

**LAKE OF BAYS ASSOCIATION**  
***(A CORPORATION WITHOUT SHARE CAPITAL)***  
**Financial Statements**  
**Year Ended October 31, 2025**

**LAKE OF BAYS ASSOCIATION**  
**(A CORPORATION WITHOUT SHARE CAPITAL)**

**Index to Financial Statements**  
**Year Ended October 31, 2025**

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	Page
INDEPENDENT AUDITOR'S REPORT	3 - 4
FINANCIAL STATEMENTS	
Statement of Financial Position	5
Statement of General Fund Operations and Accumulated Surplus	6
Statement of Action Fund Operations and Accumulated Surplus	7
Statement of Cash Flows	8
Notes to Financial Statements	9 - 12

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## INDEPENDENT AUDITOR'S REPORT

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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, 2025, 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, 2025, 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 years ended October 31, 2025 and 2024, current assets as at October 31, 2025 and 2024, and net assets as at November 1 and October 31 for both the 2025 and 2024 years. Our audit opinion on the financial statements for the year ended October 31, 2024 was modified accordingly because of the possible effects of this limitation of 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 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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*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  
March 12, 2026

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, 2025**

	2025	2024
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 90,698	\$ 115,191
Short-term investments (Note 3)	194,500	173,000
Accounts receivable (Note 4)	5,590	6,844
Prepaid expenses	4,992	3,953
	295,780	298,988
<b>INTANGIBLE ASSETS UNDER DEVELOPMENT</b>	<b>15,000</b>	-
<b>LONG-TERM INVESTMENTS (Note 5)</b>	<b>150,000</b>	94,500
<b>LAND (Note 6)</b>	-	10,377
	<b>\$ 460,780</b>	<b>\$ 403,865</b>
<b>LIABILITIES AND ACCUMULATED SURPLUS</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 15,512	\$ 4,324
Deferred revenue (Note 7)	32,105	25,352
	47,617	29,676
<b>ACCUMULATED SURPLUS</b>		
General fund	197,846	178,067
Action fund	215,317	196,122
	413,163	374,189
	<b>\$ 460,780</b>	<b>\$ 403,865</b>

**ON BEHALF OF THE BOARD**

\_\_\_\_\_  
*Sarah Mairton* \_\_\_\_\_ Director

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*Paul Alessan* \_\_\_\_\_ Director

**LAKE OF BAYS ASSOCIATION**  
**(A CORPORATION WITHOUT SHARE CAPITAL)**  
**Statement of General Fund Operations and Accumulated Surplus**  
**For the Year Ended October 31, 2025**

	2025	2024
<b>REVENUES</b>		
Membership fees	\$ 79,644	\$ 78,980
Advertising	51,145	50,270
Interest	15,652	17,008
	<b>146,441</b>	<b>146,258</b>
<b>EXPENSES</b>		
Contracted services	43,879	38,064
Yearbook	28,389	26,654
Newsletters and other membership services	15,883	12,351
General administration	13,287	13,471
Environment committee	11,306	10,659
Professional fees	4,250	4,000
Memberships	4,111	3,410
Donations	2,000	2,000
Website	989	4,642
Directors' and executive committee meetings	939	1,212
	<b>125,033</b>	<b>116,463</b>
<b>EXCESS OF REVENUES OVER EXPENSES FROM OPERATIONS</b>	<b>21,408</b>	<b>29,795</b>
<b>OTHER INCOME (EXPENSES)</b>		
Loss on disposal of land <i>(Note 6)</i>	(1,629)	-
<b>EXCESS OF REVENUES OVER EXPENSES FOR THE YEAR</b>	<b>19,779</b>	<b>29,795</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>178,067</b>	<b>148,272</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>\$ 197,846</b>	<b>\$ 178,067</b>

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, 2025**

	2025	2024
<b>REVENUE</b>		
Donations	\$ 19,195	\$ 18,801
<b>EXPENSES</b>		
Community Projects Action Fund	-	1,500
Planning - Consultants & Legal	-	3,818
	-	5,318
<b>EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR</b>	<b>19,195</b>	13,483
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>196,122</b>	182,639
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>\$ 215,317</b>	\$ 196,122

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, 2025**

	2025	2024
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenses		
General fund	\$ 19,779	\$ 29,795
Action fund	19,195	13,483
Loss on disposal of land <i>(Note 6)</i>	1,630	-
	40,604	43,278
Changes in non-cash working capital		
Accounts receivable	1,254	1,593
Prepaid expenses	(1,039)	-
Accounts payable and accrued liabilities	11,188	(9,961)
Deferred revenue	6,753	(7,887)
	18,156	(16,255)
Cash flow from operating activities	58,760	27,023
<b>INVESTING ACTIVITIES</b>		
Proceeds on disposal of land <i>(Note 6)</i>	8,747	-
Purchase of intangible assets under development	(15,000)	-
Purchase of investments	(77,000)	-
	(83,253)	-
Cash flow from (used by) investing activities	(83,253)	-
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>(24,493)</b>	<b>27,023</b>
Cash - beginning of year	115,191	88,168
<b>CASH - END OF YEAR</b>	<b>\$ 90,698</b>	<b>\$ 115,191</b>

**LAKE OF BAYS ASSOCIATION**  
**(A CORPORATION WITHOUT SHARE CAPITAL)**

**Notes to Financial Statements**

**For the Year Ended October 31, 2025**

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1. NATURE AND PURPOSE OF THE ORGANIZATION

The Lake of Bays 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.

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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 Organization'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 fair value and include the face value of guaranteed investment certificates. Accrued interest is recorded in accounts receivable.

Capital assets

The Organization 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 (2024 - \$nil) was expensed relating to capital assets.

Intangible assets

The Organization capitalizes costs directly attributable to acquisition of intangible assets, including website development costs, when the criteria for recognition are met. Costs will be amortized on a straight-line basis over an estimated five-year useful life beginning once the website is completed. Costs incurred to develop sections of the website not directly related to the revenue-generating transactional process are expensed in the year in which these costs are incurred.

During the year, the Organization engaged a third party to design and develop a new website and membership management system to automate revenue collection and registration processes. The Organization capitalized \$15,000 (2024-\$nil) relating to phase one design and development costs as intangible assets.

Impairment of long-lived asset

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.

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**LAKE OF BAYS ASSOCIATION**  
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**Notes to Financial Statements**

**For the Year Ended October 31, 2025**

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

Fund accounting

The Organization 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.

Financial instruments

Measurement

The Organization's financial instruments are cash, short-term investments, accounts receivable, long-term investments and accounts payable and accrued liabilities. Financial instruments are initially recorded at fair value. The Organization subsequently measures all its financial instruments at cost or amortized cost.

Impairment

Financial assets measured at cost or amortized costs are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the corresponding statement of fund operations. Any previously recognized impairment loss may be reversed to the extent of the improvement directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the corresponding statement of fund operations.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit Organizations requires directors and management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. The principal estimates used in the preparation of these financial statements are the determination of the accounts payable and accrued liabilities. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from management's best estimates as additional information becomes available in the future.

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.

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**LAKE OF BAYS ASSOCIATION**  
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**Notes to Financial Statements**

**For the Year Ended October 31, 2025**

3. SHORT-TERM INVESTMENTS

	2025	2024
Guaranteed Investment Certificate, bearing interest at 3.90%, maturing April 2026	\$ 94,500	\$ -
Guaranteed Investment Certificate, bearing interest at 2.00%, maturing October 2026	75,000	-
Guaranteed Investment Certificate, bearing interest at 3.40%, maturing December 2025	25,000	-
Guaranteed Investment Certificate, bearing interest at 5.25%, maturing October 2025	-	75,000
Guaranteed Investment Certificate, bearing interest at 5.35%, maturing October 2025	-	98,000
	<b>\$ 194,500</b>	<b>\$ 173,000</b>

4. ACCOUNTS RECEIVABLE

	2025	2024
Interest receivable	\$ 4,704	\$ 3,168
Harmonized sales taxes receivable	378	3,676
Accounts receivable - other	508	-
	<b>\$ 5,590</b>	<b>\$ 6,844</b>

5. LONG-TERM INVESTMENTS

	2025	2024
Guaranteed Investment Certificate, bearing interest at 2.50%, maturing November 2026	\$ 75,000	\$ -
Guaranteed Investment Certificate, bearing interest at 3.45%, maturing April 2027	75,000	-
Guaranteed Investment Certificate, bearing interest at 3.90%, maturing April 2026	-	94,500
	<b>\$ 150,000</b>	<b>\$ 94,500</b>

6. LAND

During the year, the Organization disposed of land with a carrying amount of \$10,377. Net proceeds of \$8,747 were received after deducting direct costs of disposal, including legal and closing fees of \$1,253. A loss on disposal of \$1,630 was recognized in the statement of general fund operations.

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**Notes to Financial Statements**  
**For the Year Ended October 31, 2025**

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7. DEFERRED REVENUE

	<u>2025</u>	<u>2024</u>
Prepaid Membership Fees	\$ 26,593	\$ 19,712
Prepaid Action Fund	5,105	5,215
Prepaid Fees/Sales	407	425
	<u>\$ 32,105</u>	<u>\$ 25,352</u>

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8. COMMITMENTS

As at October 31, 2025, the Organization has entered into agreements with a bookkeeper and a data entry clerk to October 31, 2026, and January 31, 2026, respectively, at hourly rates of \$40 per hour and \$30 per hour, respectively, plus specified expenses, and an executive director to October 31, 2026, with annual fees totalling \$45,000. 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 \$11,014 (2024 - \$10,810) and is included in yearbook and newsletter and other membership services expenses. This agreement is cancellable by either party with 90 days written notice.

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9. FINANCIAL INSTRUMENTS

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Organization is exposed to this risk if the cash and investment balance held at a single financial institution exceeds \$100,000, the maximum insurable deposit limit per institution.

To mitigate credit risk, the Organization maintains cash and investment accounts with multiple financial institutions and actively monitors account balances to ensure deposits do not exceed insured limits with any single institution.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is primarily exposed to this risk through its receipt of funds from members and customers, as well as through its accounts payable and accrued liabilities.

The Organization manages its liquidity risk by monitoring forecasted and actual cash flows and financial liability maturities, and by holding assets that can be readily converted into cash.

Unless otherwise noted, it is management's opinion that the Organization is not exposed to significant other price risks arising from these financial instruments.

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