

Financial Statements of

FRASER BASIN COUNCIL SOCIETY

Year ended March 31, 2008



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AUDITORS' REPORT TO THE MEMBERS

We have audited the statement of financial position of Fraser Basin Council Society as at March 31, 2008 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Society's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Society as at March 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Society Act (British Columbia), we report that, in our opinion, with the exception of the implementation of the financial instruments accounting standards as described in note 2(j), these principles have been applied on a basis consistent with that of the preceding fiscal year.

Chartered Accountants

Burnaby, Canada

December 15, 2008

FRASER BASIN COUNCIL SOCIETY

Statement of Financial Position

March 31, 2008, with comparative figures for 2007

	2008	2007
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,102,331	\$ 1,105,107
Investments (note 3)	490,790	472,223
Restricted cash	714,399	830,220
Project and other receivables (note 4)	927,890	1,288,830
Prepaid expenses	26,527	15,488
	<u>3,261,937</u>	<u>3,711,868</u>
Computer and office equipment (note 5)	63,884	93,902
	<u>\$ 3,325,821</u>	<u>\$ 3,805,770</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 835,355	\$ 1,143,708
Deferred revenue (note 6)	618,181	627,518
Funds held in trust (note 7)	714,399	830,220
Obligations under capital lease, current portion (note 8)	8,368	8,691
	<u>2,176,303</u>	<u>2,610,137</u>
Obligations under capital lease (note 8)	24,454	32,499
Net assets:		
Invested in capital assets (note 10)	31,062	52,712
Internally restricted:		
Sustainability Fund	576,212	492,029
INAC Fund	-	50,000
Mussell Fund	4,133	4,133
Unrestricted	513,657	562,840
	<u>1,125,064</u>	<u>1,163,134</u>
	<u>\$ 3,325,821</u>	<u>\$ 3,805,770</u>

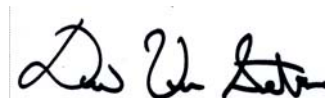
Commitments (note 9)

See accompanying notes to financial statements.

Approved on behalf of the Members:



Director



Director

FRASER BASIN COUNCIL SOCIETY

Statement of Operations

Year ended March 31, 2008, with comparative figures for 2007

	2008	2007
Revenue:		
Government contributions:		
Federal	\$ 209,904	\$ 226,701
Provincial	350,000	350,000
Municipalities and regional districts	440,715	440,715
Project revenue:		
Basinwide	2,422,052	2,450,106
Regional	858,547	466,458
International and Outreach	184,819	57,651
State of the Fraser Basin Conference	-	244,090
Investment and other income	218,071	105,443
	<u>4,684,108</u>	<u>4,341,164</u>
Expenses:		
Projects:		
Basinwide	1,972,455	1,941,808
Regional	832,235	469,691
International & Outreach	108,829	46,041
State of the Fraser Basin Conference	-	212,087
Communications	22,162	34,220
Board operations	161,758	143,659
Administration	1,540,226	1,440,777
Bad debts (note 11)	12,660	150,655
Investment and Exchange Loss	6,956	-
Amortization of computer and office equipment	56,388	36,903
Goods and Services Tax	8,509	12,765
	<u>4,722,178</u>	<u>4,488,606</u>
Deficiency of revenue over expenses	<u>\$ (38,070)</u>	<u>\$ (147,442)</u>

See accompanying notes to financial statements.

FRASER BASIN COUNCIL SOCIETY

Statement of Changes in Net Assets

Year ended March 31, 2008, with comparative figures for 2007

	Invested in capital assets (note 10)	Internally restricted			Unrestricted	Total 2008	Total 2007
		Sustainability Fund	INAC Fund	Mussell Fund			
Balance, beginning of year	\$ 52,712	\$ 493,449	\$ 50,000	\$ 4,133	\$ 562,840	\$ 1,163,134	\$ 1,310,576
Excess (deficiency) of revenue over expenses	(56,388)	16,763	-	-	1,555	(38,070)	(147,442)
Invested in capital assets	34,738	-	-	-	(34,738)	-	-
Transfers	-	66,000	(50,000)	-	(16,000)	-	-
Balance, end of year	\$ 31,062	\$ 576,212	\$ -	\$ 4,133	\$ 513,657	\$ 1,125,064	\$ 1,163,134

See accompanying notes to financial statements.

FRASER BASIN COUNCIL SOCIETY

Statement of Cash Flows

Year ended March 31, 2008, with comparative figures for 2007

	2008	2007
Cash provided by (used in):		
Operations:		
Deficiency of revenue over expenses	\$ (38,070)	\$ (147,442)
Amortization of computer and office equipment	56,388	36,903
Decrease (increase) in non-cash working capital:		
Project and other receivables	360,940	(46,908)
Prepaid expenses	(11,039)	11,355
Accounts payable and accrued liabilities	(308,353)	541,709
Deferred revenue	(9,337)	187,650
Funds held in trust	(115,821)	(268,443)
	(65,292)	314,824
Investments and financing:		
Purchase of investments, net	(18,567)	(604,171)
Purchase of computer and office equipment	(26,370)	(37,616)
Repayment of capital lease obligation	(8,368)	(7,454)
Restricted cash	115,821	268,443
	62,516	(380,798)
Increase (decrease) in cash and cash equivalents	(2,776)	65,974
Cash and cash equivalents, beginning of year	1,005,107	1,039,133
Cash and cash equivalents, end of year	\$ 1,002,331	\$ 1,105,107
Non-cash transactions:		
Acquisition of equipment under capital lease	\$ -	\$ 48,644

See accompanying notes to financial statements.

FRASER BASIN COUNCIL SOCIETY

Notes to Financial Statements

Year ended March 31, 2008

1. Operations:

The Fraser Basin Council Society (the "Society") is incorporated under the Society Act (British Columbia). Its mandate is to advance sustainability of the Fraser Basin and monitor implementation of the *Charter for Sustainability*. The *Charter for Sustainability* is designed to maintain and enhance social, economic and environmental sustainability of the Fraser Basin. The Society qualifies as a registered charity under the Income Tax Act and, accordingly, is exempt from federal and provincial income and capital taxes.

2. Significant accounting policies:

(a) Basis of presentation:

These financial statements are prepared in accordance with Canadian generally accepted accounting principles for not-for-profit organizations as prescribed by the Canadian Institute of Chartered Accountants.

(b) Cash and cash equivalents:

Cash and cash equivalents are comprised of cash and highly liquid short-term deposits maturing or convertible to cash within 90 days of acquisition.

(c) Restricted cash:

Restricted cash represents the funds held in trust.

(d) Revenue recognition:

The Society follows the deferral method of accounting for contributions. Externally restricted contributions and investment income are deferred and 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.

Unrestricted investment income is recognized as revenue when earned.

(e) Sustainability Fund:

Transfers to the Sustainability Fund from unrestricted net assets are restricted through Board approval. Interest earned on the fund balance is transferred to the fund as it is earned. The Society intends to create an endowment fund to generate income for future operations. The funds restricted by the Board are currently available for use under certain circumstances as determined by the Board.

(f) INAC Fund:

The INAC Fund comprised amounts contributed without restriction by Indian and Northern Affairs Canada that were restricted through Board approval. The funds were restricted by the Board, to be utilized at a rate of \$50,000 per year.

FRASER BASIN COUNCIL SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2008

2. Significant accounting policies (continued):

(g) Unrestricted net assets:

Unrestricted net assets are the accumulation of excess revenue over expenses, which have not been internally designated for use on a specific project.

(h) Computer and office equipment:

Computer and office equipment are recorded at cost less accumulated amortization. Amortization is computed on a straight-line basis over the assets' estimated useful lives as follows:

Asset	
Computer equipment	3 years
Office equipment	5 years

(i) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may ultimately differ from these estimates.

(j) Adoption of new accounting standards:

Financial instruments:

In January 2005, the Canadian Institute of Chartered Accountants (CICA) issued two new accounting standards.

Publicly accountable enterprises, including not-for-profit entities, are required to adopt these new standards for fiscal years beginning on or after October 1, 2006. As such, these standards have been adopted in the current year.

Section 3855, *Financial Instruments - Recognition and Measurement*, establishes standards for recognizing, measuring and classifying financial instruments, including financial derivatives. The Society is required to classify its financial assets as held for trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. Financial assets and liabilities classified as held for trading are measured at fair value with changes in fair value recognized in net results of operations. Financial assets classified as held-to-maturity, loans and receivables and other financial liabilities are measured at amortized cost. Financial assets classified as available-for-sale are measured at fair value with unrealized gains and losses recognized as changes in net assets. Realized gains and losses on available-for-sale instruments are recognized in net results of operations.

FRASER BASIN COUNCIL SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2008

2. Significant accounting policies (continued):

(j) Adoption of new accounting standards (continued):

The Society classifies its financial instruments as follows:

- Cash and cash equivalents - held for trading
- Restricted cash - held for trading
- Investments - held for trading
- Project and other receivables - held-to-maturity
- Accounts payable and accrued liabilities - other financial liabilities
- Obligations under capital lease - held-to-maturity

The Society currently does not have any financial derivatives.

There was no impact on the opening net assets as a result of applying these standards.

3. Investments:

Investments consist of approximately 59.6% fixed income instruments (2007 - 60.7%) and 40.4% equities (2007 - 39.3%).

4. Project and other receivables:

	2008	2007
Federal agencies:		
Agriculture and Agri-Food Canada	\$ 57,500	\$ 80,000
Agriteam Canada	63,661	28,090
Canada Revenue Agency	18,063	17,490
Department of Fisheries and Oceans	8,000	18,300
Environment Canada	30,000	4,700
Indian and Northern Affairs Canada	-	5,000
Natural Resources Canada	50,000	67,624
Public Safety and Emergency Preparedness	26,500	5,000
Western Economic Diversification	122,131	150,000
Transport Canada	35,000	-
Provincial agencies:		
Ministry of Agriculture and Lands	-	6,500
Ministry of Community Services	-	23,271
Ministry of Finance	245	-
Ministry of Energy and Mines	-	606,538
Ministry of Environment	47,462	4,965
Ministry of Forests	3,500	-
Ministry of Labour & Citizens' Services	-	25,983
Municipalities and Regional Districts	143,552	3,671
Other	278,387	241,698
SPN workshop	43,889	-
	<u>\$ 927,890</u>	<u>\$ 1,288,830</u>

FRASER BASIN COUNCIL SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2008

5. Computer and office equipment:

			2008	2007
	Cost	Accumulated amortization	Net book value	Net book value
Computer and office equipment	\$ 265,830	\$ 201,946	\$ 63,884	\$ 93,902

Included in computer and office equipment are assets under capital lease with a net book value of \$38,915 (2007 - \$43,780).

6. Deferred revenue:

The changes in deferred revenue related to expenses of future periods are as follows:

	2008	2007
Balance, beginning of year	\$ 627,518	\$ 439,868
Amounts received during the year related to future periods	618,181	341,916
Amount recognized as revenue in the year	(627,518)	(154,266)
Balance, end of year	\$ 618,181	\$ 627,518

Deferred revenue is to be used for operations and specified programs that should be completed in fiscal 2009. Specified programs include:

Regional:		
BC Rivers Day		\$ 3,155
Interregional:		
New Flood Management		56,479
Water Governance Project		21,416
Biodiesel and E3 Fleets		127,368
Clean Air Research Fund		100,625
Community Energy Association		10,904
Smart Planning for Communities		259,019
Sustainable Purchasing Network Sponsor		39,215
		\$ 618,181

FRASER BASIN COUNCIL SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2008

7. Funds held in trust:

Funds held in trust represent the excess of funding received from government and private sources to be administered by the Society in respect of specific projects, and for which the Society earns an administration fee. The Society acts as an agent only to collect funds and make disbursements with respect to these projects, and accordingly, related revenue and expenditures have not been included in the financial statements of the Society. During the year, the trust funds managed by the Society had the following activity:

	2007	Funds received	Disbursements	2008
Cariboo LRMP Trust	\$ 23,010	\$ -	\$ -	\$ 23,010
Community Learning Network Conference	13,862	-	-	13,862
Freshwater Fisheries	-	30,000	16,250	13,750
Lessons Learned Forum	8,525	-	-	8,525
Lillooet LRMP Trust	18,388	-	18,388	-
Log Debris Management	180,164	601,000	701,999	79,165
Marbled Murrelet	-	25,000	2,500	22,500
Merritt - SRM Planning Process	47,038	-	34,900	12,138
Mountain Cariboo	-	240,000	24,000	216,000
Northern Spotted Owl	264,978	-	92,349	172,629
Sea to Sky LRMP Trust	253,197	-	40,000	213,197
MoE Spotted Owl Trust	-	250,000	310,997	(60,997)
Thompson - OGMA Processes	21,058	-	20,438	620
	\$ 830,220	\$ 1,146,000	\$ 1,261,821	\$ 714,399

8. Obligations under capital lease:

The Society has financed certain office equipment by entering into capital lease arrangements. The minimum lease payments under those capital leases are as follows:

2009	\$ 14,371
2010	12,225
2011	12,225
2012	2,581
	41,402
Imputed interest at rates ranging from 0.91% to 2.03%	8,580
Obligation under capital lease	32,822
Current portion	(8,368)
	\$ 24,454

FRASER BASIN COUNCIL SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2008

9. Premises lease:

The Society is obligated to make monthly rental payments of \$7,240 for office space under a five-year lease expiring June 30, 2011. The landlord has carried out improvements to the premises costing \$54,639 to accommodate the needs of the Society and it is a condition of the lease that the Society is liable to repay this \$54,639 should they vacate these premises prior to expiry of the lease term.

10. Invested in capital assets:

(a) Invested in capital assets is calculated as follows:

	2008	2007
Capital assets	\$ 63,884	\$ 93,902
Amounts financed by:		
Obligations under capital lease	(32,822)	(41,190)
	\$ 31,062	\$ 52,712

(b) Deficiency of revenue over expenses:

	2008	2007
Amortization expense	\$ 56,388	\$ 36,903

(c) Change in net assets invested in capital assets:

	2008	2007
Purchase of capital assets	\$ 26,370	\$ 82,260
Net repayment (issuance) of capital lease	8,368	(41,190)
	\$ 34,738	\$ 45,070

FRASER BASIN COUNCIL SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2008

11. Bad debts expense:

- (a) Bad debts for 2008 relate to a pledge reversal for BC Ferries contribution to the Log Debris Trust for \$10,000 and funds rejected from a claim from the Canadian International Development Agency for \$2,660.
- (b) Natural Resource Canada ("NRCAN") entered into a National agreement with CEEA Transport for the Fleet Challenge Program, a national program whose mandate was to reduce emissions amongst commercial vehicle fleets through information sessions, workshops, a fleet rating program and network events. CEEA Transport subsequently entered into agreements with regional partners, including the Council, to carry out its mandate under this program.

The Fleet Challenge Program was cancelled in March 2006 and an audit ensued by the Office of the Auditor General for NRCAN over the actual eligible costs. The results of the audit showed that the total eligible costs incurred by the Council under this program totalled \$559,224, compared to the total costs claimed by the Council to date of \$700,990. The difference of \$150,655 was deemed to be uncollectible by the Council in the current fiscal year and was recorded as bad debts expense, resulting in a deficiency of revenue over expenses of \$147,442. The audit is still ongoing and the Council is working closely with NRCAN to resolve the outstanding receivable balance.

Directly associated with this program are payables totaling \$98,807 owing by the Council to various vendors. The Council is working with these vendors to obtain credits notes for these payables, on the basis that the funding has not been received from CEEA Transport.

12. Financial instruments:

The carrying values of project and other receivables and accounts payable and accrued liabilities approximate their fair values due to their relative short-term nature. The fair value of the obligations under capital lease approximates the carrying amount due to the relative stability of market rates of interest since inception.

13. Comparative figures:

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted for the current year.