

Financial Statements of

SCUGOG LAKE STEWARDS INC.

December 31, 2017

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INDEPENDENT AUDITORS' REPORT

To the Members of Scugog Lake Stewards Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Scugog Lake Stewards Inc., which comprise the statement of financial position as at December 31, 2017 and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

In common with many not-for-profit organizations, Scugog Lake Stewards Inc. derives revenues from fundraising activities and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenditures, current assets and net assets.

Qualified Opinion

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Scugog Lake Stewards Inc. as at December 31, 2017, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Scugog Accounting Professional Corporation

Authorized to practise public accounting by the Chartered Professional Accountants of Ontario

Port Perry, Ontario
April 18, 2018

SCUGOG LAKE STEWARDS INC.

STATEMENT OF FINANCIAL POSITION

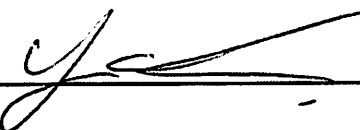
As at December 31, 2017

	2017	2016
	\$	\$
ASSETS		
CURRENT ASSETS		
Cash	131,034	52,837
Investments (note 5)	100,000	252,985
Accounts receivable (note 6)	244,961	553
Prepaid expenses	1,017	1,017
	<u>477,012</u>	<u>307,392</u>
CAPITAL ASSETS		
Tent	1,715	1,715
Accumulated amortization	(727)	(481)
	<u>988</u>	<u>1,234</u>
	<u>478,000</u>	<u>308,626</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	5,201	3,000
NET ASSETS		
Unrestricted general fund	4,393	4,860
Investment in capital assets	987	1,234
Externally restricted funds (note 7)	467,419	299,532
	<u>472,799</u>	<u>305,626</u>
	<u>478,000</u>	<u>308,626</u>

Approved on behalf of the Board:



Director



Director

SCUGOG LAKE STEWARDS INC.

STATEMENT OF CHANGES IN NET ASSETS

Year Ended December 31, 2017

	General Fund \$	Investment in Capital Assets \$	Restricted Funds (Note 7) \$	2017 Total \$	2016 Total \$
BALANCE - beginning of year	4,860	1,234	299,532	305,626	28,250
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES FOR THE YEAR	(467)	(247)	167,887	167,173	277,376
BALANCE - end of year	4,393	987	467,419	472,799	305,626

SCUGOG LAKE STEWARDS INC.

STATEMENT OF OPERATIONS

Year Ended December 31, 2017

	2017	2016
	\$	\$
REVENUES		
Restricted funds (note 7)	389,982	287,105
Fundraising	-	1,022
Donations - memberships	4,065	3,050
Donations - general	2,315	8,204
	<u>396,362</u>	<u>299,381</u>
EXPENDITURES		
Accounting	2,500	4,875
Insurance	1,514	1,383
Memberships	333	328
Fundraising	-	101
Website	385	329
Projects (note 7)	222,095	12,860
Advertising and promotion	-	128
Office and general	1,943	1,219
Printing	53	354
Bank charges and interest	120	119
Amortization	247	309
	<u>229,189</u>	<u>22,005</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES FOR THE YEAR	<u>167,173</u>	<u>277,376</u>

SCUGOG LAKE STEWARDS INC.

STATEMENT OF CASH FLOWS

Year Ended December 31, 2017

	2017	2016
	\$	\$
CASH PROVIDED FROM (USED FOR)		
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenditures for the year	167,173	277,376
Add amortization of capital assets	247	309
	<u>167,420</u>	<u>277,685</u>
Changes in non-cash working capital items:		
Accounts receivable	(244,408)	(310)
Prepaid expenses	-	(165)
Accounts payable and accrued liabilities	2,200	-
Deferred revenue	-	(330)
Receipt of marketable securities in-kind	-	(52,985)
	<u>(74,788)</u>	<u>223,895</u>
INVESTING ACTIVITIES		
Disposition of investments	252,985	-
Purchase of investments	(100,000)	(200,000)
	<u>152,985</u>	<u>(200,000)</u>
INCREASE IN CASH FOR THE YEAR	78,197	23,895
CASH - beginning of year	52,837	28,942
CASH - end of year	131,034	52,837

SCUGOG LAKE STEWARDS INC.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

1. NATURE OF THE ENTITY

Scugog Lake Stewards Inc. (SLS) is an organization set up to assist with maintaining the health and well-being of Scugog Lake in Port Perry, Ontario. Scugog Lake Stewards Inc. was incorporated without share capital under the Ontario Corporation Act as a not-for-profit organization.

SLS is a registered charitable organization as defined in the Federal and Ontario Income Tax Acts. Accordingly, it is not subject to income taxes, provided certain requirements are met.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

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

(b) Fund accounting

Scugog Lake Stewards Inc. follows the restricted fund method of accounting for contributions. Under these principles, resources are classified for accounting purposes into funds that pertain to particular activities or objectives specified. These funds are classified as follows:

- i) The general fund accounts for Scugog Lake Stewards' operating and administrative activity. This fund reports unrestricted donations.
- ii) The investment in capital assets fund reports the organization's funds which have been invested in capital assets. These funds are not available for operating use.
- iii) The externally restricted fund reports the organization's funds which have stipulations made by the donor on how the funds are to be used. The related expenditures to these funds are allocated accordingly. The restricted funds include:

Lake Scugog Enhancement Project (LSEP) fund - for major project
Research fund - for ongoing research done on the lake

SCUGOG LAKE STEWARDS INC.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Revenue recognition

Contributions are recognized as revenue in the appropriate fund in the year received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured. Pledges, due to their inherent nature, are not recorded in the financial statements until received. Investment income is recognized as revenue in the appropriate fund in the year in which it is earned.

(d) Donated materials and services

Some members donate significant amounts of time or materials as volunteers of the organization. Donated materials and services are not recognized in these statements because of the difficulty in determining their fair value.

(e) Use of estimates

The preparation of financial statements in accordance with Canadian standards for not-for-profit organizations requires management to make certain estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingencies at the date of the financial statements and the reported amount of revenue and expenses during the period. The estimate used in the preparation of these financial statements is the useful life of capital assets. Actual results could differ from these estimates.

(f) Capital assets

Purchased capital assets are recorded at cost. The organization provides for amortization using the following methods and rates designed to amortize the cost of the capital assets over their useful life. The annual amortization rates and methods are as follows:

Tent	20% declining balance
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(g) Income taxes

The organization qualifies as a non-for-profit organization as defined in the Federal and Ontario Income Tax Acts and consequently, the organization is not subject to corporate income taxes.

SCUGOG LAKE STEWARDS INC.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

3. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

(a) Measurement of financial instruments:

Scugog Lake Stewards' financial instruments consist of cash, investments, accounts receivable, accounts payable and accrued liabilities. The organization initially measures its financial assets and liabilities at fair value, and subsequently measures them at amortized cost, with the exception of its investments, which are measured at fair value. Changes in fair value are recognized in the statement of operations in the period incurred.

(b) Liquidity risk:

Liquidity risk is the risk that the Scugog Lake Stewards will not be able to meet its obligations associated with financial liabilities. Cash flow from operations provides all of the organization's cash requirements.

(c) Credit risk:

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. SLS is exposed to credit risk in the event of non-performance by counterparties in connection with its accounts receivable. The organization is not exposed to any significant credit risk.

(d) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The organization is exposed to this risk through the investments asset.

4. LSEP PROJECT

During the year, Scugog Lake Stewards entered into a memorandum of understanding with the Township of Scugog ("the Township") to distribute the funds received for the LSEP project. In 2017, \$133,200 (2016 - \$0) was transferred to the Township for disbursement.

5. INVESTMENTS

The investments held December 31, 2017 include a guaranteed investment certificate in the amount of \$100,000 (2016 - \$200,000 GIC and \$52,985 of marketable securities).

SCUGOG LAKE STEWARDS INC.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

6. ACCOUNTS RECEIVABLE

Included in accounts receivable is government HST recoveries of \$3,761 (2016 - \$553). There is no allowance for doubtful accounts included in accounts receivable.

7. RESTRICTED FUNDS

The organization receives funding for various projects either through externally restricted donations, fundraising, grants or interal transfers between funds. Funds received for each project, as well as the expenditures and transfers, are as follows:

Project	January	Restricted	Restricted	Restricted	Transfers	Expenses	December
	1, 2017	Grants	Donations	Fundraising	(General Fund)		31, 2017
	\$	\$	\$	\$	\$	\$	\$
LSEP	295,710	-	10,492	4,991	-	(140,267)	170,926
Research	3,822	369,000	5,500	-	-	(81,829)	296,493
	<u>299,532</u>	<u>369,000</u>	<u>15,992</u>	<u>4,991</u>	<u>-</u>	<u>(222,096)</u>	<u>467,419</u>

8. COMPARATIVE INFORMATION

Certain comparative figures have been reclassified to conform with the current year's presentation.