

Lake of Bays Association
(A Corporation Without Share Capital)
Financial Statements
For the year ended October 31, 2018

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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, 2018, 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, 2018 and 2017, current assets as at October 31, 2018 and 2017, and accumulated surplus as at November 1 and October 31 for both the 2018 and 2017 years. Our audit opinion on the financial statements for the year ended October 31, 2017 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, 2018, 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

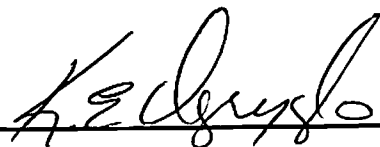
Chartered Professional Accountants, Licensed Public Accountants

Huntsville, Ontario
March 19, 2019

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

October 31	2018	2017
Assets		
Current		
Cash	\$ 103,900	\$ 115,965
Short-term investments (Note 2)	91,500	88,100
Accounts receivable	4,017	8,987
Prepaid expenses	3,949	3,949
	203,366	217,001
Long-term investments (Note 3)	140,100	143,500
Land	10,377	10,377
	\$ 353,843	\$ 370,878
Liabilities and Accumulated Surplus		
Liabilities		
Accounts payable and accrued liabilities	\$ 25,196	\$ 63,782
Deferred revenue	35,576	24,661
	60,772	88,443
Accumulated surplus		
General fund	93,612	93,002
Action fund	199,459	189,433
	293,071	282,435
	\$ 353,843	\$ 370,878

On behalf of the Board:


 _____ Director

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

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

For the year ended October 31	2018	2017
Revenue		
Membership fees	\$ 62,679	\$ 62,247
Advertising	65,859	57,190
Interest and other income	5,150	4,829
Grant	950	-
	<u>134,638</u>	<u>124,266</u>
Expenses		
Contracted services	32,128	28,510
Directors' and executive committee meetings	2,411	2,695
Donations	2,000	2,075
Environment committee	11,901	8,304
External affairs	1,000	-
General administration	14,088	16,122
Memberships	3,730	3,965
Newsletters and other membership services	20,660	12,047
Planning	38	385
Professional fees	4,476	5,243
Website	834	1,252
Yearbook	40,762	41,477
	<u>134,028</u>	<u>122,075</u>
Excess of revenue over expenses for the year	610	2,191
Accumulated surplus, beginning of year	<u>93,002</u>	<u>90,811</u>
Accumulated surplus, end of year	<u>\$ 93,612</u>	<u>\$ 93,002</u>

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

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

For the year ended October 31	2018	2017
Revenue		
Donations	\$ 19,077	\$ 14,517
Expenses		
Community projects	2,000	2,000
External affairs	-	5,000
OMB appeal	-	75,580
Planning consulting fees	7,051	-
	9,051	82,580
Excess (deficiency) of revenue over expenses for the year	10,026	(68,063)
Accumulated surplus, beginning of year	189,433	257,496
Accumulated surplus, end of year	\$ 199,459	\$ 189,433

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

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

For the year ended October 31	2018	2017
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenue over expenses for the year		
General fund	\$ 610	\$ 2,191
Action fund	10,026	(68,063)
	<u>10,636</u>	<u>(65,872)</u>
Changes in non-cash working capital balances		
Accounts receivable	4,970	(8,611)
Prepaid expenses	-	(38)
Accounts payable and accrued liabilities	(38,586)	49,602
Deferred revenue	10,915	22,093
	<u>(12,065)</u>	<u>(2,826)</u>
Investing activities		
Purchase of investments	-	(1,000)
	<u>-</u>	<u>(1,000)</u>
Decrease in cash during the year	(12,065)	(3,826)
Cash, beginning of year	<u>115,965</u>	<u>119,791</u>
Cash, end of year	\$ 103,900	\$ 115,965

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

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

October 31, 2018

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 purpose of the Lake of Bays Association is to promote, sustain and enhance a clean and healthy natural environment, a well serviced community and a safe and peaceful Lake of Bays.

Basis of Accounting

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

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.

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.

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 included in general administration in the statement of operations. During the year, \$687 (2017 - \$218) 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

The Association follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the fiscal year to which they relate. Unrestricted contributions are recognized when received or receivable, if the amount can be reasonably estimated and collection is reasonably assured.

Membership fees, advertising receipts and donations are recognized as revenue in the fiscal year to which they relate. Other income is recognized in the year it is received.

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

October 31, 2018

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
(A Corporation Without Share Capital)
Notes to Financial Statements

October 31, 2018

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

	2018	2017
Guaranteed Investment Certificate, bearing interest at 2.30%, maturing October 2019	\$ 91,500	\$ -
Guaranteed Investment Certificate, bearing interest at 2.20%, matured during the year	-	88,100
	\$ 91,500	\$ 88,100

3. Long-Term Investments

	2018	2017
Guaranteed Investment Certificate, bearing interest at 0.70% (2017 - 0.65%), maturing September 2020	\$ 52,000	\$ 52,000
Guaranteed Investment Certificate, bearing interest at 3.20%, maturing April 2020	88,100	-
Guaranteed Investment Certificate, bearing interest at 2.30%, maturing October 2019	-	91,500
	\$ 140,100	\$ 143,500

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

October 31, 2018

4. Commitments

The Association has entered into agreements with an administrative assistant with monthly fees totalling \$1,036 to November 30, 2019 and an executive coordinator with monthly fees totalling \$1,680 to November 30, 2019. These agreements are cancellable 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 \$12,091 (2017 - \$12,542) and is included in yearbook expenses. This agreement is cancellable by either party with 90 days written notice.