

Shuswap Hut and Trail Alliance Society
Financial Statements
For the Year Ended December 31, 2017
(Unaudited)

Contents

Review Engagement Report	- 2
Financial Statements	
Statement of Financial Position	3
Statement of Changes in Net Assets	4
Statement of Operations	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 12



Independent Practitioner's Review Engagement Report

To the members of Shuswap Hut and Trail Alliance Society

We have reviewed the accompanying financial statements of Shuswap Hut and Trail Alliance Society that 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.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Basis for Qualified Conclusion

In common with many not-for-profit organizations, Shuswap Hut and Trail Alliance Society derives revenue from cash and in-kind donations and fundraising activities, the completeness of which is not susceptible to us obtaining evidence we considered necessary for the purpose of the review. Accordingly, the evidence obtained of these revenues was limited to the amounts recorded in the records of Shuswap Hut and Trail Alliance Society. Therefore, we were not able to determine whether any adjustments might be necessary to donations, in-kind donations, deferred revenue, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2017 and 2016, current assets as at December 31, 2017 and 2016, and net assets as at January 1 and December 31 for both the 2017 and 2016 years. Our review conclusion on the financial statements for the year ended December 31, 2016 was modified accordingly because of the possible effects of this limitation in scope.



Qualified Conclusion

Based on our review, except for the possible effects of the matter described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Shuswap Hut and Trail Alliance Society 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.

BDO Canada LLP

Chartered Professional Accountants

Salmon Arm, British Columbia
April 17, 2018


**Shuswap Hut and Trail Alliance Society
Statement of Financial Position
(Unaudited)**

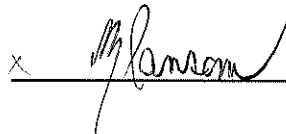
As at December 31	2017	2016
Assets		
Current		
Cash	\$ 33,298	\$ 47,716
Accounts receivable (Note 2)	52,599	58,225
Prepaid expenses	9,508	6,118
	<u>95,405</u>	<u>112,059</u>
Equipment (Note 3)	<u>14,917</u>	<u>10,827</u>
	<u>\$ 110,322</u>	<u>\$ 122,886</u>

Liabilities and Net Assets

Current		
Accounts payable and accrued liabilities (Note 4)	\$ 35,399	\$ 42,080
Deferred revenue (Note 5)	13,155	3,790
	<u>48,554</u>	<u>45,870</u>
Net Assets		
Invested in capital assets	14,917	10,827
Available	46,851	66,189
	<u>61,768</u>	<u>77,016</u>
	<u>\$ 110,322</u>	<u>\$ 122,886</u>

On behalf of the Board:

 Director

 Director

Shuswap Hut and Trail Alliance Society
Statement of Changes in Net Assets
(Unaudited)

For the year ended December 31	Invested in Capital Assets	Available	2017 Total	2016 Total
Balance, beginning of the year	\$ 10,827	\$ 66,189	\$ 77,016	\$ 61,894
Excess (deficiency) of revenues over expenses	(2,960)	(12,288)	(15,248)	15,122
Purchase of capital assets	7,050	(7,050)	-	-
Balance, end of the year	\$ 14,917	\$ 46,851	\$ 61,768	\$ 77,016

The accompanying notes are an integral part of these financial statements.

Shuswap Hut and Trail Alliance Society
Statement of Operations
(Unaudited)

For the year ended December 31	2017	2016
Revenue		
Local grant and subsidy	\$ 222,756	\$ 309,020
Donations - In-kind contributions (Note 6)	122,571	109,474
- Cash donations	13,134	17,764
Grants	127,210	33,598
Fundraising	58,837	51,212
Membership dues and fees	5,110	5,214
Other	488	817
Gain on disposal	-	6,954
	550,106	534,053
Expenses		
Amortization	2,960	2,865
Community consultations	12,890	29,627
Contributions	1,195	-
Coordination and management	110,137	60,674
Insurance	10,963	8,321
Marketing	1,215	3,466
Office	3,900	7,654
Professional development	2,257	212
Professional fees	5,657	9,000
Project costs (Note 6)	368,632	358,681
Rent and utilities	10,888	10,979
Repairs and maintenance	9,427	6,237
Sponsorship and fundraising	20,541	17,448
Supplies	973	658
Telephone	2,675	2,827
Website design	1,044	282
	565,354	518,931
Excess (deficiency) of revenues over expenses	\$ (15,248)	\$ 15,122

The accompanying notes are an integral part of these financial statements.

Shuswap Hut and Trail Alliance Society
Statement of Cash Flows
(Unaudited)

For the year ended December 31	2017	2016
Cash flows from operating activities		
Cash receipts from grants, donations, fundraising and memberships	\$ 214,291	\$ 125,290
Cash receipts from municipal and regional funding	228,235	272,005
Cash paid to suppliers and employees	(449,894)	(407,498)
	<u>(7,368)</u>	<u>(10,203)</u>
Cash flows from investing activities		
Purchase of equipment	(7,050)	-
Proceeds on disposal of equipment	-	10,000
	<u>(7,050)</u>	<u>10,000</u>
Net decrease in cash	(14,418)	(203)
Cash, beginning of the year	47,716	47,919
Cash, end of the year	\$ 33,298	\$ 47,716

The accompanying notes are an integral part of these financial statements.

Shuswap Hut and Trail Alliance Society
Notes to Financial Statements
(Unaudited)

December 31, 2017

1. Significant Accounting Policies

Nature and Purpose of Organization	<p>Shuswap Hut and Trail Alliance Society (the "Society") is a not-for-profit organization. The purpose of the Society is to develop, operate, maintain, and promote a network of non-motorized trails, waterway and hut-to-hut routes throughout the Shuswap watershed region in the Province of British Columbia for educational, recreational, economic, and environmental benefit to the public, and to do so collaboratively through community partnerships.</p> <p>The Society is a registered charity under the Income Tax Act and, as such, is exempt from income tax and may issue income tax receipts to donors.</p>
Basis of Accounting	<p>The financial statements have been prepared by management using Canadian accounting standards for not-for-profit organizations.</p>
Revenue Recognition	<p>The Society follows the deferral method of accounting for contributions.</p> <p>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>
Cash	<p>Cash consists of cash on hand and bank balances.</p>

Shuswap Hut and Trail Alliance Society
Notes to Financial Statements
(Unaudited)

December 31, 2017

1. Significant Accounting Policies (continued)

Capital Assets

Purchased tangible capital assets are stated at cost less accumulated amortization. Contributed tangible capital assets are recorded at fair value at the date of contribution and are amortized, unless fair value is not determinable in which case contributed tangible capital assets are recorded at nominal value at the date of contribution. Expenditures for repairs and maintenance are expensed as incurred. Betterments that extend the useful life of the tangible capital asset are capitalized.

Amortization based on the estimated useful life of the asset is calculated as follows:

	Method	Rate
Small tools and equipment	Declining balance	20%
Vehicles	Declining balance	30%

When a tangible capital asset no longer has any long-term service potential to the Society, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Any unamortized deferred contribution amount related to the tangible capital asset is recognized in revenue in the statement of operations, provided that all restrictions have been complied with.

When a tangible capital asset is disposed of, the difference between the net proceeds on disposition and the net carrying amount is recognized in the statement of operations. Any unamortized deferred contribution amount related to the tangible capital asset disposed of is recognized in revenue in the statement of operations, provided that all restrictions have been complied with.

In-Kind Contributions

Contributed assets, materials and services which are used in the normal course of the society's operations and would otherwise have been purchased are recorded at their fair value at the date of contribution if fair value can be reasonably estimated.

Shuswap Hut and Trail Alliance Society
Notes to Financial Statements
(Unaudited)

December 31, 2017

1. Significant Accounting Policies (continued)

Financial Instruments

Financial Instruments are recorded at fair value at initial recognition.

In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any change in fair value reported in income. All other financial instruments are reported at cost or amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.

Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in net income.

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. Significant estimates include valuation of accounts receivable, amortization of capital assets and completeness of accounts payable and accrued liabilities.

Shuswap Hut and Trail Alliance Society
Notes to Financial Statements
(Unaudited)

December 31, 2017

2. Accounts Receivable

	2017	2016
Grant and subsidy	\$ 51,636	\$ 57,496
Other government receivable	963	729
	\$ 52,599	\$ 58,225

3. Equipment

	2017		2016	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Small tools and equipment	\$ 32,460	\$ 18,162	\$ 25,410	\$ 15,468
Vehicles	15,355	14,736	15,355	14,470
	\$ 47,815	\$ 32,898	\$ 40,765	\$ 29,938
Net book value		\$ 14,917		\$ 10,827

4. Accounts Payable and Accrued Liabilities

Included in accounts payable and accrued liabilities are government remittances payable of \$28,650 (2016 - \$33,590).

5. Deferred Revenue

Deferred revenue represent unspent resources externally restricted in the current period that are related to expenses of a subsequent period. Deferred revenue balances are as follows:

	2017	2016
Membership	\$ 3,750	\$ 2,910
Other deferred revenue - Event	9,405	880
	\$ 13,155	\$ 3,790

Shuswap Hut and Trail Alliance Society
Notes to Financial Statements
(Unaudited)

December 31, 2017

6. In-Kind Contributions and Expenses

The work of the Society is significantly dependent upon the voluntary services of members and on the donations of materials and services of supporters. Management has determined the value of contributions in-kind to be \$ 122,571 (2016 - \$ 109,474). This amount has been recorded as revenue and is included in project costs.

7. Commitments

The Society has entered into a lease for office space. The minimum annual payments are \$ 7,200 (2016 - \$ 7,200), expiring January 2020.

2018	7,200
2019	7,200
2020	<u>600</u>
	<u>\$ 15,000</u>

8. Economic Dependence

Approximately 80% (2016 - 80%) of the Society's cash revenue comes from government agencies.

Shuswap Hut and Trail Alliance Society
Notes to Financial Statements
(Unaudited)

December 31, 2017

9. 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 Society's financial instruments that are exposed to concentrations of credit risk relate primarily to its accounts receivable. The majority of the Society's receivables are from government sources.

Liquidity risk

Liquidity risk is the risk that the Society will encounter difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Society will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. The Society is exposed to this risk mainly in respect of its accounts payable.

The Society's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash flows to fund its operations and to meet its liabilities when due, under both normal and stressed conditions. The Society maintains a portion of its invested assets in liquid securities.
