

LAKE OF BAYS ASSOCIATION
(A CORPORATION WITHOUT SHARE CAPITAL)
Financial Statements
Year Ended October 31, 2023

LAKE OF BAYS ASSOCIATION
(A CORPORATION WITHOUT SHARE CAPITAL)

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Year Ended October 31, 2023

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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, 2023, the statements of general fund operations and accumulated surplus, action fund operations and accumulated surplus and the statement 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 accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at October 31, 2023, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

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 of revenues over expenses, and cash flows from operations for the year ended October 31, 2023, current assets and net assets as at October 31, 2023.

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 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 qualified audit 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 ASNPO, 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.

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Independent Auditor's Report to the Board of Directors of Lake of Bays Association (continued)

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.

Pahapill and Associates

Huntsville, Ontario
February 29, 2024

Pahapill and Associates Professional Corporation
Chartered Professional Accountants
Authorized to practise public accounting by
The Chartered Professional Accountants of Ontario

LAKE OF BAYS ASSOCIATION
(A CORPORATION WITHOUT SHARE CAPITAL)

Statement of Financial Position

October 31, 2023

| | 2023 | 2022 |
|--|-----------------|------------|
| ASSETS | | |
| CURRENT | | |
| Cash | \$ 88,168 | \$ 69,291 |
| Short-term investments <i>(Note 3)</i> | 192,500 | 169,500 |
| Accounts receivable | 7,281 | 2,767 |
| Prepaid expenses | 3,953 | 4,048 |
| | 291,902 | 245,606 |
| LONG-TERM INVESTMENTS <i>(Note 4)</i> | 75,000 | 98,000 |
| LAND | 10,377 | 10,377 |
| | \$ 377,279 | \$ 353,983 |
| LIABILITIES AND ACCUMULATED SURPLUS | | |
| CURRENT | | |
| Accounts payable and accrued liabilities <i>(Note 5)</i> | \$ 13,130 | \$ 3,055 |
| Deferred revenue <i>(Note 6)</i> | 33,238 | 36,890 |
| | 46,368 | 39,945 |
| ACCUMULATED SURPLUS | | |
| General fund | 148,272 | 120,959 |
| Action fund | 182,639 | 193,079 |
| | 330,911 | 314,038 |
| | \$ 377,279 | \$ 353,983 |
| ON BEHALF OF THE BOARD | | |
| | <i>Director</i> | |
| | <i>Director</i> | |

LAKE OF BAYS ASSOCIATION
(A CORPORATION WITHOUT SHARE CAPITAL)
Statement of General Fund Operations and Accumulated Surplus

For the Year Ended October 31, 2023

| | 2023 | 2022 |
|---|--------------------------|--------------------------|
| REVENUES | | |
| Membership fees | \$ 82,748 | \$ 72,088 |
| Advertising | 52,440 | 53,726 |
| Interest | 10,881 | 5,199 |
| | <u>146,069</u> | <u>131,013</u> |
| EXPENSES | | |
| Contracted services | 38,562 | 42,420 |
| Directors' and executive committee meetings | 2,347 | 200 |
| Donations | 2,000 | 2,000 |
| Environment committee | 8,488 | 9,492 |
| General administration | 13,229 | 16,542 |
| Memberships | 3,600 | 3,445 |
| Newsletters and other membership services | 15,622 | 15,100 |
| Professional fees | 4,326 | 3,000 |
| Website | 1,353 | 1,430 |
| Yearbook | 29,229 | 37,700 |
| | <u>118,756</u> | <u>131,329</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FOR THE YEAR | 27,313 | (316) |
| ACCUMULATED SURPLUS, BEGINNING OF YEAR | <u>120,959</u> | <u>121,275</u> |
| ACCUMULATED SURPLUS, END OF YEAR | <u>\$ 148,272</u> | <u>\$ 120,959</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, 2023

| | 2023 | 2022 |
|--|--------------------------|--------------------------|
| REVENUE | | |
| Donations | <u>\$ 18,640</u> | <u>\$ 21,422</u> |
| EXPENSES | | |
| Community Projects Action Fund | 1,500 | 3,000 |
| Planning - Consultants & Legal | <u>27,580</u> | <u>-</u> |
| | <u>29,080</u> | <u>3,000</u> |
| EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR | (10,440) | 18,422 |
| ACCUMULATED SURPLUS, BEGINNING OF YEAR | <u>193,079</u> | <u>174,657</u> |
| ACCUMULATED SURPLUS, END OF YEAR | <u>\$ 182,639</u> | <u>\$ 193,079</u> |

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, 2023

| | 2023 | 2022 |
|---|-------------------------|-------------------------|
| OPERATING ACTIVITIES | | |
| Excess (deficiency) of revenues over expenses | | |
| General fund | \$ 27,313 | \$ (316) |
| Action fund | <u>(10,440)</u> | <u>18,422</u> |
| | <u>16,873</u> | <u>18,106</u> |
| Changes in non-cash working capital | | |
| Accounts receivable | (4,514) | (497) |
| Prepaid expenses | 95 | (59) |
| Accounts payable and accrued liabilities | 10,075 | (5,564) |
| Deferred revenue | <u>(3,652)</u> | <u>33,141</u> |
| | <u>2,004</u> | <u>27,021</u> |
| Cash flow from operating activities | <u>18,877</u> | <u>45,127</u> |
| INVESTING ACTIVITY | | |
| Purchase of investments | <u>-</u> | <u>(21,000)</u> |
| INCREASE IN CASH FLOW | 18,877 | 24,127 |
| Cash - beginning of year | <u>69,291</u> | <u>45,164</u> |
| CASH - END OF YEAR | <u>\$ 88,168</u> | <u>\$ 69,291</u> |

The accompanying notes are an integral part of these financial statements

LAKE OF BAYS ASSOCIATION
(A CORPORATION WITHOUT SHARE CAPITAL)

Notes to Financial Statements

For the Year Ended October 31, 2023

1. NATURE AND PURPOSE OF THE 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

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 initially recorded at cost and include the face value of guaranteed investment certificates. Accrued interest is recorded in accounts receivable.

Capital assets

The Association has elected, in accordance with section 4431.03 of the CPA Handbook, to expense its capital assets (except land) as its average revenues are below \$500,000. Costs 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, \$nil (2022 - \$1,200) was expensed relating to capital assets.

Impairment of long-lived assets

The Organization 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.

Fund accounting

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, interest and donations are recognized as revenue in the fiscal year to which they relate.

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LAKE OF BAYS ASSOCIATION
(A CORPORATION WITHOUT SHARE CAPITAL)

Notes to Financial Statements

For the Year Ended October 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments

Measurement

The Organization initially measures its financial assets and liabilities at fair value. The Organization 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 Organization 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 Organization 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.

Contributed services

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

3. SHORT-TERM INVESTMENTS

| | 2023 | 2022 |
|--|------------|------------|
| Guaranteed Investment Certificate, bearing interest at 4.50%, maturing April 2024 | \$ 98,000 | \$ - |
| Guaranteed Investment Certificate, bearing interest at 5.00%, maturing October 2024 | 94,500 | - |
| Guaranteed Investment Certificate, bearing interest at 1.60%, maturing April 2023 | - | 94,500 |
| Guaranteed Investment Certificate, bearing interest at 1.95%, maturing October 2023 | - | 75,000 |
| | \$ 192,500 | \$ 169,500 |

4. LONG-TERM INVESTMENTS

| | 2023 | 2022 |
|--|-----------|-----------|
| Guaranteed Investment Certificate, bearing interest at 5.25%, maturing October 2025 | \$ 75,000 | \$ - |
| Guaranteed Investment Certificate, bearing interest at 4.50%, maturing April 2024 | - | 98,000 |
| | \$ 75,000 | \$ 98,000 |

LAKE OF BAYS ASSOCIATION
(A CORPORATION WITHOUT SHARE CAPITAL)

Notes to Financial Statements

For the Year Ended October 31, 2023

5. GOVERNMENT REMITTANCES PAYABLE

The following government remittances were payable (receivable) at year end:

| | <u>2023</u> | <u>2022</u> |
|---|-------------|-------------|
| Harmonized sales taxes payable (receivable) | \$ (1,156) | \$ (344) |

6. DEFERRED REVENUE

| | <u>2023</u> | <u>2022</u> |
|-------------------------|------------------|------------------|
| Prepaid Membership Fees | \$ 26,216 | \$ 28,398 |
| Prepaid Action Fund | 5,455 | 7,895 |
| Prepaid Fees/Sales | 442 | 597 |
| Prepaid Advertising | <u>1,125</u> | <u>-</u> |
| | <u>\$ 33,238</u> | <u>\$ 36,890</u> |

7. COMMITMENTS

As at October 31, 2023, the Organization has entered into agreements with a bookkeeper and a data entry clerk to October 31, 2024, at hourly rates of \$40 per hour and \$25 per hour, respectively, plus specified expenses, and an executive coordinator to October 31, 2024, with monthly fees totalling \$2,700. These agreements are cancellable by either party with 30 days written notice for the bookkeeper and 90 days written notice for the other two contracts.

The Organization has entered into an agreement with an advertising agency, to act on behalf of the Organization, at a cost of 22% for advertising sold. During the year, this amounted to \$11,221 (2022 - \$11,694) and is included in yearbook and newsletter and other membership services expenses. This agreement is cancellable by either party with 90 days written notice.
