

APPENDIX 4

RED DEER RIVER MUNICIPAL USER GROUP ASSOCIATION

Financial Statements
Year Ended December 31, 2017

RED DEER RIVER MUNICIPAL USER GROUP ASSOCIATION

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Year Ended December 31, 2017

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INDEPENDENT AUDITOR'S REPORT

To the Members of Red Deer River Municipal User Group Association

We have audited the accompanying financial statements of Red Deer River Municipal User Group Association, which comprise the statement of financial position as at December 31, 2017 and the statements of operations, 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 audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Red Deer River Municipal User Group Association as at December 31, 2017 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.

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Other Matter

The Financial Statements of Red Deer River Municipal User Group Association for the year ended December 31, 2016, are unaudited.

Edmonton, Alberta
November 15, 2018

Collins Barrow Edmonton LLP

Chartered Professional Accountants

RED DEER RIVER MUNICIPAL USER GROUP ASSOCIATION

Statement of Financial Position

December 31, 2017

	2017	2016 <i>(Unaudited)</i>
ASSETS		
CURRENT		
Cash	\$ 64,561	\$ 77,740
Goods & Services Tax receivable	1,319	953
	\$ 65,880	\$ 78,693
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	10,414	3,798
NET ASSETS		
Unrestricted	55,466	74,895
	\$ 65,880	\$ 78,693

APPROVED ON BEHALF OF THE BOARD



Director



Director

See notes to financial statements

RED DEER RIVER MUNICIPAL USER GROUP ASSOCIATION

Statement of Operations

For the Year Ended December 31, 2017

	2017	2016 <i>(Unaudited)</i>
REVENUES		
Municipal contributions <i>(Note 4)</i>	\$ 65,319	\$ 65,231
Interest earned	928	711
	66,247	65,942
EXPENSES		
Contract services	69,777	68,567
Town of Drumheller	5,125	4,920
Professional fees	4,100	(400)
Travel	2,427	2,835
Office	2,083	1,176
Meeting expense	727	1,114
Conference and meetings	671	113
Special projects	600	166
Memberships	166	120
Web site maintenance	-	480
Rental	-	1,190
	85,676	80,281
DEFICIENCY OF REVENUES OVER EXPENSES	\$ (19,429)	\$ (14,339)

See notes to financial statements

RED DEER RIVER MUNICIPAL USER GROUP ASSOCIATION

Statement of Changes in Net Assets

Year Ended December 31, 2017

	2017	2016
		<i>(Unaudited)</i>
NET ASSETS - BEGINNING OF YEAR	\$ 74,895	\$ 89,234
Deficiency of revenues over expenses	(19,429)	(14,339)
NET ASSETS - END OF YEAR	\$ 55,466	\$ 74,895

See notes to financial statements

RED DEER RIVER MUNICIPAL USER GROUP ASSOCIATION

Statement of Cash Flows

Year Ended December 31, 2017

	2017	2016 <i>(Unaudited)</i>
OPERATING ACTIVITIES		
Deficiency of revenues over expenses	\$ (19,429)	\$ (14,339)
Changes in non-cash working capital:		
Goods & Services Tax receivable	(366)	2,238
Accounts payable and accrued liabilities	6,616	(11,721)
Prepaid expenses	-	690
	6,250	(8,793)
DECREASE IN CASH	(13,179)	(23,132)
Cash - beginning of year	77,740	100,872
CASH - END OF YEAR	\$ 64,561	\$ 77,740

See notes to financial statements

RED DEER RIVER MUNICIPAL USER GROUP ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2017

1. PURPOSE OF THE ASSOCIATION

Red Deer River Municipal User Group Association (the "Association") is a not-for-profit organization incorporated provincially under the Societies Act of Alberta. As a not-for-profit organization the Association is exempt from the payment of income taxes under Section 149(1) of the Income Tax Act, Canada.

The Association operates for the purpose of representing the municipalities using water from the Red Deer River.

The members of the Association are: The County of Acadia Valley, Village of Acme, Village of Alix, Village of Big Valley, Town of Blackfalds, Town of Bowden, Town of Carstairs, Clearwater County, Village of Consort, Town of Crossfield, Village of Delburne, Town of Didsbury, Town of Drumheller, Village of Halkirk, Town of Hanna, Town of Innisfail, Kneehill County, Lacombe County, Village of Linden, Mountain View County, The County of Newell, Town of Olds, Town of Oyen, The County of Paintearth No. 18, City of Red Deer, Red Deer County, Special Area No. 2, Special Area No. 3, Special Area No. 4, Starland County, The County of Stettler No. 6, Town of Stettler, Town of Sundre, Town of Sylvan Lake, Town of Three Hills, and the Town of Trochu.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations.

(b) Cash

Cash consists of cash on hand and cash on deposits net of cheques issued and outstanding at the reporting date.

(c) Revenue recognition

The Association 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.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

(d) Financial instruments

Measurement of Financial Instruments

Financial instruments are financial assets or liabilities of the Association where, in general, the Association has the right to receive cash or another financial asset from another party or the Association has the obligation to pay another party cash or other financial assets.

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RED DEER RIVER MUNICIPAL USER GROUP ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

The Association initially measures its financial assets and liabilities at fair value.

The Association subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost includes cash.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Impairment

Financial assets measured at cost or amortized cost are tested for impairment, at the end of each year, to determine whether there are indicators that the asset may be impaired. The amount of the write-down, if any, is recognized in operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account. The reversal may be recorded provided it is no greater than the amount that had been previously reported as a reduction in the asset and it does not exceed original cost. The amount of the reversal is recognized in operations.

(e) Use of Estimates

The preparation of these 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. Significant estimates pertain to accrued liabilities. Actual results could differ from these estimates.

3. FINANCIAL INSTRUMENTS

The Association's financial instruments consist of cash and accounts payable and accrued liabilities. It is management's opinion that the Association is not exposed to significant interest rate, market, liquidity or credit risk arising from these financial instruments.

4. RELATED PARTY TRANSACTIONS

Members of the Association have been identified as related parties.

Membership fees were charged for 2017 based on \$0.25 per capita to each member municipality during the year.

5. APPROVAL OF FINANCIAL STATEMENTS

The Executive Committee has approved these financial statements.