

LIVING LAKES CANADA SOCIETY

FINANCIAL STATEMENTS

September 30, 2021

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CHILDS CHANTON

CHARTERED PROFESSIONAL ACCOUNTANTS*

* Denotes Professional Corporation

Jeremy J. Childs, CPA, CA

Marie C. Chanton, CPA, CA

241 Columbia Avenue, Castlegar, BC V1N 1G3 Phone: (250) 365-7287 Fax: (250) 365-6066

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, 2021, 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, 2021 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.

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.



CHILDS CHANTON
CHARTERED PROFESSIONAL ACCOUNTANTS
Castlegar BC

February 02, 2022

LIVING LAKES CANADA SOCIETY
STATEMENT OF FINANCIAL POSITION
As at September 30, 2021

	2021	2020
Assets		
Current assets		
Cash and cash equivalents	\$ 1,846,999	\$ 690,622
Accounts receivable	14,001	120,499
Goods and services tax refundable	18,255	16,664
Prepaid expenses	1,279	1,632
	<u>1,880,534</u>	<u>829,417</u>
Capital Assets (Note 3)	21,929	20,778
Intangible Assets (Note 4)	20,884	-
	<u>\$ 1,923,347</u>	<u>\$ 850,195</u>
Liabilities		
Current liabilities		
Accounts payable (Note 5)	\$ 92,377	\$ 75,846
Wages payable	-	15,627
Deferred revenue (Note 6)	1,428,934	412,688
	<u>1,521,311</u>	<u>504,161</u>
Long term debt (Note 7)	30,000	30,000
	<u>1,551,311</u>	<u>534,161</u>
Net assets		
Unrestricted net assets	330,909	296,843
Investment in intangible and capital assets	41,127	43,872
	<u>372,036</u>	<u>340,715</u>
	<u>\$ 1,923,347</u>	<u>\$ 874,876</u>

Comparative figures (Note 9)

APPROVED ON BEHALF OF THE BOARD:


 _____ Director


 _____ 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, 2021

	2021	2020
Revenue		
Contributions - Foundations	\$ 786,026	\$ 477,667
Contributions - Industry and Corporations	90,562	55,500
Contributions - Government	329,263	310,202
Contributions - Sponsorship	8,432	7,257
Fees for Service	31,858	83,011
Interest	2,726	2,332
Government grant	-	10,000
Eco Canada wage subsidy program	46,080	36,250
	1,294,947	982,219
Expenses		
Advertising and outreach	56,886	38,018
Amortization - capital assets	6,117	4,757
Amortization - intangible assets	3,797	1,898
Bank charges and interest	3,769	1,119
Consultant	426,139	226,842
Insurance, licences and dues	1,665	2,521
Management fees	99,972	206,787
Office expenses	18,208	9,256
Operating supplies	24,380	6,199
Professional fees	42,816	81,754
Rent	14,234	11,468
Telephone and internet	5,993	6,058
Travel and meals	47,355	41,681
Wages and benefits	512,295	239,921
	1,263,626	878,279
Excess of revenues over expenses	\$ 31,321	\$ 103,940

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, 2021

	Invested in Intangible and Capital Assets	Unrestricted	Total
Net assets, beginning of year	\$ 43,872	\$ 296,843	\$ 340,715
Acquisition of capital assets	7,169	(7,169)	-
Acquisition of intangible assets	-	-	-
Amortization of capital assets	(6,117)	6,117	-
Amortization of intangible assets	(3,797)	3,797	-
Excess of revenues over expenses	-	31,321	31,321
Net assets, end of year	\$ 41,127	\$ 330,909	\$ 372,036

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, 2021

	2021	2020
Operating transactions		
Cash receipts contributions, grants and fees for service	\$ 2,411,053	\$ 977,256
Cash paid to projects and expenses	(708,859)	(609,236)
Interest received	2,695	216
Cash paid to employees, including benefits	(541,243)	(222,381)
Cash provided by operating transactions	1,163,646	145,855
Investing activities		
Capital asset additions	(7,269)	(14,782)
Intangible asset additions	-	(26,579)
Cash applied to investing transactions	(7,269)	(41,361)
Financing transactions		
Increase in long term debt	-	30,000
Cash provided by financing transactions	-	30,000
Change in cash and cash equivalents	1,156,377	134,494
Cash and cash equivalents, beginning of year	690,622	556,128
Cash and cash equivalents, end of year	\$ 1,846,999	\$ 690,622
Cash and cash equivalents consist of:		
Unrestricted cash	\$ 1,694,818	\$ 540,622
Term deposit	\$ 152,181	\$ 150,000
	\$ 1,846,999	\$ 690,622

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

LIVING LAKES CANADA SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

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, 2021

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. CAPITAL ASSETS

			2021	2020
	Cost (\$)	Accumulated Amortization (\$)	Net Book Value (\$)	
Computer equipment	\$ 6,831	\$ 3,331	\$ 3,500	\$ 1,613
Software	1,230	1,230	-	-
Furniture & Equipment	27,238	8,809	18,429	19,165
	\$ 35,299	13,370	\$ 21,929	\$ 20,778

4. INTANGIBLE ASSETS

			2021	2020
	Cost (\$)	Accumulated Amortization (\$)	Net Book Value (\$)	
Software	\$ 26,579	\$ 5,695	\$ 20,884	24,681
Website	7,175	7,175	-	-
	\$ 33,754	\$ 12,870	\$ 20,884	-

LIVING LAKES CANADA SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

5. ACCOUNTS PAYABLE

	2021	2020
Trade accounts payable and accrued liabilities	\$ 89,099	\$ 60,817
Goods and Services Tax payable	-	1,708
Government remittances	3,278	13,321
	\$ 92,377	\$ 75,846

6. DEFERRED REVENUE

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

	2021	2020
Balance, beginning of year	\$ 412,688	\$ 305,208
Amounts received during the year	2,182,052	887,842
Amounts recognized as revenue during the year	(1,165,806)	(780,362)
Balance, end of year	1,428,934	412,688

7. 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, 2023. If the loan is paid back by December 31, 2023, \$10,000 of the loan will be forgiven. If the loan is not paid back by December 31, 2023, the full \$40,000 will be converted to a loan repayable over two years with a 5% interest rate.

It is management's intention to repay the loan by December 31, 2023 which is reflected in the Society's cashflow planing. Therefore, the portion of the loan to be forgiven was recognized as revenue in the year received.

8. 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 2020, financial risk exposures have changed as outlined above and also due to the pervasive impact of COVID 19 as described in note 11.

9. COMPARATIVE FIGURES

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

10. 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, 2021, one individual received remuneration that exceeded \$75,000. Total remuneration for this individual was \$128,500.

11. 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.