

**LIVING LAKES CANADA SOCIETY**

**FINANCIAL STATEMENTS**

**September 30, 2020**

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Living Lakes Canada Society

**Opinion**

We have audited the accompanying financial statements of the Living Lakes Canada Society (the Society), which comprise the statement of financial position as at September 30, 2020, the statement of operations, the statement of changes in net assets, and the statement of cash flow for the year then ended and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Living Lakes Canada Society as at September 30, 2020 and the results of its operations, changes in net assets and its cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

**Basis for Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Other Matter**

The financial statements of the Society for the year ended September 30, 2019 were audited by another auditor who expressed an unmodified opinion on those statements on March 25, 2020.

**Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

**Auditor's Responsibility for the Audit of the Financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

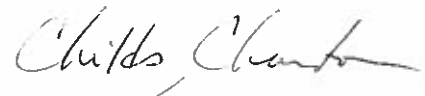
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

#### **Report on other Legal and Regulatory Requirements**

As required by the Societies Act (British Columbia), we report that, in our opinion, the accounting policies applied in preparing and presenting the financial statements have been applied on a basis consistent with that of the preceding year.

March 11, 2021



CHILDS CHANTON  
CHARTERED PROFESSIONAL ACCOUNTANTS  
Castlegar BC

**LIVING LAKES CANADA SOCIETY**  
**STATEMENT OF FINANCIAL POSITION**  
**As at September 30, 2020**

	2020	2019
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 690,622	\$ 556,128
Accounts receivable	120,499	7,500
Goods and services tax refundable	16,664	10,562
Prepaid expenses	1,632	1,403
	<u>829,417</u>	<u>575,593</u>
Capital Assets (Note 4)	20,778	10,753
Intangible Assets (Note 5)	24,681	-
	<u>\$ 874,876</u>	<u>\$ 586,346</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable (Note 6)	\$ 75,846	\$ 35,775
Wages payable	15,627	8,588
Deferred revenue (Note 7)	412,688	305,208
	<u>504,161</u>	<u>349,571</u>
Long term debt (Note 8)	30,000	-
<b>Net assets</b>		
Unrestricted net assets	296,843	226,022
Investment in capital and intangible assets	43,872	10,753
	<u>340,715</u>	<u>236,775</u>
	<u>\$ 874,876</u>	<u>\$ 586,346</u>
<b>Comparative figures (Note 10)</b>		

APPROVED ON BEHALF OF THE BOARD:

DocuSigned by:  
  
 TE46507F38E64FC Director

  
 Paul Burt Director

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

**LIVING LAKES CANADA SOCIETY**  
**STATEMENT OF OPERATIONS**  
**For the Year Ended September 30, 2020**

	2020	2019
<b>Revenue</b>		
Contributions - Foundations	\$ 477,667	\$ 555,671
Contributions - Industry and Corporations	55,500	39,898
Contributions - Government	310,202	42,208
Contributions - Sponsorship	7,257	3,798
Fees for Service	83,011	11,962
Interest	2,332	1,423
Government grant (Note 8)	10,000	-
Eco Canada wage subsidy program	36,250	-
	<b>982,219</b>	<b>654,960</b>
<b>Expenses</b>		
Administration	-	5,031
Advertising and fundraising	38,018	14,297
Amortization - capital assets	4,757	5,844
Amortization - intangible assets	1,898	-
Bank charges and interest	308	641
Consultant	226,842	35,617
Insurance, licences and dues	2,521	2,041
Management fees	206,787	230,556
Office expenses	9,256	7,235
Operating supplies	6,199	5,408
Professional fees	81,754	21,865
Rent	11,468	-
Telephone and internet	6,058	4,323
Travel and meals	41,681	63,944
Wages and benefits	240,732	54,112
	<b>878,279</b>	<b>450,914</b>
<b>Excess of revenues over expenses</b>	<b>\$ 103,940</b>	<b>\$ 204,046</b>

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

**LIVING LAKES CANADA SOCIETY**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**For the Year Ended September 30, 2020**

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	<b>Invested in Intangible and Capital Assets</b>		<b>Unrestricted</b>	<b>Total</b>
<b>Net assets, beginning of year</b>	<b>\$ 10,753</b>	<b>\$ 226,022</b>		<b>\$ 236,775</b>
Acquisition of capital assets	13,195	(13,195)		-
Acquisition of intangible assets	26,579	(26,579)		-
Amortization of capital assets	(4,757)	4,757		-
Amortization of intangible assets	(1,898)	1,898		-
Excess of revenues over expenses	-	103,940		-
<b>Net assets, end of year</b>	<b>\$ 43,872</b>	<b>\$ 296,843</b>		<b>\$ 340,715</b>

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

**LIVING LAKES CANADA SOCIETY**  
**STATEMENT OF CASH FLOW**  
**For the Year Ended September 30, 2020**

	2020	2019
<b>Operating transactions</b>		
Cash receipts contributions, grants and fees for service	\$ 977,256	\$ 740,631
Cash paid to projects and expenses	(609,236)	(401,248)
Interest received	216	1,423
Cash paid to employees, including benefits	(222,381)	(54,942)
<b>Cash provided by operating transactions</b>	<b>145,855</b>	<b>285,864</b>
<b>Investing activities</b>		
Capital asset additions	(14,782)	(10,870)
Intangible asset additions	(26,579)	-
<b>Cash applied to investing transactions</b>	<b>(41,361)</b>	<b>(10,870)</b>
<b>Financing transactions</b>		
Increase in long term debt	30,000	-
<b>Cash provided by financing transactions</b>	<b>30,000</b>	<b>-</b>
<b>Change in cash and cash equivalents</b>	<b>134,494</b>	<b>274,994</b>
Cash and cash equivalents, beginning of year	556,128	281,134
<b>Cash and cash equivalents, end of year</b>	<b>\$ 690,622</b>	<b>\$ 556,128</b>
<b>Cash and cash equivalents consist of:</b>		
Unrestricted cash	\$ 540,622	\$ 556,128
Term deposit	\$ 150,000	\$ -
	<b>\$ 690,622</b>	<b>\$ 556,128</b>

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



**LIVING LAKES CANADA SOCIETY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2020**

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**1. PURPOSE OF THE ORGANIZATION**

Living Lakes Canada Society (the Society) is a national network whose mission is to protect, restore and rehabilitate the health of lakes, wetlands, rivers, other water bodies and watersheds in Canada, primarily in British Columbia.

The Society was incorporated under the *British Columbia Societies Act* on February 22, 2017 as a non-profit enterprise and is a registered charity under the *Income Tax Act*. The Society is exempt from income tax pursuant to paragraph 149 (1) (e) of the *Income Tax Act*.

**2. SIGNIFICANT ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (Part III of the CPA Canada Handbook).

Revenue Recognition

The Society follows the deferral method of accounting for contributions. Contributions are recognized when the amount to be received can be reasonably estimated and collection is reasonably assured.

Unrestricted contributions are recognized as revenue when received. Externally restricted contributions are deferred and recognized as revenues in the period the related expense is incurred or the restrictions are met.

The Society is actively engaged in providing services including project management and field technicians for a variety of programs managed by other organizations across Canada. The revenues associated with these services are recorded in the period in which the service was performed.

Interest revenue is recognized as revenue as earned.

Financial Instruments

All financial instruments are initially recorded at their fair market value and are subsequently recorded at their cost or amortized cost, unless management has elected to carry the instruments at fair value. Financial instruments are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. Financial instrument impairments and impairment reversals are recognized when incurred in net excess of revenue over expenses.

Cash and cash equivalents

Cash and cash equivalents include credit union balances, membership shares, and a term deposit that can be converted to cash at negligible cost and matures on October 11, 2020.

Capital assets

Capital assets are recorded at cost less accumulated amortization. Amortization is recorded on a declining balance basis reflecting the estimated useful lives of the capital assets commencing the year the asset is put in to use. The amortization rates used are as follows:

Computer Equipment	55%
Software	100%
Furniture and Equipment	20%

**LIVING LAKES CANADA SOCIETY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2020**

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**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Intangible assets

Intangible assets are stated at cost less accumulated amortization, with any impairment in the long term service potential to the Society recognized immediately in excess of revenue over expenses. The intangible assets are being amortized on a straight-line basis over their estimated useful lives as follows:

Software	7 years
Website	2 years

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 may affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from these estimates. Material uncertainties involving management estimates include the allocation of revenues under the deferral method of accounting, and the useful lives of long term assets.

**3. CHANGE IN ACCOUNTING POLICY**

The Society has changed its accounting policy with respect to its website costs. Previously, these costs were classified as capital assets, however, management has determined that a more appropriate classification is as an intangible asset, and to amortize on a straight line basis over two years. Given that the website with a cost of \$7,175 had been fully amortized, there is no impact on amortization expense or the opening balances for capital assets and intangible assets.

**4. CAPITAL ASSETS**

			2020	2019
	Cost (\$)	Accumulated Amortization (\$)	Net Book Value (\$)	
Computer equipment	\$ 3,004	\$ 1,391	\$ 1,613	\$ 1,027
Software	1,230	1,230	-	614
Furniture & Equipment	23,797	4,632	19,165	9,112
	<b>\$ 28,031</b>	<b>7,253</b>	<b>\$ 20,778</b>	<b>\$ 10,753</b>

**5. INTANGIBLE ASSETS**

			2020	2019
	Cost (\$)	Accumulated Amortization (\$)	Net Book Value (\$)	
Software	\$ 26,579	\$ 1,898	\$ 24,681	-
Website	7,175	7,175	-	-
	<b>\$ 33,754</b>	<b>\$ 9,073</b>	<b>\$ 24,681</b>	<b>-</b>

**LIVING LAKES CANADA SOCIETY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2020**

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**6. ACCOUNTS PAYABLE**

	<b>2020</b>	<b>2019</b>
Trade accounts payable and accrued liabilities	\$ 60,817	\$ 33,767
Goods and Services Tax payable	1,708	-
Government remittances	13,321	2,008
	<b>\$ 75,846</b>	<b>\$ 35,775</b>

**7. DEFERRED REVENUE**

Deferred revenue includes contributions, restricted by terms of funders, to be spent in the following year.

	<b>2020</b>	<b>2019</b>
Balance, beginning of year	\$ 305,208	\$ 234,103
Amounts received during the year	887,842	712,680
Amounts recognized as revenue during the year	(780,362)	(641,575)
<b>Balance, end of year</b>	<b>412,688</b>	<b>305,208</b>

**8. LONG TERM DEBT - CANADA EMERGENCY BUSINESS ACCOUNT LOAN (CEBA)**

The Society applied for and received the \$40,000 CEBA loan in the 2020 fiscal year. The loan was provided by the Government of Canada to provide capital to organizations to see them through the current challenges associated with COVID-19.

The loan is interest free to December 31, 2022. If the loan is paid back by December 31, 2022, \$10,000 of the loan will be forgiven. If the loan is not paid back by December 31, 2022, the full \$40,000 will be converted to a loan repayable over three years with a 5% interest rate.

It is management's intention to repay the loan by December 31, 2022 which is reflected in the Society's cashflow planing. Therefore, the portion of the loan to be forgiven has been recognized as revenue in the current year.

## **9. FINANCIAL RISKS**

The Society is exposed to the following potentially significant financial risks through its transactions in financial instruments:

Credit risk: Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other by failing to discharge an obligation. The Society has exposure to credit risk to the extent of its cash, goods and services tax receivable from the Receiver General and funding receivable.

All material cash amounts are maintained in an established financial institution and therefore, the risk of non-performance with respect to cash is remote. This risk has not changed since the prior year. While accounts receivable has increased significantly this year, material amounts owed are from government organizations and therefore, the risk of non-performance with respect to accounts receivable is also remote.

Management monitors this risk on an ongoing basis and provides for any amounts that are assessed as not collectible.

Liquidity risk: Liquidity risk is the risk that the Society will encounter difficulty in meeting its obligations associated with financial liabilities. The Society is exposed to liquidity risk due to repayment of its long-term debt and accounts payable. Management does not anticipate any difficulties related to debt repayment or payment of accounts payable. This risk has not changed since the prior year.

Interest rate risk: Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Fixed interest rate investments are subject to fair value risks. The Society is exposed to interest rate risk through its term deposit which receives a fixed rate of interest. Management does not anticipate any significant changes in market interest rates in the near term and therefore assesses interest rate risk as low. This risk has not changed since the prior year.

Compared to fiscal 2019, financial risk exposures have changed as outlined above and also due to the pervasive impact of COVID 19 as described in note 12.

## **10. COMPARATIVE FIGURES**

Certain prior year balances have been reclassified to conform with current year presentation.

## **11. REMUNERATION OF EMPLOYEES AND CONTRACTORS**

In accordance with the Societies Act of British Columbia, the Society is required to disclose that for the year ended September 30, 2020, one individual received remuneration that exceeded \$75,000. Total remuneration for this individual was \$85,910.

**12. IMPACT OF COVID-19 ON OPERATIONS**

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact. At the time of approval of these financial statements, the primary impact on the Society has been the delays in project completion and reporting to funders. At present, the Society has not experienced a reduction in any of its major funding sources; however, the impact of the pandemic creates uncertainty over the realization of future cash flows, may cause significant changes to the assets or liabilities and, as a result, may have a significant impact on future operations. An estimate of the financial impact is not practicable at this time. The Society continues to closely monitor the recommendations from public health agencies and government authorities and is implementing its business continuity plans to reduce any adverse financial impact and continue operations.