

Lake of Bays Association
(A Corporation Without Share Capital)
Financial Statements
For the year ended October 31, 2019

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Independent Auditor's Report

To the Board of Directors of Lake of Bays Association

Qualified Opinion

We have audited the financial statements of Lake of Bays Association (the Organization), which comprise the statement of financial position as at October 31, 2019, the statements of general fund operations and accumulated surplus, action fund operations and accumulated surplus and 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 accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at October 31, 2019, 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 Qualified Opinion

In common with many not-for-profit 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 donation revenue, excess (deficiency) of revenues over expenses, and cash flows from operations for the years ended October 31, 2019 and 2018, current assets as at October 31, 2019 and 2018, and accumulated surplus as at November 1 and October 31 for both the 2019 and 2018 years. Our audit opinion on the financial statements for the year ended October 31, 2018 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 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 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Huntsville, Ontario
February 20, 2020

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

October 31	2019	2018
Assets		
Current		
Cash	\$ 110,829	\$ 103,900
Short-term investments (Note 3)	140,100	91,500
Accounts receivable (Note 2)	3,883	4,857
Prepaid expenses	3,988	3,949
	258,800	204,206
Long-term investments (Note 4)	97,960	140,100
Land	10,377	10,377
	\$ 367,137	\$ 354,683
Liabilities and Accumulated Surplus		
Liabilities		
Accounts payable and accrued liabilities (Notes 2 & 5)	\$ 25,550	\$ 26,036
Deferred revenue	44,892	35,576
	70,442	61,612
Accumulated surplus		
General fund	91,585	93,612
Action fund	205,110	199,459
	296,695	293,071
	\$ 367,137	\$ 354,683

On behalf of the Board:

_____ Director

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

For the year ended October 31	2019	2018
Revenue		
Membership fees	\$ 61,985	\$ 62,679
Advertising	44,491	65,859
Interest and other income	6,493	5,150
Grant	-	950
	<u>112,969</u>	<u>134,638</u>
Expenses		
Contracted services	32,580	32,128
Directors' and executive committee meetings	1,697	2,411
Donations	2,100	2,000
Environment committee	7,747	11,901
External affairs	-	1,000
General administration	12,129	14,088
Memberships	3,270	3,730
Newsletters and other membership services	13,137	20,660
Planning	-	38
Professional fees	5,152	4,476
Website	3,263	834
Yearbook	33,921	40,762
	<u>114,996</u>	<u>134,028</u>
Excess (deficiency) of revenue over expenses for the year	(2,027)	610
Accumulated surplus, beginning of year	<u>93,612</u>	<u>93,002</u>
Accumulated surplus, end of year	<u>\$ 91,585</u>	<u>\$ 93,612</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	2019	2018
Revenue		
Donations	\$ 16,899	\$ 19,077
Expenses		
Community projects	1,500	2,000
Planning consulting fees	9,748	7,051
	11,248	9,051
Excess of revenue over expenses for the year	5,651	10,026
Accumulated surplus, beginning of year	199,459	189,433
Accumulated surplus, end of year	\$ 205,110	\$ 199,459

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	2019	2018
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenue over expenses for the year		
General fund	\$ (2,027)	\$ 610
Action fund	5,651	10,026
	<u>3,624</u>	<u>10,636</u>
Changes in non-cash working capital balances		
Accounts receivable (Note 2)	974	(783)
Prepaid expenses	(39)	-
Accounts payable and accrued liabilities (Note 2)	(486)	(32,833)
Deferred revenue	9,316	10,915
	<u>13,389</u>	<u>(12,065)</u>
Investing activities		
Purchase of investments	<u>(6,460)</u>	-
Increase (decrease) in cash during the year	6,929	(12,065)
Cash, beginning of year	<u>103,900</u>	<u>115,965</u>
Cash, end of year	\$ 110,829	\$ 103,900

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, 2019

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 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, \$60 (2018 - \$687) 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, 2019

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 cost.

Impairment

Financial assets 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.

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.

**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. Comparative Figures

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

Lake of Bays Association
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Notes to Financial Statements

October 31, 2019

3. Short-Term Investments

	2019	2018
Guaranteed Investment Certificate, bearing interest at 3.20%, maturing April 2020	\$ 88,100	\$ -
Guaranteed Investment Certificate, bearing interest at 0.75%, maturing September 2020	52,000	-
Guaranteed Investment Certificate, bearing interest at 2.30%, matured during the year	-	91,500
	\$ 140,100	\$ 91,500

4. Long-Term Investments

	2019	2018
Guaranteed Investment Certificate, bearing interest at 2.70%, maturing April 2021	\$ 97,960	\$ -
Guaranteed Investment Certificate, bearing interest at 3.20%, maturing April 2020	-	88,100
Guaranteed Investment Certificate, bearing interest at 0.70%, maturing September 2020	-	52,000
	\$ 97,960	\$ 140,100

5. Government Remittances

Included in accounts payable and accrued liabilities are government remittances payable of \$3,650 (2018 - \$841).

6. Commitments

The Association has entered into agreements with an administrative assistant with monthly fees totalling \$1,036 to November 30, 2020 and an executive coordinator with monthly fees totalling \$1,680 to November 30, 2020. 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. During the year, this amounted to \$9,734 (2018 - \$14,467) and is included in yearbook and newsletters and other membership services expenses. This agreement is cancellable by either party with 90 days written notice.