

**BIG RIDEAU LAKE ASSOCIATION
FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2018**

**BIG RIDEAU LAKE ASSOCIATION
TABLE OF CONTENTS
AS AT DECEMBER 31, 2018**

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Net Assets	4
Statement of Revenue and Expenditures	5
Statement of Cash Flows	6
Notes to Financial Statements	7-11

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, 2018 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, 2018, 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:

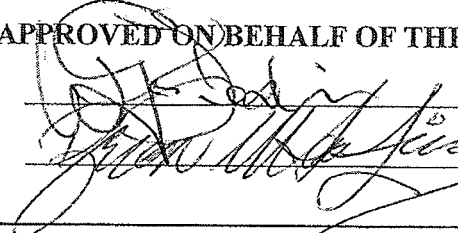
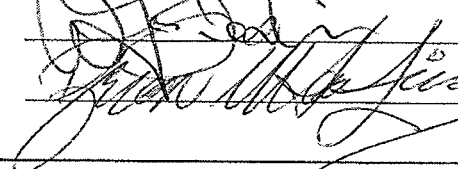
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting 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
June 14, 2019

Wickens Company LLP
Chartered Professional Accountants
Licensed Public Accountants

**BIG RIDEAU LAKE ASSOCIATION
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018**

	2018	2017
	\$	\$
ASSETS		
CURRENT		
Cash	47,463	47,244
Prepaid expenses	4,546	2,701
	52,009	49,945
TANGIBLE CAPITAL ASSETS - Note 3	25,136	31,422
	77,145	81,367
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	2,238	2,105
Deferred revenue	75	150
	2,313	2,255
NET ASSETS		
Unrestricted	49,601	53,948
Internally restricted - Note 4	25,231	25,164
	74,832	79,112
APPROVED ON BEHALF OF THE BOARD		
	Director	
	Director	
	77,145	81,367

**BIG RIDEAU LAKE ASSOCIATION
STATEMENT OF NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	2018	2017
	\$	\$
UNRESTRICTED		
UNRESTRICTED - BEGINNING OF YEAR	53,948	52,748
EXCESS OF (EXPENDITURES OVER REVENUE) FOR YEAR	(6,074)	(4,709)
TRANSFER FROM INTERNALLY RESTRICTED	1,727	5,909
UNRESTRICTED - END OF YEAR	49,601	53,948
INTERNALLY RESTRICTED - Note 4		
INTERNALLY RESTRICTED - BEGINNING OF YEAR	25,164	20,959
EXCESS OF REVENUE OVER EXPENDITURES FOR YEAR	1,794	10,114
TRANSFER (TO) UNRESTRICTED	(1,727)	(5,909)
INTERNALLY RESTRICTED - END OF YEAR	25,231	25,164
NET ASSETS - END OF YEAR	74,832	79,112

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, 2018**

	2018 \$	2017 \$
REVENUE		
Dry dock store revenue		10
Membership fees	23,925	23,550
Interest	494	409
Donations - other	15,341	26,471
Donations - Doug Good Shoal Marker Reserve Fund	1,794	10,114
Dinner/ Dance	160	1,420
Day camp	3,831	3,262
Regatta	141	194
Sailing program	6,560	6,150
Summer sounds	1,180	1,310
	53,426	72,890
EXPENDITURES		
Bank charges	1,439	1,288
AGM	269	307
Professional fees	2,486	2,486
Rent	125	300
Office supplies	867	25
Repairs and maintenance	9,742	1,152
Property taxes	3,077	3,057
Insurance	7,186	7,558
Membership canvassing and communication	294	1,204
Website development	450	662
Environment	1,579	18,814
Fireworks	8,038	10,417
Buoys	6,834	6,900
Recreation programs	3,513	4,943
Sailing program	4,401	7,285
Summer sounds	1,120	1,087
Equipment obsolescence	6,286	
	57,706	67,485
EXCESS OF REVENUE OVER EXPENDITURES		
(EXPENDITURES OVER REVENUE) FOR YEAR	(4,280)	5,405
Allocated to:		
Unrestricted	(6,074)	(4,709)
Internally Restricted	1,794	10,114
	(4,280)	5,405

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, 2018**

	2018 \$	2017 \$
OPERATING ACTIVITIES		
Excess of revenue over expenditures (expenditures over revenue) for year	(4,280)	5,405
Adjustment for items which do not affect cash - Equipment obsolescence	6,286	
	<u>2,006</u>	5,405
Net change in non-cash working capital balances related to operations - Note 5	(1,787)	63
	<u>219</u>	5,468
CASH FLOWS PROVIDED FROM OPERATING ACTIVITIES	219	5,468
INCREASE IN CASH AND EQUIVALENTS FOR YEAR	219	5,468
CASH AND EQUIVALENTS - BEGINNING OF YEAR	47,244	41,776
CASH AND EQUIVALENTS - END OF YEAR	47,463	47,244
REPRESENTED BY:		
Cash	<u>47,463</u>	<u>47,244</u>

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, 2018**

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 Locks to Poonamalle 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, 2018**

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.

(iiii) Doug Good Shoal Marker Reserve

This reserve was established by donations. The purpose of this fund is to be utilized for shoal markers.

(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. Revenue from dry dock store is recognized when the goods are delivered to customers.

(g) Cash and Equivalents

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

**BIG RIDEAU LAKE ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

3. TANGIBLE CAPITAL ASSETS

	2018	2017
	\$	\$
Cow Island		
Land	5,000	5,000
Club house	13,848	13,848
Equipment	1,329	2,656
Fire pumps (3) and generator	1	1
Solar equipment	4,958	9,917
	25,136	31,422

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

(a) Net assets are internally restricted as follows:

	2018	2017
	\$	\$
Reserve for Cow Island	2,500	2,500
Reserve for Environmental Issues		
Doug Good Shoal Marker Reserve	11,231	11,164
Reserve for special projects	11,500	11,500
	25,231	25,164

(b) During the year \$1,727 was transferred from the Doug Good Shoal Marker Reserve to fund the replacement of new shoal markers.

**BIG RIDEAU LAKE ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

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

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

	2018	2017
	\$	\$
(INCREASE) DECREASE IN CURRENT ASSETS		
Accounts receivable		15
Prepaid expenses	(1,845)	374
	(1,845)	389
INCREASE (DECREASE) IN CURRENT LIABILITIES		
Accounts payable and accrued liabilities	133	(1)
Deferred revenue	(75)	(325)
	58	(326)
NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES RELATED TO OPERATIONS	(1,787)	63

6. 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, 2018**

7. 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*.

8. 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.