

# **FRESHWATER FUTURE CANADA**

Financial Statements  
for the Year Ended September 30, 2020  
and Independent Auditor's Report to the Directors

**FRESHWATER FUTURE CANADA**  
FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020

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CHARTERED  
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## INDEPENDENT AUDITOR'S REPORT

To the Directors of  
Freshwater Future Canada:

### Qualified Opinion

We have audited the accompanying financial statements of Freshwater Future Canada (the Organization), which comprise the statement of financial position as at September 30, 2020 and the statements of operations and fund balance and of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the financial statements present fairly, in all material respects, the financial position of the Organization as at September 30, 2020, 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.

### Basis for Qualified Opinion

In common with many charitable organizations, the Organization derives revenue from donations the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to revenue, excess of revenues over expenses, and cash flows from operations for the years ended September 30, 2020 and 2019, current assets as at September 30, 2020 and 2019, and net assets as at October 1 and September 30 for both the 2020 and 2019 years. Our audit opinion on the financial statements for the year ended September 30, 2019 was modified accordingly because of the possible effects of this limitation in scope.

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 in our audit is sufficient and appropriate to provide a basis for our qualified opinion.

### Responsibilities of Management and Those Charged With Governance 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.

In preparing the 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.

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.

*Durward Jones Barkwell + Company LLP*

**Durward Jones Barkwell & Company LLP**  
**Licensed Public Accountants**

**December 21, 2020**

**FRESHWATER FUTURE CANADA**  
 STATEMENT OF OPERATIONS AND FUND BALANCE  
 YEAR ENDED SEPTEMBER 30, 2020

	<u>2020</u>	<u>2019</u>
<b>REVENUE</b>		
Donations	\$ 5,018	\$ 5,493
Grants	7,742	54,311
Contributed services (Note 4)	5,334	23,198
	<b>18,094</b>	<b>83,002</b>
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>		
Bank charges and interest	14	15
Insurance	1,160	1,056
Office supplies	539	3,152
Professional fees	8,420	12,763
Rent - office	780	2,241
Subcontracting	4,986	78,951
Travel	-	2,121
	<b>15,899</b>	<b>100,299</b>
<b>EXCESS OF EXPENSES OVER REVENUE</b>	<b>2,195</b>	<b>(17,297)</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b>44,727</b>	<b>62,024</b>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 46,922</b>	<b>\$ 44,727</b>

**FRESHWATER FUTURE CANADA**STATEMENT OF FINANCIAL POSITION  
SEPTEMBER 30, 2020

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 103,467	\$ 95,459
Accounts receivable	-	288
HST recoverable	661	2,715
Prepaid expenses	-	125
	<b>\$ 104,128</b>	<b>\$ 98,587</b>
<b>LIABILITIES</b>		
<b>Current liability</b>		
Accounts payable and accrued charges	\$ 4,900	\$ 8,924
<b>Deferred contributions (Note 2)</b>	<b>52,306</b>	44,936
	<b>57,206</b>	53,860
<b>FUND BALANCE</b>	<b>46,922</b>	44,727
	<b>\$ 104,128</b>	<b>\$ 98,587</b>

Approved by the Board:

..... Director

..... Director

# FRESHWATER FUTURE CANADA

STATEMENT OF CASH FLOWS  
YEAR ENDED SEPTEMBER 30, 2020

	<u>2020</u>	<u>2019</u>
<b>OPERATING ACTIVITIES</b>		
Excess of expenses over revenue	\$ 2,195	\$ (17,297)
Changes in non-cash operating assets and liabilities		
Accounts receivable	288	(288)
HST recoverable	2,054	1,370
Prepaid expenses	125	931
Accounts payable and accrued charges	(4,024)	5,424
Deferred contributions	7,370	(20,730)
<b>INCREASE (DECREASE) IN CASH</b>	<b>8,008</b>	<b>(30,590)</b>
<b>CASH, BEGINNING OF YEAR</b>	<b>95,459</b>	<b>126,049</b>
<b>CASH, END OF YEAR</b>	<b>\$ 103,467</b>	<b>\$ 95,459</b>

# FRESHWATER FUTURE CANADA

NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020

## 1. SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

### ***Basis of accounting***

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

### ***Purpose of the Organization***

Freshwater Future Canada is incorporated without share capital under the Ontario Corporations Act as a not-for-profit organization. The Organization's purpose is to support the Great Lakes' ecosystem research, education and management. The Organization is a registered charity and is exempt from income taxes under section 149(1)(1) of the Canadian Income Tax Act.

### ***Revenue recognition***

The Organization recognizes revenue using the deferral method. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted revenues are recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

### ***Contributed services***

Contributions of services are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the services are used in the normal course of the Organization's operations and would otherwise have been purchased.

### ***Financial instruments***

#### **(a) Measurement of financial instruments**

The Organization initially measures its financial assets and financial liabilities at their fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributed to the instrument.

The Organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments, which are subsequently measured at fair value. Changes in fair value are recognized in net income.

Financial asset measured at amortized cost include cash.

Financial liabilities measured at amortized cost include accounts payable and accrued charges.

#### **(b) Impairment**

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in the statement of operations. The write-down reflects the difference between the carrying amount and the higher of:

- (a) the present value of the cash flows expected to be generated by the asset or group of assets;
- (b) the amount that could be realized by selling the asset or group of assets;
- (c) the net realizable value of any collateral held to secure repayment of the asset or group of assets.

When events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in the statement of operations up to the amount of the previously recognized impairment.



# FRESHWATER FUTURE CANADA

NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020

## ***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 affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates and assumptions are used when accounting for items such as determination of deferred contributions, contingent liabilities and accrued charges as well as revenue recognition. Actual results could differ from management's best estimates, as additional information becomes available in the future.

## **2. DEFERRED CONTRIBUTIONS**

Deferred contributions represent unspent externally restricted resources for projects that have an ending contract date subsequent to year end.

	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 44,936	\$ 29,601
Amount recognized as revenue in the year	(7,630)	(29,601)
Amount received related to the following year	15,000	44,936
	<b>\$ 52,306</b>	<b>\$ 44,936</b>

## **3. FINANCIAL RISK MANAGEMENT**

The Organization has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The risks that arise from transacting financial instruments include interest rate risk, market (other price) risk, currency risk, credit risk, and liquidity risk. Price risk arises from changes in interest rates, foreign currency exchange rates and market prices.

It is management's opinion that the Organization is not exposed to significant interest rate, market, currency, credit or liquidity risks arising from its financial instruments.

## **4. CONTRIBUTED SERVICES**

During the year ended September 30, 2020 the Organization received contributed services of \$5,334 (2019 - \$23,198), representing the estimated fair value contributions of management, administrative and bookkeeping services.

## **5. CONTINGENCY**

The operating results of the Organization may be subject to review by the various organizations who provide funding. Any adjustments which may result from a review will be made during the subsequent years and will be accounted for as a current year adjustment to the statement of operations and fund balance.

# FRESHWATER FUTURE CANADA

NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020

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## 6. IMPACT OF COVID-19 PANDEMIC

Since December 31, 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of nonessential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown.

The Organization has determined that adjustments to the financial statements are not required as a result of these events. Accordingly, the financial position and results of operations as of and for the year ended September 30, 2020 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Organization for future periods.

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