

Lake of Bays Association
(A Corporation Without Share Capital)
Financial Statements
For the year ended October 31, 2017

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Independent Auditor's Report

To the Members of Lake of Bays Association (A Corporation Without Share Capital)

We have audited the accompanying financial statements of Lake of Bays Association (A Corporation Without Share Capital), which comprise the statement of financial position as at October 31, 2017, and the statements of general fund operations and accumulated surplus, action fund operations and accumulated surplus 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.

Auditor's 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 auditor's 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 qualified audit opinion.

Basis for Qualified Opinion

In common with many not-for-profit organizations, Lake of Bays Association (A Corporation Without Share Capital) derives revenue from 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 Association and we were not able to determine whether any adjustments might be necessary to revenues, excess of revenue over expenses and cash flows from operations for the years ended October 31, 2017 and 2016, current assets as at October 31, 2017 and 2016, and accumulated surplus as at November 1 and October 31 for both the 2017 and 2016 years. Our audit opinion on the financial statements for the year ended October 31, 2016 was modified accordingly because of the possible effects of this limitation in scope.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the statement of financial position of Lake of Bays Association (A Corporation Without Share Capital) as at October 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Huntsville, Ontario
January 20, 2018

Lake of Bays Association
Statement of Financial Position
(A Corporation Without Share Capital)

October 31	2017	2016
Assets		
Current		
Cash	\$ 115,965	\$ 119,791
Short-term investments (Note 2)	88,100	51,000
Accounts receivable	8,987	376
Prepaid expenses	3,949	3,911
	217,001	175,078
Long-term investments (Note 3)	143,500	179,600
Land	10,377	10,377
	\$ 370,878	\$ 365,055
Liabilities and Accumulated Surplus		
Liabilities		
Accounts payable and accrued liabilities	\$ 63,782	\$ 14,180
Deferred revenue	24,661	2,568
	88,443	16,748
Accumulated surplus		
General fund	93,002	90,811
Action fund	189,433	257,496
	282,435	348,307
	\$ 370,878	\$ 365,055

On behalf of the Board:

_____ Director

Lake of Bays Association
Statement of General Fund Operations and Accumulated Surplus
(A Corporation Without Share Capital)

For the year ended October 31	2017	2016
Revenue		
Membership fees	\$ 62,247	\$ 64,799
Advertising	57,190	62,267
Interest and other income	4,829	4,454
	124,266	131,520
Expenses		
Contracted services	28,510	27,016
Directors' and executive committee meetings	2,695	2,983
Donations	2,075	2,089
Environment committee	8,304	11,144
General administration	16,122	11,665
Memberships	3,965	3,610
Newsletters and other membership services	12,047	17,315
Planning	385	-
Professional fees	5,243	5,000
Website	1,252	763
Yearbook	41,477	42,231
	122,075	123,816
Excess of revenue over expenses for the year	2,191	7,704
Accumulated surplus, beginning of year	90,811	123,107
Transfer to Action Fund	-	(40,000)
Accumulated surplus, end of year	\$ 93,002	\$ 90,811

Lake of Bays Association
Statement of Action Fund Operations and Accumulated Surplus
(A Corporation Without Share Capital)

For the year ended October 31	2017	2016
Revenue		
Donations	\$ 14,517	\$ 16,200
Expenses		
Community project	2,000	1,917
External affairs	5,000	-
OMB appeal	75,580	-
Planning consulting fees	-	7,314
	<u>82,580</u>	<u>9,231</u>
Excess (deficiency) of revenue over expenses for the year	(68,063)	6,969
Accumulated surplus, beginning of year	257,496	210,527
Transfer from General Fund	-	40,000
Accumulated surplus, end of year	\$ 189,433	\$ 257,496

The accompanying notes are an integral part of these financial statements.

Lake of Bays Association
Statement of Cash Flows
(A Corporation Without Share Capital)

For the year ended October 31	2017	2016
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenue over expenses for the year	\$ 2,191	\$ 7,704
General fund	(68,063)	6,969
Action fund	(65,872)	14,673
Changes in non-cash working capital balances		
Accounts receivable	(8,611)	1,890
Prepaid expenses	(38)	-
Accounts payable and accrued liabilities	49,602	(4,144)
Deferred revenue	22,093	975
	(2,826)	13,394
Investing activities		
Purchase of investments	(1,000)	(1,000)
Increase (decrease) in cash during the year	(3,826)	12,394
Cash, beginning of year	119,791	107,397
Cash, end of year	\$ 115,965	\$ 119,791

The accompanying notes are an integral part of these financial statements.

**Lake of Bays Association
Notes to Financial Statements
(A Corporation Without Share Capital)**

October 31, 2017

1. Summary of Significant Accounting Policies

Nature and Purpose of Organization	The Association is a not-for-profit organization incorporated without share capital under the laws of Ontario on September 21, 1978 and as such is exempt from income taxes under the Income Tax Act. The Association is dedicated to promoting, maintaining and enhancing a clean, healthy and natural environment, a well serviced community and a safe peaceful Lake of Bays.
Basis of Accounting	<p>These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.</p> <p>These financial statements were prepared using the accrual basis of accounting. The accrual basis recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipts of goods or services and the creation of a legal obligation to pay.</p> <p>The general fund accounts for the Association's program delivery and administrative activities, while the action fund reports only internally restricted resources that are to be used for special projects as determined by the Board of Directors.</p>
Investments	Investments are recorded at amortized cost and include the face value of guaranteed investment certificates. Accrued interest is recorded in accounts receivable.
Capital Assets	Capital assets (except land) are not recorded on the statement of financial position. Expenses for computer and other office equipment in the year are recorded as expenses and disclosed in the statement of operations. During the year, \$nil (2016 - \$nil) was expensed relating to capital assets.
Impairment of Long-Lived Assets	The Association tests for impairment of long-lived assets whenever events or changes in circumstances occur, which may cause their carrying value to exceed the total undiscounted cash flows expected from their use and eventual disposition. An impairment loss, if any, is determined as the excess of the carrying value of the asset over its fair value.
Revenue Recognition	<p>The Association follows the deferral method of accounting for contributions. Restricted contributions and donations of a capital nature are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.</p> <p>Membership and advertising receipts are recognized as revenue in the fiscal year in which they relate. Donations and other income are recognized in the year they are received.</p>

**Lake of Bays Association
Notes to Financial Statements
(A Corporation Without Share Capital)**

October 31, 2017

1. Summary of Significant Accounting Policies (continued)

Financial Instruments

Measurement

The Association initially measures its financial assets and liabilities at fair value. The Association subsequently measures all its financial assets and liabilities at amortized cost.

Financial instruments measured at amortized cost are short-term investments, accounts receivable, long-term investments and accounts payable and accrued liabilities.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment.

Transaction costs

The Association recognizes its transaction costs in the statement of operations of the appropriate fund in the year incurred for financial instruments measured at fair value. Financial instruments that are subsequently measured at amortized cost are adjusted by the transaction costs in the initial measurement of the asset or liability.

Credit risk

The Association is periodically exposed to credit risk arising from bank accounts and guaranteed investment certificates being concentrated in one financial institution as deposits are only insured up to \$100,000.

Use of Estimates

The preparation of financial statements in accordance with 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. The principal estimates used in the preparation of these financial statements are the accrued liabilities. Actual results could differ from management's best estimates as additional information becomes available in the future.

Lake of Bays Association
Notes to Financial Statements
(A Corporation Without Share Capital)

October 31, 2017

1. Summary of Significant Accounting Policies (continued)

**Contributed Materials
and Services**

A substantial number of volunteers contribute a significant amount of their time to the Association each year. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Contributed materials 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.

2. Short-Term Investments

	2017	2016
Guaranteed Investment Certificate, bearing interest at 2.20%, maturing October 2018	\$ 88,100	\$ -
Guaranteed Investment Certificate, bearing interest at 1.25%, matured during the year	-	51,000
	\$ 88,100	\$ 51,000

3. Long-Term Investments

	2017	2016
Guaranteed Investment Certificate, bearing interest at 0.65%, maturing September 2020	\$ 52,000	\$ -
Guaranteed Investment Certificate, bearing interest at 2.30%, maturing October 2019	91,500	91,500
Guaranteed Investment Certificate, bearing interest at 2.20%, maturing October 2018	-	88,100
	\$ 143,500	\$ 179,600

**Lake of Bays Association
Notes to Financial Statements
(A Corporation Without Share Capital)**

October 31, 2017

4. Commitments

The Association has entered into agreements with an administrative assistant with monthly fees totalling \$863 to November 30, 2017 and \$1,035 to November 30, 2018 and an executive coordinator with monthly fees totaling \$1,400 to November 30, 2017 and \$1,680 to November 30, 2018. These agreements are cancelable by either party with 90 days written notice.

The Association has entered into an agreement with an advertising agency to act on behalf of the Association at a cost of 22% for advertising sold and 15% for contra-advertising. During the year, this amounted to \$12,542 (2016 - \$13,659) and is included in yearbook expenses. This agreement is cancelable by either party with 90 days written notice.