

LIVING LAKES CANADA SOCIETY

FINANCIAL STATEMENTS

September 30, 2022

CONTENTS

	<u>Page</u>
Independent Auditor's Report	1 - 2
Statement of Financial Position	3
Statement of Operations	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 11

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, 2022, 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, 2022 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.

February 02, 2023

Childs Chanton
 CHILDS CHANTON
 CHARTERED PROFESSIONAL ACCOUNTANTS
 Castlegar BC

LIVING LAKES CANADA SOCIETY
STATEMENT OF FINANCIAL POSITION
As at September 30, 2022

	2022	2021
Assets		
Current assets		
Cash and cash equivalents	\$ 1,856,780	\$ 1,846,999
Short-term investment (Note 4)	1,653,647	-
Accounts receivable	50,968	14,001
Goods and services tax refundable	30,178	18,255
Prepaid expenses	7,556	1,279
	3,599,129	1,880,534
Investment at cost (Note 4)	2,503,442	-
Capital Assets (Note 5)	216,732	21,929
Intangible Assets (Note 6)	17,087	20,884
	\$ 6,336,390	\$ 1,923,347
Liabilities		
Current liabilities		
Accounts payable (Note 7)	\$ 207,572	\$ 92,377
Deferred revenue (Note 8)	2,952,376	1,428,934
	3,159,948	1,521,311
Long term debt (Note 9)	30,000	30,000
Deferred revenue (Note 8)	2,098,416	-
Deferred capital contributions (Note 10)	200,414	-
	5,488,778	1,551,311
Net assets		
Unrestricted net assets	815,894	330,909
Investment in intangible and capital assets	31,718	41,127
	847,612	372,036
	\$ 6,336,390	\$ 1,923,347

Comparative figures (Note 12)

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, 2022

	2022	2021
Revenue		
Contributions - Foundations	\$ 1,841,332	\$ 723,114
Contributions - Industry and corporations	54,191	90,562
Contributions - Government	471,813	392,175
Contributions - Sponsorship and donations	46,484	8,432
Fees for service	22,800	31,858
Interest	10,200	2,726
Eco Canada wage subsidy program	12,995	46,080
	2,459,815	1,294,947
Expenses		
Accounting and legal	27,268	28,483
Advertising and outreach	98,346	56,886
Amortization - capital assets	30,273	6,117
Amortization - intangible assets	3,797	3,797
Bank charges and interest	412	3,769
Insurance, licences and dues	2,993	1,665
Office expenses	10,645	8,607
Operating supplies	54,180	24,380
Professional and consulting fees	886,080	540,444
Program development	62,491	9,601
Rent	9,928	14,234
Telephone and internet	9,773	5,993
Travel and meals	61,638	47,355
Wages and benefits	726,415	512,295
	1,984,239	1,263,626
Excess of revenues over expenses	\$ 475,576	\$ 31,321

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, 2022

	Invested in Intangible and Capital Assets	Unrestricted	Total
Net assets, beginning of year	\$ 41,127	\$ 330,909	\$ 372,036
Acquisition of capital assets	225,075	(225,075)	-
Deferred capital contributions received	(225,075)	225,075	-
Amortization of capital assets	(30,273)	30,273	-
Amortization of intangible assets	(3,797)	3,797	-
Amortization of deferred capital contributions relating to capital assets	24,661	(24,661)	-
Excess of revenues over expenses	-	475,576	475,576
Net assets, end of year	\$ 31,718	\$ 815,894	\$ 847,612

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, 2022

	2022	2021
Operating transactions		
Cash receipts contributions, grants and fees for service	\$ 6,234,711	\$ 2,411,053
Cash paid to projects and expenses	(1,144,920)	(708,859)
Interest received	6,968	2,695
Cash paid to employees, including benefits	(708,256)	(541,243)
Cash provided by operating transactions	4,388,503	1,163,646
Investing activities		
Capital asset additions	(225,075)	(7,269)
Cash applied to investing transactions	(225,075)	(7,269)
Financing transactions		
Increase in short-term investments	(1,653,647)	-
Increase in long-term investments	(2,500,000)	-
Cash provided by financing transactions	(4,153,647)	-
Change in cash and cash equivalents	9,781	1,156,377
Cash and cash equivalents, beginning of year	1,846,999	690,622
Cash and cash equivalents, end of year	\$ 1,856,780	\$ 1,846,999
Cash and cash equivalents consist of:		
Unrestricted cash	\$ 1,856,780	\$ 1,694,818
Term deposit	-	152,181
	\$ 1,856,780	\$ 1,846,999

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

LIVING LAKES CANADA SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

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. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue using a rate and method corresponding with that of the related capital asset.

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, net of any provisions for impairment 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.

Financial assets and liabilities measured at amortized cost include cash and cash equivalents, short-term investments, investments, accounts receivable, and accounts payable and accrued liabilities.

Cash and cash equivalents

Cash and cash equivalents include credit union balances, membership shares, and short-term deposits that will be converted to cash in less than 90 days from their acquisition date and at negligible cost.

Short-term investments and investments

Short-term investments are term deposits that mature from ninety-one days to twelve months after their acquisition date. Investments consist of term deposits with maturity dates of greater than twelve months from the date of acquisition.

LIVING LAKES CANADA SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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%

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:

CKAN Portal	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. CASH AND CASH EQUIVALENTS

	2022	2021
Cash - operating - 1.25% (2021 - .05%)	\$ 1,829,688	\$ 1,685,812
Cash - savings - .09% (2021 - .25%)	27,092	9,006
Term deposits - (2021 - .45%)	-	152,181
	\$ 1,856,780	\$ 1,846,999

4. SHORT-TERM INVESTMENT AND INVESTMENT

A short-term investment consisting of a term deposit of \$1,653,647 (2021 - nil) is measured at amortized cost, with an interest rate of 2.85% and matures on September 15, 2023.

An investment consisting of a term deposit of \$2,500,000 (2021 - nil) is measured at amortized cost, has a maturity date of September 15, 2025, and has a tiered interest rate: 3.35% up to September 15, 2023; 3.85% from September 16, 2023 to September 15, 2024; and 5.1% from September 16, 2024 to September 15, 2025. Full redemption without penalty is permitted within the period of one week prior to and one week after the anniversary date.

LIVING LAKES CANADA SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

5. CAPITAL ASSETS

			2022	2021
	Cost (\$)	Accumulated Amortization (\$)	Net Book Value (\$)	
Computer equipment	\$ 19,139	\$ 8,641	\$ 10,498	\$ 3,500
Software	1,230	1,230	-	-
Furniture & Equipment	27,238	12,495	14,743	18,429
Monitoring equipment	212,768	21,277	191,491	-
	\$ 260,375	43,643	\$ 216,732	\$ 21,929

6. INTANGIBLE ASSETS

			2022	2021
	Cost (\$)	Accumulated Amortization (\$)	Net Book Value (\$)	
CKAN Portal	\$ 26,579	\$ 9,492	\$ 17,087	20,884
Website	7,175	7,175	-	-
	\$ 33,754	\$ 16,667	\$ 17,087	20,884

7. ACCOUNTS PAYABLE

	2022	2021
Trade accounts payable and accrued liabilities	\$ 186,053	\$ 89,099
Wages payable	4,184	-
Government remittances	17,335	3,278
	\$ 207,572	\$ 92,377

LIVING LAKES CANADA SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

8. DEFERRED REVENUE

Deferred revenue includes contributions, restricted by terms of funders, to cover expenses in periods when they occur. The long-term portion of deferred revenue represents a portion of the \$4 million in funding received in fiscal 2022 from the provincial government that is expected to cover project expenses incurred later than fiscal 2023.

	2022	2021
Balance, beginning of year	\$ 1,428,934	\$ 412,688
Amounts received during the year:		
Contributions from foundations	1,214,875	1,803,350
Contributions from industry/corporations	63,791	45,445
Contributions from governments	4,680,666	373,301
Sponsorship and donations	46,484	8,432
Amounts recognized as revenue during the year	(2,383,958)	(1,214,282)
Balance, end of year	5,050,792	1,428,934
Less: current portion	2,952,376	1,428,934
	\$ 2,098,416	\$ -

9. 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.

10. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions include the unamortized amount of contributions received for the purchase of capital assets. Amortization of deferred capital contributions is recorded in Contributions - Foundations on the statement of operations.

	2022	2021
Balance, beginning of year	\$ -	\$ -
Amounts received during the year	225,075	-
Amounts recognized as revenue during the year	(24,661)	-
Balance, end of year	200,414	-

LIVING LAKES CANADA SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

11. 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 and cash equivalents, short-term investments, investments, goods and services tax receivable from the Receiver General, and accounts receivable.

All material cash and cash equivalent and short-term investment and investment 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. Liquidity risk is managed by maintaining sufficient cash and cash equivalents to meet requirements for debt repayment or payment of accounts payable. Although accounts payable have increased, management assesses that this risk has not changed significantly 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 deposits, short-term and long-term investments which receive a fixed rate of interest. This risk is managed by acquiring investments with varying terms to maturity. This risk has increased since the prior year.

12. COMPARATIVE FIGURES

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

13. 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, 2022, two employees received remuneration that exceeded \$75,000 each for a total of \$196,637. In addition, five contractors received remuneration that exceeded \$75,000 each for a total of \$537,820.