The Pas & Area Recycling Centre

Financial Statements

December 31, 2014

Collins Barrow

Collins Barrow

Collins Barrow HMA LLP
334 Ross Avenue, Box 1200
The Pas, Manitoba
R9A 1L2 Canada

T. 204.623.5437
F. 204.623.6390
TF. 1.800.663.2679

www.collinsbarrow.com

INDEPENDENT AUDITORS' REPORT

To the Members
The Pas & Area Recycling Centre

We have audited the accompanying financial statements of The Pas & Area Recycling Centre, which comprise the statement of financial position as at December 31, 2014, and the statements of changes in net assets, operations 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 public sector accounting standards for government not-for-profit organizations, including the 4200 series of standards, 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 of 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 judgement, 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 The Pas & Area Recycling Centre as at December 31, 2014, and its financial performance for the year then ended in accordance with Canadian public sector accounting standards for government not-for-profit organizations, including the 4200 series of standards.

Collins Barrow HMA LLP
CHARTERED ACCOUNTANTS

The Pas, Manitoba
May 21, 2015

THE PAS & AREA RECYCLING CENTRE

STATEMENT 1

STATEMENT OF FINANCIAL POSITION

DECEMBER 31

	Operating Fund	Capital Fund	TOTAL 2014	TOTAL 2013
ASSETS				
CURRENT				
Cash	$ 133,089	$	$ **133,089**	$ 68,213
Accounts receivable *(Note 2)*	48,065		**48,065**	92,817
Prepaid expenses	174	-	**174**	146
	181,328		**181,328**	161,176
CAPITAL ASSETS *(Note 3)*	-	180,601	**180,601**	228,427
	$ 181,328	$ 180,601	$ **361,929**	$ 389,603
LIABILITIES				
CURRENT				
Accounts payable and accrued liabilities	$ 30,335	$	$ **30,335**	$ 33,215
Current portion of long term debt *(Note 5)*	-	-	-	4,459
	30,335		**30,335**	37,674
DEFERRED CONTRIBUTIONS	-	108,684	**108,684**	104,074
	30,335	108,684	**139,019**	141,748
NET ASSETS				
NET ASSETS	150,993	71,917	**222,910**	247,855
	$ 181,328	$ 180,601	$ **361,929**	$ 389,603

Approved on behalf of the Board

.... Director

.... Director

Collins Barrow

THE PAS & AREA RECYCLING CENTRE

STATEMENT 2

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31

	2014	2013
OPERATING FUND		
BALANCE, *beginning of year*	$ 123,502	$ 98,718
Excess of revenue over expenditures	27,491	24,784
BALANCE, *end of year*	$ 150,993	$ 123,502
CAPITAL FUND		
BALANCE, *beginning of year*	$ 124,353	$ 84,427
Purchase of capital assets	5,947	81,861
Amortization of capital assets	(53,773)	(45,636)
Amortization of deferred capital contributions	20,820	16,951
Deferred capital contributions received	(25,430)	(13,250)
BALANCE, *end of year*	$ 71,917	$ 124,353
TOTAL	$ 222,910	$ 247,855

THE PAS & AREA RECYCLING CENTRE

STATEMENT 3

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31

	2014	2013
REVENUE		
Local Government Grants		
Town of the Pas	$ 140,500	$ 149,000
Opaskwayak Cree Nation	67,486	67,486
RM of Kelsey	64,674	64,674
	272,660	281,160
Sales	25,250	41,672
MPSC subsidies	71,855	25,968
Wage subsidies	3,044	1,780
Other contributions	32,821	13,250
	132,970	82,670
	405,630	363,830
EXPENDITURES		
Advertising	982	1,308
Automotive	17,685	8,867
Bailing and pickup	8,666	1,572
Bank charges and interest	389	842
Capital purchases	5,947	81,861
Contract labour	16,293	13,517
Freight	21,495	20,063
Insurance	7,554	6,508
Office and general	2,990	1,285
Professional fees	3,791	4,116
Propane	5,640	3,251
Repairs and maintenance	20,695	7,598
Supplies	9,195	8,186
Telephone	3,437	2,920
Utilities	12,963	10,398
Wages and benefits	240,417	166,754
	378,139	339,046
EXCESS OF REVENUE OVER EXPENDITURES	$ 27,491	$ 24,784

THE PAS & AREA RECYCLING CENTRE

STATEMENT 4

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31

	2014	2013
CASH FLOW FROM		
OPERATING ACTIVITIES		
Cash received from grants, sales and subsidies	$ 450,382	$ 360,155
Cash paid to suppliers and employees	(374,713)	(253,610)
Interest paid	(389)	(842)
	75,280	105,703
INVESTING ACTIVITY		
Purchase of capital assets	(5,945)	(81,861)
FINANCING ACTIVITY		
Repayment of long term debt	(4,459)	(6,752)
NET INCREASE IN CASH DURING YEAR	64,876	17,090
CASH, *beginning of year*	68,213	51,123
CASH, *end of year*	$ 133,089	$ 68,213

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of The Pas & Area Recycling Centre (the Centre) have been prepared in accordance with Canadian public sector accounting standards for government not-for-profit organizations, including the 4200 series of standards, as issued by the Public Sector Accounting Board. ("PSAB for Government NPOs")

REVENUE RECOGNITION

The Centre 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 they are received or become receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Contributions received for the purchase of capital assets are deferred and amortized on the same basis as the related assets.

Revenues other than contributions are recognized when they are earned.

CONTRIBUTED MATERIALS AND SERVICES

Contributed materials and services are recorded at fair value when fair value can be reasonably estimated and when the materials and services are normally purchased by the Centre and would be paid for if not donated.

USE OF ESTIMATES

The preparation of financial statements in accordance with PSAB for Government NPO's requires that management 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 revenue and expenses during the year. Actual results could differ from management's best estimates as additional information becomes available in the future.

Significant estimates include the useful life of capital assets.

FINANCIAL INSTRUMENTS

The financial instruments of the Centre consist of cash, accounts receivable, accounts payable and accrued liabilities and long term debt. The Centre classifies its financial instruments as either fair value or amortized cost. The Centre's accounting policy for each category is as follows:

Fair Value

These financial instruments are initially measured at cost and are subsequently carried at fair value. Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the statement of operations. Transaction costs are expensed as incurred.

When a decline in fair value occurs which is determined by the Centre to be other than of a temporary nature, the amount of the loss is removed from accumulated remeasurement gains and losses and recognized in the statement of operations. On sale, the amount held in accumulated remeasurement gains and losses associated with that instrument is removed from net assets and recognized in the statement of operations.

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

Amortized Cost

Financial instruments in this category are initially measured at cost and are subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets. Transaction costs are added to the carrying value of the financial instrument.

If an impairment loss is determined by the Centre and there is no realistic prospect of recovery the financial asset(s) are written down to net recoverable value with the writedown being recognized in the statement of operations.

CAPITAL ASSETS

Capital assets are amortized annually with a corresponding reduction in equity in capital assets. Assets are amortized over their expected useful life using the straight line method, as follows:

Buildings - 20 years
Computer equipment - 5 years
Fixtures and equipment - 5 years
Automotive equipment - 5 years

Amortization of capital assets is calculated at one-half the normal rate in year of acquisition.

2. ACCOUNTS RECEIVABLE

	2014	2013
Trade, grants and other	$ **43,356**	$ 86,975
Goods and services tax	**4,709**	5,842
	$ **48,065**	$ 92,817

3. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net Book Value **2014**	Net Book Value 2013
Land	$ 7,108	$	$ **7,108**	$ 7,108
Buildings	127,084	60,532	**66,552**	72,907
Computer equipment	7,679	6,591	**1,088**	899
Fixtures and equipment	121,046	67,372	**53,674**	70,666
Automotive equipment	125,347	73,168	**52,179**	76,847
	$ 388,264	$ 207,663	$ **180,601**	$ 228,427

4. RELATED PARTIES

The Centre is related to the Town of The Pas, the Rural Municipality of Kelsey, Opaskwayak Cree Nation and their organizations and entities. The Centre enters into transactions with these related parties in the normal course of business and these transactions are measured at the exchange amount. The following balances were outstanding with related parties at December 31 and are not separately disclosed elsewhere:

	2014	2013
Accounts Receivable		
Opaskwayak Cree Nation	$ **22,486**	$ 67,486
Town of the Pas		14,565
Accounts Payable		
Town of the Pas	**24,424**	27,492

5. LONG TERM DEBT

	2014	2013
Town of The Pas loan payable, interest at 5.5%, due August 2014, repayable in monthly installments of $600	$	$ 4,459
Less: Current portion	-	(4,459)
	$ -	$ -

6. ECONOMIC DEPENDENCE

The Pas and Area Recycling Centre receives a significant portion of its revenue from local government grants.

In order for the Centre to remain a going concern adequate local government support must be maintained and / or new sources of revenue obtained.

7. FINANCIAL INSTRUMENT CLASSIFICATION

	2014	
	Fair Value	Amortized Cost
Cash	$ 133,089	$
Accounts receivable		48,065
Accounts payable		30,335

The maximum credit risk exposure is equal to the carrying amount.

Fair Value Hierarchy

PS 3450 - Financial Instruments - requires the disclosure of a three-level hierarchy for the fair value measurements based upon the transparency of inputs to the valuation of financial instruments carried on the Statement of Financial Position at fair value.

The three levels of the fair value hierarchy are as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3 - Inputs for the asset or liability that are not based on observable market data.

All financial instruments measured at fair value on the statement of financial position are Level 1. There were no transfers between levels for the years ended December 31, 2014 and 2013.

8. CAPITAL MANAGEMENT

The Centre's capital is comprised of its net assets. The Centre's objective in managing capital is to maintain sufficient financial resources to cover the cost of its operations. The Centre manages its capital through creation, implementation and monitoring of an annual budget.