

**BIG RIDEAU LAKE ASSOCIATION
FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2020**

**BIG RIDEAU LAKE ASSOCIATION
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AS AT DECEMBER 31, 2020**

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INDEPENDENT AUDITOR'S REPORT

To the Members

Opinion

We have audited the financial statements of Big Rideau Lake Association (the Organization), which comprise the statement of financial position as at December 31, 2020 and the statements of changes in net assets, revenue and expenditures and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2020, and its results of operations and its cash flows 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 Organization 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 these financial statements, management is responsible for assessing the Organization'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 Organization, or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities 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.

INDEPENDENT AUDITOR'S REPORT (Cont'd)

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:

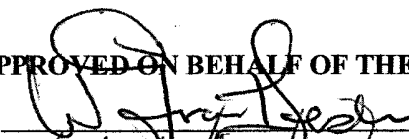

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting 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 Organization'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 Organization'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 Organization 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.

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.

KINGSTON, Canada
March 24, 2021

Helkman & Company Ltd
Chartered Professional Accountants
Licensed Public Accountants

**BIG RIDEAU LAKE ASSOCIATION
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020**

	2020	2019
	\$	\$
ASSETS		
CURRENT		
Cash	70,129	52,745
Prepaid expenses	2,676	5,879
	72,805	58,624
TANGIBLE CAPITAL ASSETS - Note 3	18,851	18,851
	91,656	77,475
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	2,700	2,174
Deferred revenue	459	24
Restricted donations - Note 4	5,162	
	8,321	2,198
NET ASSETS		
Unrestricted	53,326	47,628
Internally restricted - Note 5	28,419	26,839
Externally restricted - Note 6	1,590	810
	83,335	75,277
APPROVED ON BEHALF OF THE BOARD		
 _____ Director		
 _____ Director		
	91,656	77,475

The accompanying notes form an integral part of these financial statements

**BIG RIDEAU LAKE ASSOCIATION
STATEMENT OF NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	2020	2019
	\$	\$
UNRESTRICTED		
UNRESTRICTED - BEGINNING OF YEAR	47,628	49,601
EXCESS OF REVENUE OVER EXPENDITURES (EXPENDITURES OVER REVENUE) FOR YEAR	5,698	(1,973)
UNRESTRICTED - END OF YEAR	<u>53,326</u>	<u>47,628</u>
INTERNALLY RESTRICTED - Note 5		
INTERNALLY RESTRICTED - BEGINNING OF YEAR	26,839	25,231
EXCESS OF REVENUE OVER EXPENDITURES FOR YEAR	1,580	1,608
INTERNALLY RESTRICTED - END OF YEAR	<u>28,419</u>	<u>26,839</u>
EXTERNALLY RESTRICTED - Note 6		
EXTERNALLY RESTRICTED - BEGINNING OF YEAR	810	NIL
EXCESS OF REVENUE OVER EXPENDITURES FOR YEAR	780	810
EXTERNALLY RESTRICTED - END OF YEAR	<u>1,590</u>	<u>810</u>
NET ASSETS - END OF YEAR	<u>83,335</u>	<u>75,277</u>

The accompanying notes form an integral part of these financial statements

BIG RIDEAU LAKE ASSOCIATION
STATEMENT OF REVENUE AND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2020

	2020	2019
	\$	\$
REVENUE		
Membership fees	21,380	24,420
Interest	400	698
Donations - general	14,171	22,273
Donations - Doug Good Shoal Marker Reserve	1,580	1,608
Donations - Reserve for Sailing School Bursary	780	810
Day camp		4,524
Other programs		210
Sailing program		8,300
Summer sounds		880
	38,311	63,723
EXPENDITURES		
Bank charges	981	1,700
AGM	681	329
Professional fees	3,312	2,599
Rent		125
Office supplies and business services	258	2,245
Repairs and maintenance	3,763	6,150
Property taxes	3,057	3,057
Insurance	6,806	7,033
Membership canvassing and communication	2,834	1,368
Website development	476	503
Environment	483	1,223
Fireworks		8,173
Buoys	6,112	6,973
Memberships	1,175	1,272
Recreation programs		4,618
Sailing program	315	8,400
Summer sounds		1,225
Equipment obsolescence		6,285
	30,253	63,278
EXCESS OF REVENUE OVER EXPENDITURES FOR YEAR	8,058	445
Allocated to:		
Unrestricted	5,698	(1,973)
Internally Restricted	1,580	1,608
Externally Restricted	780	810
	8,058	445

The accompanying notes form an integral part of these financial statements

**BIG RIDEAU LAKE ASSOCIATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	2020 \$	2019 \$
OPERATING ACTIVITIES		
Excess of revenue over expenditures for year	8,058	445
Adjustment for items which do not affect cash - Equipment obsolescence		6,285
	<u>8,058</u>	<u>6,730</u>
Net change in non-cash working capital balances related to operations - Note 7	9,326	(1,448)
	<u>17,384</u>	<u>5,282</u>
CASH FLOWS PROVIDED FROM OPERATING ACTIVITIES	17,384	5,282
INCREASE IN CASH AND EQUIVALENTS FOR YEAR	17,384	5,282
CASH AND EQUIVALENTS - BEGINNING OF YEAR	52,745	47,463
CASH AND EQUIVALENTS - END OF YEAR	70,129	52,745
REPRESENTED BY:		
Cash	70,129	52,745

The accompanying notes form an integral part of these financial statements

**BIG RIDEAU LAKE ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

1. NATURE OF ORGANIZATION AND OPERATIONS

The Big Rideau Lake Association ("the Association") is incorporated under the Ontario Business Act as a corporation without share capital and is a not-for-profit organization for income tax purposes. As such, it is not subject to corporate income taxes. The mission of the Association is to monitor, maintain and protect the Rideau Lake from Narrows Lock to Poonamalie Lock and its environs, to secure financial support to assist in supporting these goals and to organize and promote educational, recreational and safety programs for the well being of its members.

2. ACCOUNTING POLICIES

Outlined below are those accounting policies adopted by the Association considered to be particularly significant:

(a) Basis of Accounting

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations.

(b) Accounting Estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

(c) Tangible Capital Assets and Amortization

Tangible capital assets are stated at the lower of acquisition cost and its remaining service potential. Gains or losses on the disposal of individual assets are recognized in earnings in the year of disposal. No amortization has been provided in respect of the club house on Cow Island as the cost is materially below its estimated realizable value.

(d) Volunteer Contributions

The work of the Association is dependent on the voluntary service of many individuals. Since these services are not normally purchased by the Association and because of the difficulty of determining their fair market value, donated services are not recognized in these financial statements. Contributed materials and services which are used in the normal course of the Association's operations and would otherwise have been purchased are recorded at their fair value at the date of contribution if fair value can be reasonably estimated.

**BIG RIDEAU LAKE ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

2. ACCOUNTING POLICIES (Cont'd)

(e) Fund Accounting

The Association follows the restricted fund method of accounting for revenues.

The General Fund accounts for the Association's program delivery and administrative activities. This fund reports unrestricted resources.

Internally restricted funds are comprised of separate funds which report the assets, liabilities, revenues and expenditures within these funds. The resources within these funds are restricted by the Board of Directors of Big Rideau Lake Association. The individual funds which comprise internally restricted funds are described below:

(i) Reserve for Cow Island

This reserve is maintained for the purpose of major repairs or renovations at Cow Island.

(ii) Reserve for Environmental Issues

This reserve is maintained for the purpose of building up a reserve for future environmental issues that the Association may face.

(iii) Reserve for Special Projects

This fund was established using the Association's net share of profit from the sale of the environmental centre. The fund is available for special projects that the Association may choose to undertake in future years.

(iv) Doug Good Shoal Marker Reserve

This reserve was established by donations. This fund is to be utilized for purchase and replacement of shoal markers.

Externally restricted funds are comprised of separate funds which report the assets, liabilities, revenues and expenditures within these funds. The resources within these funds are restricted by donors. The individual fund which comprises externally restricted funds is described below:

(i) Reserve for Sailing School Bursary

This reserve was established by donations. The purpose of this fund is to be utilized to support sailing school registrations.

(f) Revenue Recognition

Revenue from grants is recognized in the same period as the related expenditures are incurred. Revenue from membership fees is recorded as revenue based on the associated period to which the membership entitlement relates.

**BIG RIDEAU LAKE ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

2. ACCOUNTING POLICIES (Cont'd)

(g) Cash and Equivalents

Cash and equivalents consist of cash on deposit and short-term investments with maturities of less than ninety days.

3. TANGIBLE CAPITAL ASSETS

	2020	2019
	\$	\$
Cow Island		
Land	5,000	5,000
Club house	13,848	13,848
Equipment	1	1
Fire pumps (3) and generator	1	1
Solar equipment	1	1
	<hr/>	<hr/>
	18,851	18,851
	<hr/>	<hr/>

The fair market value of the Cow Island - land and club house is significantly higher than the cost reported above.

4. RESTRICTED DONATIONS

During the year the Association received donations for fireworks, day camp and environmental activities. As a result of Covid-19, the Association did not undertake these activities. At the the end of the year, \$5,162 of donations had not been utilized for its intended purpose and are available to provide funding for fireworks, day camp and environmental activities in 2021.

	2020	2019
	\$	\$
Fireworks	2,510	
Day camp	385	
Recreation	305	
Environmental activities	1,962	
	<hr/>	<hr/>
	5,162	NIL
	<hr/>	<hr/>

**BIG RIDEAU LAKE ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

5. INTERNALLY RESTRICTED NET ASSETS

Net assets are internally restricted as follows:

	2020	2019
	\$	\$
Reserve for Cow Island	2,500	2,500
Reserve for Environmental Issues		
Doug Good Shoal Marker Reserve	14,419	12,839
Reserve for special projects	11,500	11,500
	28,419	26,839

6. EXTERNALLY RESTRICTED NET ASSETS

Net assets are externally restricted as follows:

	2020	2019
	\$	\$
Reserve for Sailing School Bursary	1,590	810

**BIG RIDEAU LAKE ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

7. NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES RELATED TO OPERATIONS

Cash provided from (used in) non-cash working capital is compiled as follows:

	2020	2019
	\$	\$
(INCREASE) DECREASE IN CURRENT ASSETS		
Prepaid expenses	3,203	(1,333)
	3,203	(1,333)
INCREASE (DECREASE) IN CURRENT LIABILITIES		
Accounts payable and accrued liabilities	526	(64)
Restricted donations	5,162	
Deferred revenue	435	(51)
	6,123	(115)
NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES RELATED TO OPERATIONS	9,326	(1,448)

8. FINANCIAL INSTRUMENTS

Credit Risk

Credit risk is the risk of financial loss to the Association if a party to the Association's financial instruments fails to discharge an obligation or make payments of interest and principal when due. The Association is exposed to this risk relating to its accounts receivable.

Liquidity Risk

Liquidity risk is the risk that the Association will not be able to meet all cash outflow obligations as they come due. The Association mitigates this risk by monitoring cash activities and expected outflows.

**BIG RIDEAU LAKE ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

9. SIGNIFICANTLY INFLUENCED ORGANIZATION

The Association exercises significant influence over Rideau Lake Environmental Foundation (the "Foundation") by virtue of the fact that the members of the Big Rideau Lake Association Board of Directors make up the total general voting membership of the Foundation and as such elect five of the seven directors to the Board of the Foundation annually. Two of the seven directors are nominated by the Upper Rideau Association Board and its nominees are automatically confirmed by the voting membership. The Foundation was established to raise funds for the use by all interested parties, which benefits one or both lakes, under terms and bylaws which govern the disbursement of funds from the Foundation upon a formal request by all interested parties. The requests for funds must meet the following criteria:

- i. To aid in the protection and maintenance of the waters, shores and environs of the Rideau Lakes, together with any water bodies flowing into or which could affect the water quality of the Rideau Lakes;
- ii. To encourage the observance of measures designed to prevent pollution and to render such assistance as may be possible to appropriate authorities concerned therewith;
- iii. To teach and encourage environmentally sound living and boating practices and the observance of provincial and federal laws relating to vessel and ship ownership, operation and navigation; and
- iv. To examine and advise municipal authorities respecting a need for environmental action to preserve and improve the Rideau Lakes watershed.

The Foundation is incorporated under the Canada Corporations Act and is a registered charity under the *Income Tax Act*.

10. CAPITAL DISCLOSURE

The Association's objectives with respect to capital management are to maintain a minimum capital base that allows the Association to continue with and execute its overall purpose as outlined in the fund balances accounting policy in Note 2. The Association's Board of Directors performs periodic reviews of the Association's capital needs to ensure they remain consistent with the risk tolerance that is acceptable to the Association.

**BIG RIDEAU LAKE ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

11. COVID-19

Since the beginning of 2020, the coronavirus disease COVID-19 has had considerable impact, both globally and locally, which has the potential to create financial stress on the economy and the corporation in the following areas:

- (a) Due to the risk of spreading the virus, the organization has had to operate at a reduced level which has impacted revenue and could significantly impact the organization in future periods
- (b) COVID-19 has impacted the cash flows of summer programs of the association which has impacted the organization's total revenue and expenses in the year

In the same period the Association had to cancel the day camp, sailing program, summer sounds, family fun day, and the firework program. The amount of other financial impacts on the corporation could not be determined.