

**BIG RIDEAU LAKE ASSOCIATION  
FINANCIAL STATEMENTS  
AS AT DECEMBER 31, 2019**

**BIG RIDEAU LAKE ASSOCIATION  
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AS AT DECEMBER 31, 2019**

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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, 2019 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, 2019, 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  
May 15, 2020

*Wilkinson Company LLP*

Chartered Professional Accountants  
Licensed Public Accountants

**BIG RIDEAU LAKE ASSOCIATION  
STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2019**

	2019	2018
	\$	\$
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	52,745	47,463
Prepaid expenses	5,879	4,546
	58,624	52,009
<b>TANGIBLE CAPITAL ASSETS - Note 3</b>	18,851	25,136
	77,475	77,145
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	2,174	2,238
Deferred revenue	24	75
	2,198	2,313
<b>NET ASSETS</b>		
Unrestricted	47,628	49,601
Internally restricted - Note 4	26,839	25,231
Externally restricted - Note 5	810	
	75,277	74,832
<b>APPROVED ON BEHALF OF THE BOARD</b>		
	Director	
	Director	
	77,475	77,145

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, 2019**

	2019 \$	2018 \$
<b>UNRESTRICTED</b>		
<b>UNRESTRICTED - BEGINNING OF YEAR</b>	<b>49,601</b>	53,948
<b>EXCESS OF (EXPENDITURES OVER REVENUE) FOR YEAR</b>	<b>(1,973)</b>	(6,074)
<b>TRANSFER FROM INTERNALLY RESTRICTED</b>		1,727
<b>UNRESTRICTED - END OF YEAR</b>	<b>47,628</b>	49,601
<b>INTERNALLY RESTRICTED - Note 4</b>		
<b>INTERNALLY RESTRICTED - BEGINNING OF YEAR</b>	<b>25,231</b>	25,164
<b>EXCESS OF REVENUE OVER EXPENDITURES FOR YEAR</b>	<b>1,608</b>	1,794
<b>TRANSFER (TO) UNRESTRICTED</b>		(1,727)
<b>INTERNALLY RESTRICTED - END OF YEAR</b>	<b>26,839</b>	25,231
<b>EXTERNALLY RESTRICTED - Note 5</b>		
<b>EXTERNALLY RESTRICTED - BEGINNING OF YEAR</b>	<b>NIL</b>	NIL
<b>EXCESS OF REVENUE OVER EXPENDITURES FOR YEAR</b>	<b>810</b>	
<b>EXTERNALLY RESTRICTED - END OF YEAR</b>	<b>810</b>	NIL
<b>NET ASSETS - END OF YEAR</b>	<b>75,277</b>	74,832

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, 2019**

	2019	2018
	\$	\$
<b>REVENUE</b>		
Membership fees	24,420	23,925
Interest	698	494
Donations - general	22,273	15,341
Donations - Doug Good Shoal Marker Reserve	1,608	1,794
Donations - Reserve for Sailing School Bursary	810	
Dinner/ Dance		160
Day camp	4,524	3,831
Other programs	210	
Regatta		141
Sailing program	8,300	6,560
Summer sounds	880	1,180
	<b>63,723</b>	<b>53,426</b>
<b>EXPENDITURES</b>		
Bank charges	1,700	1,439
AGM	329	269
Professional fees	2,599	2,486
Rent	125	125
Office supplies and business services	2,245	867
Repairs and maintenance	6,150	9,742
Property taxes	3,057	3,077
Insurance	7,033	7,186
Membership canvassing and communication	1,368	294
Website development	503	450
Environment	1,223	1,579
Fireworks	8,173	8,038
Buoys	6,973	6,834
Memberships	1,272	
Recreation programs	4,618	3,513
Sailing program	8,400	4,401
Summer sounds	1,225	1,120
Equipment obsolescence	6,285	6,286
	<b>63,278</b>	<b>57,706</b>
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>		
<b>(EXPENDITURES OVER REVENUE) FOR YEAR</b>	<b>445</b>	<b>(4,280)</b>
Allocated to:		
Unrestricted	(1,973)	(6,074)
Internally Restricted	1,608	1,794
Externally Restricted	810	
	<b>445</b>	<b>(4,280)</b>

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, 2019**

	2019 \$	2018 \$
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenditures (expenditures over revenue) for year	445	(4,280)
Adjustment for items which do not affect cash - Equipment obsolescence	6,285	6,286
	<u>6,730</u>	<u>2,006</u>
Net change in non-cash working capital balances related to operations - Note 6	(1,448)	(1,787)
	<u>5,282</u>	<u>219</u>
<b>CASH FLOWS PROVIDED FROM OPERATING ACTIVITIES</b>	<b>5,282</b>	<b>219</b>
<b>INCREASE IN CASH AND EQUIVALENTS FOR YEAR</b>	<b>5,282</b>	<b>219</b>
<b>CASH AND EQUIVALENTS - BEGINNING OF YEAR</b>	<b>47,463</b>	<b>47,244</b>
<b>CASH AND EQUIVALENTS - END OF YEAR</b>	<b>52,745</b>	<b>47,463</b>
<b>REPRESENTED BY:</b>		
Cash	52,745	47,463

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, 2019**

**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, 2019**

**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, 2019**

**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**

	<b>2019</b>	2018
	\$	\$
Cow Island		
Land	<b>5,000</b>	5,000
Club house	<b>13,848</b>	13,848
Equipment	<b>1</b>	1,329
Fire pumps (3) and generator	<b>1</b>	1
Solar equipment	<b>1</b>	4,958
	<b>18,851</b>	25,136

The fair market value of the Cow Island - land and club house is significantly higher than the cost reported above. Obsolescence of equipment and solar equipment was recorded during the year to reflect their remaining service potential.

**4. INTERNALLY RESTRICTED NET ASSETS**

Net assets are internally restricted as follows:

	<b>2019</b>	2018
	\$	\$
Reserve for Cow Island	<b>2,500</b>	2,500
Reserve for Environmental Issues	<b>Nil</b>	Nil
Doug Good Shoal Marker Reserve	<b>12,839</b>	11,231
Reserve for special projects	<b>11,500</b>	11,500
	<b>26,839</b>	25,231

**BIG RIDEAU LAKE ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**5. EXTERNALLY RESTRICTED NET ASSETS**

Net assets are externally restricted as follows:

	<b>2019</b>	2018
	\$	\$
Reserve for Sailing School Bursary	810	NIL

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

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

	<b>2019</b>	2018
	\$	\$
<b>(INCREASE) DECREASE IN CURRENT ASSETS</b>		
Prepaid expenses	<b>(1,333)</b>	(1,845)
	<b>(1,333)</b>	(1,845)
<b>INCREASE (DECREASE) IN CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	<b>(64)</b>	133
Deferred revenue	<b>(51)</b>	(75)
	<b>(115)</b>	58
<b>NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES RELATED TO OPERATIONS</b>	<b>(1,448)</b>	(1,787)

**7. 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, 2019**

**8. 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*.

**9. 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.