Ottawa Riverkeeper Inc.
Financial Statements
For the year ended March 31, 2011

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Independent Auditor's Report

To the members of Ottawa Riverkeeper Inc.

We have audited the accompanying financial statements of Ottawa Riverkeeper Inc., which comprise the statement of financial position as at March 31, 2011, and the statement 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 generally accepted accounting principles, 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 organization'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 organization'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.

Basis for Qualified Opinion

In common with many charitable organizations, Ottawa Riverkeeper Inc. derives revenue from the general public In the form of contributions and cash receipts, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to contribution revenues and net assets.

Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of the company as at March 31, 2011 and its financial performance for the year then ended in accordance with Canadian generally accepted accounting principles.

Other Matter

The comparative figures were audited by Newton & Co. whose practice now operates under BDO Canada LLP.

BDO Canada LLP

Chartered Accountants, Licensed Public Accountants

Ottawa, Ontario
June 16, 2011

Ottawa Riverkeeper Inc.
Statement of Financial Position

For the year ended March 31		2011		2010
Assets				
Current				
Cash	$	**50,161**	$	47,926
Funding receivable		**31,500**		43,400
HST receivable		**4,476**		1,291
Prepaid expenses		**1,957**		1,978
		88,094		94,595
Long-term funding receivable		**-**		30,700
Capital assets (Note 2)		**18,322**		8,002
	$	**106,416**	$	133,297
Liabilities and Fund Balances				
Current				
Accounts payable and accrued liabilities	$	**8,100**	$	11,077
Deferred contributions		**26,500**		43,400
		34,600		54,477
Deferred contributions related to capital assets (Note 3)		**15,680**		3,725
Long-term deferred contributions		**-**		30,700
		50,280		88,902
Commitments (Note 4)				
Net Assets				
Unrestricted		**56,136**		44,395
	$	**106,416**	$	133,297

On behalf of the board:

____________________ Director

____________________ Director

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Ottawa Riverkeeper Inc.
Statement of Changes in Net Assets

For the year ended March 31		2011		2010
Balance, beginning of the period	$	**44,395**	$	88,927
Excess (deficiency) of revenue over expenses		**11,741**		(44,532)
Balance end of the period	$	**56,136**	$	44,395

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Ottawa Riverkeeper Inc.
Statement of Operations

For the year ended March 31		2011		2010
Revenue				
Other funding and donations	$	198,021	$	146,000
Funding- Trillium Foundation		49,600		27,100
Membership Fees		-		10,282
Amortization of deferred contributions related to capital assets		2,110		-
Other		150		3,349
		249,881		186,731
Operating expenses				
Advertising and promotion		18,113		19,443
Amortization		4,317		2,931
Bank charges		1,024		974
Communications		4,620		4,047
Conference and membership fees		2,562		2,881
Insurance		1,254		1,231
Office		5,519		5,932
Professional fees		2,453		2,308
Rent		21,599		19,287
Salaries and benefits		172,123		170,171
Subcontracts		2,000		-
Telephone		2,556		2,058
		238,140		231,263
Excess (deficiency) of revenue over expenses	$	11,741	$	(44,532)

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Ottawa Riverkeeper Inc.
Statement of Cash Flows

For the year ended March 31	2011	2010
Cash provided by (used for):		
Operating activities		
Excess (deficiency) of revenue over expenses	$ 11,741	$ (44,532)
Add back non-cash outlays:		
Amortization	4,317	2,931
	16,058	(41,601)
Net chance in non-cash working capital balances		
Decrease (increase) in funding receivable	11,900	(43,400)
Increase in GST/HST receivable	(3,185)	(159)
Increase in prepaid expenses	21	(606)
Increase (decrease) in deferred contributions	(16,900)	36,232
Increase (decrease) in deferred membership fees	-	(10,282)
Increase (decrease) in accounts payable	(2,975)	4,739
	4,919	(55,077)
Cash flows from investing activities		
Acquisition of capital assets	(14,639)	-
Cash flows from financing activities		
Decrease (increase) in long-term funding receivable	30,700	(30,700)
(Decrease) increase in long-term deferred contributions	(30,700)	30,700
Deferred contributions related to capital assets	11,955	-
	11,955	-
Increase (decrease) in cash during the year	2,235	(55,077)
Cash, beginning of the year	47,926	103,003
Cash, end of the year	$ 50,161	$ 47,926

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

March 31, 2011

Nature of business

Ottawa Riverkeeper Inc. is a registered charitable organization incorporated under the laws of Canada, concerned first and foremost with the protection of the Ottawa River's ecological integrity. The objectives of Ottawa Riverkeeper are to achieve a healthy, ecologically sustainable Ottawa River available for the enjoyment and benefit of its Ontario and Quebec communities; and to work independently as well as co-operatively with individuals, businesses, community groups and all levels of government on both sides of the river to achieve our mission.

Ottawa Riverkeeper Inc. was established to:

a) Sustain and enhance the ecological health of the Ottawa River; identify breaches of environmental laws and regulations and pursue compliance; identify significant ecological areas in the watershed that require restoration and protection;

b) Conduct ecological monitoring and research; develop and maintain an expert understanding of the river's ecological values, processes and special features;

c) Promote public awareness and stewardships; inform the public and key decision makers about issues impacting the ecological health of the river;

d) Encourage partnerships and coordination; identify and establish partnerships with individuals, communities or organizations working towards a shared vision.

Capital assets

Capital assets are recorded at cost. Amortization is recorded on the declining balance basis as follows except in the year of acquisition when one-half the rate is used. Assets not in use are not amortized.

Computer equipment	30% diminishing balance basis
Furniture & Equipment	20% diminishing balance basis
Website	20% diminishing balance basis

Contributed services

Because of the difficulty of determining fair value, the statement of income does not include any amounts for services contributed by the members of the Board of Directors, or the volunteers who assist the corporation in carrying out its service delivery activities.

Revenue recognition

The corporation 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.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 expenditures during the reporting period. Actual results could differ from these estimates.

Financial Instruments

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below. Their classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics and the corporation's designation of such instruments. Settlement date accounting is used.

The corporation has classified its financial instruments as follows:

Asset/Liability	Category	Measurement
Cash	Held-for-trading	Fair value
Accounts receivable	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost

The carrying amount of these financial assets and financial liabilities approximates their fair values unless otherwise disclosed.

New Accounting Pronouncements

Recent accounting pronouncements that have been issued but are not yet effective, and have a potential implication for the company are as follows:

Accounting Standards for Not-for-Profit Organizations (NPO)
In December 2010, the Accounting Standards Board (AcSB) issued new standards for not-for-profit organizations. For non-government (private-sector) NPOs, they have a choice of International Financial Reporting Standards or Accounting Standards for NPOs, which are essentially the Accounting Standards for Private Enterprises with the current 4400 series of NPO specific standards added with some minor changes. The Board requires NPOs to adopt their standards for year ends beginning on or after January 1, 2012; early adoption is allowed. Until the date of transition to the new standards, all NPOs will continue to follow the current Canadian Institute of Chartered Accountants Handbook - Accounting Part V - Pre-Changeover Standards.

March 31, 2011

1. Financial instruments

Credit risk refers to the risk resulting from the possibility that parties may default on their financial obligations to the corporation. Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates. It is the opinion of management, given the nature of the corporations's financial instruments, that the corporation is not exposed to significant credit risk or interest rate risk arising from these financial instruments.

2. Capital assets

	2011		2010	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment	$ 21,802	$ 5,712	$ 8,543	$ 3,331
Furniture & Equipment	1,175	573	1,175	423
Website	5,278	3,648	5,278	3,240
	$ 28,255	$ 9,933	$ 14,996	$ 6,994
Net book value		$ 18,322		$ 8,002

3. Deferred contributions related to capital assets

Deferred contributions related to capital assets represent the unamortized balance of grants and donations received for the purchase of capital assets. The amortization of deferred contributions related to capital assets is recorded as revenue in the Statement of Operations. The changes for the year are as follows:

	2011	2010
Balance, beginning of year	3,725	3,725
Contributions during the year	14,065	-
Amortization of revenue during the year	(2,110)	-
Balance, end of year	$ 15,680	$ 3,725

4. Commitment

On March 27, 2008, the Ottawa Riverkeeper Inc. entered into a five year lease for office space that requires annual rental payments of $25,800 plus applicable taxes. After two years, the lease can be terminated by either party, provided 180 days notice is given. The lease was terminated without penalty as of June 30, 2011. The remaining commitment the Organization is required to pay in fiscal year 2012 is 7,289. The organization has negotiated a new five year lease that will commence July 1, 2011, requiring annual payments of $20,032 plus HST

5. Restatement of comparative figures

For comparison purposes, certain items of the previous year have been restated to reflect the financial statement presentation adopted in the current year.

6. Capital management

As a not-for-profit entity, the corporation's operations are reliant on contributions and revenues generated annually. The corporation has accumulated unrestricted net assets over its history. A portion of the accumulated net assets is retained as working capital which may be required from time to time due to the timing of contribution receipts and revenue generation. The remaining surplus is available for the use of the corporation at the discretion of the corporation's Board of Directors. The corporation's net assets are not restricted.