



NRCB

Natural Resources
Conservation Board

Financial Statements

Year Ended March 31, 2018

**NATURAL RESOURCES CONSERVATION BOARD
FINANCIAL STATEMENTS
March 31, 2018**

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying NRCB financial statements have been prepared and presented by management, who is responsible for the integrity and fair presentation of the information.

These financial statements are prepared in accordance with Canadian public sector accounting standards. The financial statements necessarily include certain amounts based on the informed judgments and best estimates of management.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, the NRCB has developed and maintains a system of internal control to produce reliable information for reporting requirements. The systems are designed to provide reasonable assurance that NRCB transactions are properly authorized, assets are safeguarded from loss and the accounting records are a reliable basis for the preparation of the financial statements.

The Auditor General of Alberta, the NRCB's external auditor appointed under the *Auditor General Act*, performed an independent external audit of these financial statements in accordance with Canadian generally accepted auditing standards and has expressed his opinion in the accompanying Independent Auditor's Report.

NRCB's board is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal controls. In both the presence and absence of management, the NRCB's board meets with the external auditors to discuss the audit, including any findings as to the integrity of financial reporting processes and the adequacy of our systems of internal controls. The external auditors have full and unrestricted access to the NRCB's board.

[Original signed by Walter Ceroici]

Walter Ceroici
Acting Chief Executive Officer

May 22, 2018

Independent Auditor's Report

To the Members of the Natural Resources Conservation Board

Report of the Financial Statements

I have audited the accompanying financial statements of the Natural Resources Conservation Board, which comprise the statement of financial position as at March 31, 2018, and the statements of operations, change in net financial 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 public sector accounting 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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 auditors' 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Natural Resources Conservation Board as at March 31, 2018, and the results of its operations, its remeasurement gains and losses, its change in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by W. Doug Wylie, FCPA, FCMA, ICD.D]

W. Doug Wylie FCPA, FCMA, ICD.D
Auditor General

May 22, 2018
Edmonton, Alberta

**NATURAL RESOURCES CONSERVATION BOARD
STATEMENT OF OPERATIONS
Year ended March 31, 2018**

	<u>2018</u>		<u>2017</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Revenues			
Government Transfers			
Transfer from the Department of Environment and Parks (Note 4)	\$ 6,474,000	\$ 5,574,000	\$ 5,674,000
Investment Income	39,000	53,899	41,848
Other Revenue	1,000	6,679	3,967
	<u>6,514,000</u>	<u>5,634,578</u>	<u>5,719,815</u>
 Expenses – Directly Incurred (Note 2(b) and Schedules 1 and 4)			
Board Reviews and Hearings	1,353,000	1,092,410	1,001,130
Regulating Confined Feeding Operations	5,150,000	4,412,198	4,485,220
	<u>6,503,000</u>	<u>5,504,608</u>	<u>5,486,350</u>
Annual Operating Surplus	11,000	129,970	233,465
 Accumulated Surplus at Beginning of Year	<u>3,628,566</u>	<u>3,628,566</u>	<u>3,395,101</u>
Accumulated Surplus at End of Year	<u>\$ 3,639,566</u>	<u>\$ 3,758,536</u>	<u>\$ 3,628,566</u>

The accompanying notes and schedules are part of these financial statements.

NATURAL RESOURCES CONSERVATION BOARD
STATEMENT OF FINANCIAL POSITION
As at March 31, 2018

	2018	2017
Financial Assets		
Cash and Cash Equivalents (Note 5)	\$ 3,993,576	\$ 3,924,829
Accounts Receivable	1,679	778
	3,995,255	3,925,607
Liabilities		
Accounts Payable and Accrued Liabilities (Note 7)	346,189	381,595
Net Financial Assets	3,649,066	3,544,012
Non-Financial Assets		
Tangible Capital Assets (Note 8)	109,470	81,326
Prepaid Expenses	-	3,228
	109,470	84,554
Net Assets	\$ 3,758,536	\$ 3,628,566
Net Assets		
Accumulated Surplus (Note 10)	\$ 3,758,536	\$ 3,628,566

Contractual Obligations (Note 11)

The accompanying notes and schedules are part of these financial statements.

Approved:

[Original signed by Peter Woloshyn]

Peter Woloshyn
Chair

Edmonton, Alberta
May 22, 2018

Approved:

[Original signed by Walter Ceroici]

Walter Ceroici
Acting Chief Executive Officer

NATURAL RESOURCES CONSERVATION BOARD
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
Year ended March 31, 2018

	2018		2017
	Budget	Actual	Actual
Annual Operating Surplus	\$ 11,000	\$ 129,970	\$ 233,465
Acquisition of Tangible Capital Assets (Note 8)	(17,000)	(62,980)	(66,663)
Amortization of Tangible Capital Assets (Note 8)	30,000	34,836	5,162
(Increase)/Decrease in Prepaid Expenses		3,228	(670)
Increase in Net Financial Assets in the Year	<u>24,000</u>	<u>105,054</u>	<u>171,294</u>
Net Financial Assets at Beginning of Year	<u>3,544,012</u>	<u>3,544,012</u>	<u>3,372,718</u>
Net Financial Assets at End of Year	<u><u>\$ 3,568,012</u></u>	<u><u>\$ 3,649,066</u></u>	<u><u>\$ 3,544,012</u></u>

The accompanying notes and schedules are part of these financial statements.

NATURAL RESOURCES CONSERVATION BOARD
STATEMENT OF CASH FLOWS
Year ended March 31, 2018

	2018	2017
Operating Transactions		
Annual Operating Surplus	\$ 129,970	\$ 233,465
Non-cash Item:		
Amortization of Tangible Capital Assets (Note 8)	34,836	5,162
	164,806	238,627
(Increase)/Decrease in Accounts Receivable	(901)	706
(Increase)/Decrease in Prepaid Expenses	3,228	(670)
Increase/(Decrease) in Accounts Payable and Accrued Liabilities	(35,406)	49,643
Cash Provided by Operating Transactions	131,727	288,306
Capital Transactions		
Acquisition of Tangible Capital Assets (Note 8)	(62,980)	(66,663)
Cash Applied to Capital Transactions	(62,980)	(66,663)
Increase in Cash and Cash Equivalents	68,747	221,643
Cash and Cash Equivalents at Beginning of Year	3,924,829	3,703,186
Cash and Cash Equivalents at End of Year	\$ 3,993,576	\$ 3,924,829

The accompanying notes and schedules are part of these financial statements.

NATURAL RESOURCES CONSERVATION BOARD
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2018

NOTE 1 AUTHORITY AND PURPOSE

The Natural Resources Conservation Board (NRCB) operates under the authority of the *Natural Resources Conservation Board Act*, Chapter N-3, RSA 2000 (NRCBA). NRCB's mandate is to provide for an impartial process to review projects that will or may affect the natural resources of the Province of Alberta. Included in this mandate are reviewable projects described in the NRCBA as well as the regulatory responsibilities set out in Part 2 of the *Agricultural Operation Practices Act*, Chapter A-7, RSA 2000 (AOPA) for the approval, monitoring and compliance of livestock confined feeding operations. The NRCB is exempt from income taxes under the *Income Tax Act*.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements are prepared in accordance with Canadian public sector accounting standards.

(a) Reporting Entity

The financial statements reflect the assets, liabilities, revenues, and expenses of the reporting entity, which is the Natural Resources Conservation Board. The NRCB is controlled by and fully consolidated in the Ministry of Environment and Parks, for which the Minister of Environment and Parks is accountable. Inter-entity accounts and transactions between NRCB and any of the entities included in the ministry are eliminated upon consolidation within the ministry's financial statements.

(b) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual basis of accounting.

Government Transfers

Transfers from the Government of Alberta are recognized as revenue when the transfer is authorized and the NRCB meets the eligibility criteria.

Government transfers and the associated externally restricted investment income are recognized as deferred capital contributions or deferred revenue if the eligibility criteria for use of the transfer, or the stipulations together with NRCB's actions and communications as to the use of the transfer, create a liability. These transfers are recognized as revenue as the stipulations are met and, when applicable, NRCB complies with its communicated use of the transfer.

Investment Income

Investment income includes interest income and is recognized when earned.

Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year are expensed.

Directly Incurred

Directly Incurred expenses are those costs the NRCB has primary responsibility and accountability for, as reflected in the government's budget documents.

NATURAL RESOURCES CONSERVATION BOARD
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

(b) Basis of Financial Reporting (Cont'd)

Incurred by Others

Services contributed by other entities in support of NRCB's operations are not recognized but disclosed in Schedule 4.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to act.

The NRCB's financial assets and liabilities are generally measured as follows:

<u>Financial Statement Components</u>	<u>Measurement</u>
Cash and Cash Equivalents	Cost
Accounts Receivable	Lower Cost or Net Recoverable Value
Accounts Payable and Accrued Liabilities	Cost

The NRCB does not hold equities traded in an active market, nor does it engage in derivative contracts or foreign currency transactions. The NRCB is not exposed to remeasurement gains and losses and, consequently, a statement of remeasurement gains and losses is not presented.

Financial Assets

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations.

Financial assets are NRCB's financial claims on external organizations and individuals at the year end.

Cash and Cash Equivalents

Cash comprises of cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value. Cash equivalents are held for the purpose of meeting short-term commitments rather than for investment purposes.

Accounts Receivable

Accounts receivable are recognized at the lower of cost or net recoverable value.

Liabilities

Liabilities are present obligations of the NRCB to external organizations and individuals arising from transactions or events occurring before the year end, the settlement of which is expected to result in the future sacrifice of economic benefits. They are recognized when there is an appropriate basis of measurement and management can reasonably estimate the amount.

Liabilities also include:

- all financial claims payable by the NRCB at the year end; and
- accrued employee vacation entitlements.

NATURAL RESOURCES CONSERVATION BOARD
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

(b) Basis of Financial Reporting (Cont'd)

Liability for Contaminated Sites

Contaminated sites are a result of contamination of a chemical, organic or radioactive material or live organism that exceeds an environmental standard, being introduced into soil, water or sediment. Management has reviewed the accounting standard PS 3260 and has concluded that the NRCB does not have any liability for contaminated sites.

Non-Financial Assets

Non-financial assets are acquired, constructed, or developed assets that do not normally provide resources to discharge existing liabilities, but instead:

- (a) are normally employed to deliver government services.
- (b) may be consumed in the normal course of operations; and
- (c) are not for sale in the normal course of operations.

Non-financial assets are limited to tangible capital assets and prepaid expenses.

Tangible Capital Assets

Tangible capital assets are recognized at historical cost. The threshold for capitalizing new tangible capital assets is \$5,000. These assets are amortized over their estimated useful lives commencing in the month following acquisition, using the following annual rates and methods:

Computer Hardware	Straight line – 3 years
Computer Software	Straight line – 2 to 3 years
Office Equipment	Declining balance – 20% per year
Office Furniture	Declining balance – 20% per year

Tangible capital assets are written down when conditions indicate that they no longer contribute to the NRCB's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the Statement of Operations.

Prepaid Expense

Prepaid expense is recognized at cost and amortized based on the terms of the agreement.

Measurement Uncertainty

Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount. The amounts recognized for amortization of tangible capital assets are based on estimates of the useful life of the related assets. The resulting estimates are within reasonable limits of materiality and are in accordance with the NRCB's significant accounting policies.

(c) Change in Accounting Policy

The NRCB has prospectively adopted the following standards from April 1, 2017: PS 2200 Related Party Disclosures, PS 3420 Inter-Entity Transactions, PS 3210 Assets, PS 3320 Contingent Assets and PS 3380 Contractual Rights which are reflected in Note 2 and Schedule 3. The NRCB did not have contingent assets and contractual rights as at March 31, 2018.

NATURAL RESOURCES CONSERVATION BOARD
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2018

NOTE 3 FUTURE ACCOUNTING CHANGES

The Public Sector Accounting Board has approved the following accounting standards:

- **PS 3430 Restructuring Transactions (effective April 1, 2018)**
This standard provides guidance on how to account for and report restructuring transactions by both transferors and recipients of assets and/or liabilities, together with related program or operating responsibilities.
- **PS 3280 Asset Retirement Obligations (effective April 1, 2021)**
Effective April 1, 2021, this standard provides guidance on how to account for and report a liability for retirement of a tangible capital asset.

Management is currently assessing the impact of these standards on the financial statements.

NOTE 4 GOVERNMENT TRANSFERS

	2018	2017
Original transfer from the Department of Environment and Parks	\$6,474,000	\$6,474,000
Transfer amounts returned to the Department of Environment and Parks	(900,000)	(800,000)
Adjusted transfer from the Department of Environment and Parks	\$5,574,000	\$5,674,000

NOTE 5 CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents consist of deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. The CCITF is managed with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital. The portfolio is comprised of high quality, short-term securities with a maximum term to maturity of three years. As at March 31, 2018, securities held by the fund have a time-weighted return of 1.1% per annum (2017 - 0.9% per annum). Due to the short-term nature of the CCITF investments, the carrying value approximates fair value.

NOTE 6 FINANCIAL INSTRUMENTS

The NRCB has the following financial instruments: cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities.

The NRCB has exposure to the following risks from its use of financial instruments:

(a) Liquidity Risk

Liquidity risk is the risk that the NRCB will encounter difficulty in meeting obligations associated with its financial liabilities. The NRCB does not consider this to be a significant risk as the NRCB collects government transfers quarterly to meet all obligations that arise during the year.

(b) Credit Risk

The NRCB is exposed to credit risk from potential non-payment of accounts receivable. As at March 31, 2018, there were no uncollectible receivable balances.

NATURAL RESOURCES CONSERVATION BOARD
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2018

NOTE 7 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2018	2017
Accounts Payable	\$ 56,593	\$ 60,855
Accrued Liabilities - Employee Benefits	289,596	320,740
	\$ 346,189	\$ 381,595

NOTE 8 TANGIBLE CAPITAL ASSETS

	2018				2017	
	Computer Hardware	Computer Software	Office Equipment	Office Furniture	Total	Total
Historical Cost						
Beginning of year	\$ 241,444	\$ 33,626	\$ 45,406	\$ 201,785	\$ 522,261	\$ 456,228
Additions	34,047	-	28,933	-	62,980	66,663
Disposals, including write-downs	(42,117)	(13,742)	(2,771)	(6,514)	(65,144)	(630)
	233,374	19,884	71,568	195,271	520,097	522,261
Accumulated Amortization						
Beginning of year	190,389	13,742	42,484	194,320	440,935	436,403
Amortization expense	21,443	6,628	5,022	1,743	34,836	5,162
Effect of disposals including write- downs	(42,117)	(13,742)	(2,771)	(6,514)	(65,144)	(630)
	169,715	6,628	44,735	189,549	410,627	440,935
Net Book Value at March 31, 2018	\$ 63,659	\$ 13,256	\$ 26,833	\$ 5,722	\$ 109,470	
Net Book Value at March 31, 2017	\$ 51,055	\$ 19,884	\$ 2,922	\$ 7,465		\$ 81,326

NOTE 9 BENEFIT PLANS

The NRCB participates in the multi-employer pension plans: Management Employees Pension Plan (MEPP) and Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contribution of \$19,957 for the year ended March 31, 2018 (2017 - \$45,102). The NRCB is not responsible for future funding of the plan deficit other than through contribution increases.

The NRCB does not have sufficient plan information on the Government of Alberta multi-employer defined benefit pension plans to follow the standards for defined benefit accounting, and therefore follows the standards for defined contribution accounting. Accordingly, pension expense recognized for the Government of Alberta multi-employer defined benefit pension plans is comprised of employer contributions to the plans that are required for its employees during the year, which are calculated based on actuarially pre-determined amounts that are expected to provide the plans' future benefits.

NATURAL RESOURCES CONSERVATION BOARD
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2018

NOTE 9 BENEFIT PLANS (Cont'd)

At December 31, 2017, MEPP reported a surplus of \$866,006,000 (2016 - surplus \$402,033,000), and the Supplementary Retirement Plan for Public Service Managers reported a deficiency of \$54,984,000 (2016 - deficiency \$50,020,000).

In addition, the NRCB sponsors a defined contribution pension plan for employees who are not eligible to participate in the government sponsored pension plans. The expense for this pension plan is \$240,768 for the year ended March 31, 2018 (2017 - \$239,519). Pension expense comprises the cost of employer contributions during the year.

NOTE 10 ACCUMULATED SURPLUS

Accumulated surplus is comprised of the following:

	2018			2017
	Investment in Tangible Capital Assets	Unrestricted Surplus	Total	Total
Balance at Beginning of Year	\$ 81,326	\$ 3,547,240	\$ 3,628,566	\$ 3,395,101
Annual Operating Surplus	-	129,970	129,970	233,465
Net Investment in Capital Assets	28,144	(28,144)	-	-
Balance at End of Year	<u>\$ 109,470</u>	<u>\$ 3,649,066</u>	<u>\$ 3,758,536</u>	<u>\$ 3,628,566</u>

NOTE 11 CONTRACTUAL OBLIGATIONS

Contractual obligations are obligations of the NRCB to others that will become liabilities in the future when the terms of those contracts or agreements are met.

As at March 31, 2018, the NRCB had contractual obligations under operating leases and contracts totalling \$147,148 (2017 - \$232,114).

Estimated payment requirements for obligations under operating leases and contracts for each of the next three years are as follows:

2018-19	\$ 137,889
2019-20	7,384
2020-21	1,875
Thereafter	Nil
	<u>\$ 147,148</u>

NOTE 12 BUDGET

The budget was included in the 2017-18 Government Estimates under the Ministry of Environment and Parks. The budget was approved by the Board on May 2, 2017.

**NATURAL RESOURCES CONSERVATION BOARD
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2018**

NOTE 13 APPROVAL OF FINANCIAL STATEMENTS

The Board approved the financial statements of the NRCB.

NATURAL RESOURCES CONSERVATION BOARD
EXPENSES – DIRECTLY INCURRED DETAILED BY OBJECT
Year ended March 31, 2018

	2018		2017
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Salaries, Wages and Employee Benefits	\$ 5,351,520	\$ 4,573,652	\$ 4,782,424
Supplies and Services	1,121,480	896,120	698,764
Amortization of Tangible Capital Assets (Note 8)	30,000	34,836	5,162
	<u>\$ 6,503,000</u>	<u>\$ 5,504,608</u>	<u>\$ 5,486,350</u>

NATURAL RESOURCES CONSERVATION BOARD
SALARY AND BENEFITS DISCLOSURE
Year ended March 31, 2018

	2018				2017
	Base Salary ⁽¹⁾	Other Cash Benefits ⁽²⁾	Other Non-cash Benefits ⁽³⁾	Total	Total
Chair A ⁽⁴⁾⁽⁵⁾⁽⁷⁾	\$ 127,911	\$ 24,437	\$ 23,778	\$ 176,126	\$ 231,266
Chair B ⁽⁴⁾⁽⁵⁾⁽⁸⁾	47,535	9,075	7,211	63,821	-
Board Member A ⁽⁶⁾⁽⁹⁾	29,252	11,182	5,116	45,550	102,596
Board Member B ⁽⁶⁾⁽¹⁰⁾	-	-	-	-	80,218
Board Member C ⁽⁶⁾⁽¹¹⁾	-	-	-	-	15,030
Board Member D ⁽⁶⁾⁽¹²⁾	65,067	9,344	14,309	88,720	-
Board Member E ⁽⁶⁾⁽¹³⁾	49,299	2,618	21,355	73,272	-
Chief Executive Officer ⁽¹⁴⁾	143,048	16,455	24,126	183,629	266,194
Acting Chief Executive Officer ⁽¹⁵⁾	44,421	315	11,585	56,321	-

(1) Base salary includes regular salary.

(2) Other cash benefits include health benefits pay in lieu, pension pay in lieu and vacation payouts. There were no bonuses paid in 2018 and 2017.

(3) Other non-cash benefits include employer's share of all employee benefits and contributions or payments made on behalf of employees including Employment Insurance, Canada Pension Plan, Government of Alberta pension and supplementary retirement plans, Non-Registered Savings Plan, health benefits, professional memberships, parking and WCB premiums. The NRCB is a participant in the Alberta Energy Regulator (AER) flexible health benefit plan.

(4) Automobile allowance included in other cash benefits.

(5) The position is 80% permanent part-time.

(6) The position is 60% permanent part-time.

(7) The former Chair's last day was December 21, 2017.

(8) The position commenced on December 21, 2017.

(9) The term of the position expired on August 14, 2017.

(10) The position became vacant on April 1, 2017.

(11) The position became vacant on April 29, 2016.

(12) The position commenced on June 1, 2017.

(13) The position commenced on August 15, 2017.

(14) The former Chief Executive Officer left the position on December 18, 2017.

(15) The Acting Chief Executive Officer was appointed to the position on January 1, 2018.

**NATURAL RESOURCES CONSERVATION BOARD
RELATED PARTY TRANSACTIONS
Year ended March 31, 2018**

Related parties are those entities consolidated or accounted for on the modified equity basis in the Government of Alberta's financial statements. Related parties also include key management personnel and close family members of those individuals in the NRCB. The NRCB and its employees paid certain taxes and fees set by regulation for premiums, licences and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this schedule.

The NRCB had the following transactions with related parties reported on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	<u>2018</u>	<u>2017</u>
Revenues	\$ 5,574,000	\$ 5,674,000
Expenses – Directly Incurred	\$ 124,273	\$ 46,342
Payable To	\$ 4,175	\$ 16,075

The NRCB also had transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not reported in the financial statements and are included in Schedule 4.

The NRCB has a Memorandum of Understanding (MOU) with the AER and an MOU with the Alberta Utilities Commission (AUC) to share resources on an on-going basis. Under the MOUs, the NRCB is both a service provider and a service recipient.

**NATURAL RESOURCES CONSERVATION BOARD
ALLOCATED COSTS
Year ended March 31, 2018**

	2018			2017
	Expenses ⁽¹⁾	Expenses incurred by others <u>Accommodation Costs</u> ⁽²⁾	Total Expenses	Total Expenses
AOPA and NRCBA Mandates				
Board Reviews and Hearings ⁽³⁾	\$ 1,092,410	\$ 99,287	\$ 1,191,697	\$ 1,090,450
Regulating Confined Feeding Operations ⁽⁴⁾	4,412,198	401,014	4,813,212	4,885,387
	<u>\$ 5,504,608</u>	<u>\$ 500,301</u>	<u>\$ 6,004,909</u>	<u>\$ 5,975,837</u>

(1) Expenses - Directly Incurred as per Statement of Operations.

(2) Accommodation Costs, including grants in lieu of taxes, allocated by square footage.

(3) Board reviews and hearings comprise expenses related to AOPA appeals and NRCBA reviews.

(4) Regulating confined feeding operations comprise expenses related to (a) the approval, monitoring and compliance activities under AOPA and (b) science and technical activities in support of AOPA and NRCBA mandates.