify breaches of environmental laws and regulations and pursue compliance; identify significant ecological areas in the watershed that require restoration and protection;
- b) Conduct ecological monitoring and research; develop and maintain an expert understanding of the river's ecological values, processes and special features;
- c) Promote public awareness and stewardships; inform the public and key decision makers about issues impacting the ecological health of the river;
- d) Encourage partnerships and coordination; identify and establish partnerships with individuals, communities or organizations working towards a shared vision.

The organization is a non-profit organization under the Income Tax Act and, as such, is exempt from income taxes.

Basis of Accounting The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Use of Estimates The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. The area including significant estimates is the useful of tangible capital assets.

Ottawa Riverkeeper Inc. Notes to Financial Statements

March 31, 2013

1. Significant Accounting Policies (continued)

Revenue Recognition	<p>The organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.</p> <p>Event revenues are recognized as revenue when the events are held.</p>										
Financial Instruments	<p><u>Measurement</u></p> <p>The organization initially measures its financial assets and liabilities at fair value. The organization subsequently measures all its financial assets and liabilities at amortized cost.</p> <p>The financial instruments measured at amortized cost are cash, funding receivable and accounts payable and accrued liabilities.</p> <p><u>Impairment</u></p> <p>Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment.</p> <p><u>Transaction costs</u></p> <p>Financial instruments that are subsequently measured at amortized cost are adjusted by the transaction costs in the initial measurement of the asset or liability.</p>										
Tangible Capital Assets	<p>Tangible capital assets are stated at cost less accumulated amortization. Amortization is provided on the basis of their useful lives using the following methods and annual rates:</p> <table><tr><td>Equipment</td><td>30% diminishing balance basis</td></tr><tr><td>Furniture and office equipment</td><td>20% diminishing balance basis</td></tr><tr><td>Computer equipment</td><td>30% diminishing balance basis</td></tr><tr><td>Leasehold Improvements</td><td>straight-line basis over lease term</td></tr><tr><td>Website</td><td>20% diminishing balance basis</td></tr></table>	Equipment	30% diminishing balance basis	Furniture and office equipment	20% diminishing balance basis	Computer equipment	30% diminishing balance basis	Leasehold Improvements	straight-line basis over lease term	Website	20% diminishing balance basis
Equipment	30% diminishing balance basis										
Furniture and office equipment	20% diminishing balance basis										
Computer equipment	30% diminishing balance basis										
Leasehold Improvements	straight-line basis over lease term										
Website	20% diminishing balance basis										
Contributed Services	<p>Volunteers contribute numerous hours per year to assist the organization in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.</p>										
Deferred Contributions	<p>Contributions relating to tangible capital assets are accounted for as deferred contributions and amortized on the same basis as the related tangible capital assets.</p>										

Ottawa Riverkeeper Inc. Notes to Financial Statements

March 31, 2013

2. First-time Adoption of Accounting Standards for Not-for-Profit Organizations

Effective April 1, 2012, the organization adopted the requirements of the new accounting framework: Canadian Accounting Standards for Not-for-Profit Organization (ASNPO), which is Part III of the CICA Handbook - Accounting. These are the organization's first financial statements prepared in accordance with this framework and the transitional provisions of Section 1501, First-time adoption by not-for-profit organizations have been applied. Section 1501 requires retrospective application of the accounting standards with certain elective exemptions and mandatory exceptions. The accounting policies set out in Note 1 - Significant Accounting Policies have been applied in preparing the financial statements for the year ended March 31, 2013, the comparative information presented in these financial statements for the year ended March 31, 2012 and in the preparation of an opening ASNPO statement of financial position at the date of transition of April 1, 2011.

The organization issued financial statements for the year ended March 31, 2012 using Canadian generally accepted accounting principles prescribed by the CICA Handbook - Accounting Part V - Pre-changeover accounting standards. The adoption of ASNPO had no impact on the previously reported assets, liabilities, net assets, excess of revenues over expenses and cash flows of the organization. Accordingly, no adjustments have been recorded in the comparative statements of financial position, changes in net assets, operations and cash flows. Certain of the organization's disclosures included in these financial statements reflect the new disclosure requirements of ASNPO.

3. Tangible Capital Assets

	2013		2012	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Equipment	\$ 4,679	\$ 1,895	\$ 4,679	\$ 702
Furniture and office equipment	1,475	874	1,475	724
Computer equipment	23,822	13,544	21,520	9,632
Leasehold improvements	16,047	2,140	-	-
Website	13,103	6,426	13,103	4,756
	<u>\$ 59,126</u>	<u>\$ 24,879</u>	<u>\$ 40,777</u>	<u>\$ 15,814</u>
Net book value		<u>\$ 34,247</u>		<u>\$ 24,963</u>

Ottawa Riverkeeper Inc.
Notes to Financial Statements

March 31, 2013

4. Deferred Contributions

Deferred contributions represents funds received in the current year to cover operating expenses in the subsequent year. The variations in the balance of deferred contributions is as follows:

	2013	2012
	<u>2013</u>	<u>2012</u>
Contributions during the year	<u>\$ 168,300</u>	<u>\$ -</u>

5. Deferred Contributions Related to Tangible Capital Assets

Deferred contributions related to tangible capital assets represents contributions received for the purchase of tangible capital assets. The variations in the balance of deferred contributions is as follows:

	2013	2012
	<u>2013</u>	<u>2012</u>
Balance, beginning of year	\$ 26,897	\$ 15,680
Plus: amount received during the year	10,605	16,153
Less: amount amortized to operations	<u>(6,302)</u>	<u>(4,936)</u>
Balance, end of year	<u>\$ 31,200</u>	<u>\$ 26,897</u>

6. Commitment

The organization has an operating lease for its premises at \$1,886 per month expiring in June 2016.

Future minimum lease payments over the next four years are as follows:

2014	\$ 22,636
2015	22,636
2016	22,636
2017	<u>5,659</u>
	<u>\$ 73,567</u>

Ottawa Riverkeeper Inc.
Notes to Financial Statements

March 31, 2013

7. Financial Instruments

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The organization is exposed to credit risk for its funding receivable. The majority of the organization's receivables are from corporate sources and the organization works to ensure they meet all eligibility criteria in order to qualify to receive the corresponding funding.