Financial statements of

LAKESHORE YACHT CLUB

November 30, 2011

INDEPENDENT AUDITORS' REPORT

To the Members of
LAKESHORE YACHT CLUB

We have audited the accompanying financial statements of the Lakeshore Yacht Club, which comprise the statement of financial position as at November 30, 2011, and the statements of operations, changes in net assets 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 generally accepted accounting principles 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 audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Club as at November 30, 2011, and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

TORONTO, Ontario
February 7, 2012

Licensed Public Accountants

LAKESHORE YACHT CLUB
Statement of Financial Position

As at November 30		2011		2010
Assets				
Current				
Cash	**$**	**1,571**	$	-
Short-term investments - unrestricted (note 4)		**333,580**		337,163
Accounts receivable		**1,418**		3,360
Sales tax receivable		**33,165**		24,204
Prepaid expense		**31,601**		30,769
		401,335		395,496
Investments - Replacement Reserve (note 4)		**321,845**		309,177
Capital assets (note 5)		**581,760**		602,501
	$	**1,304,940**	$	1,307,174
Liabilities				
Current				
Bank overdraft	**$**	**-**	$	743
Accounts payable and accrued liabilities		**28,386**		56,699
		28,386		57,442
Long term				
Member debentures (note 6)		**426,400**		416,400
		454,786		473,843
Balance of Funds				
Replacement Reserve Fund		**321,845**		309,177
Unrestricted		**528,309**		524,154
		850,154		833,331
	$	**1,304,940**	$	1,307,174

Commitments (note 8)

See summary of significant accounting policies and accompanying notes to financial statements.

On behalf of the Board:

______________________Director

______________________Director

LAKESHORE YACHT CLUB
Statement of Operations

Year ended November 30	**2011**	2010
Revenue		
Annual dues and initiation fees	**$ 103,150**	$ 93,400
Interest income	**12,668**	9,177
Mooring fees	**238,858**	232,820
Social membership fees	**5,500**	5,115
Other income	**11,473**	13,977
	371,649	354,489
Expenses		
Amortization	**43,690**	42,832
Association	**3,150**	3,004
Boat show	**2,905**	3,469
Communication and memberships	**14,877**	5,888
Dock maintenance	**42,498**	7,280
Environmental	**1,310**	1,554
Fleet	**111**	-
General maintenance	**54,974**	59,012
Insurance	**18,761**	18,556
Interest and bank charges	**138**	555
Launch and haulout	**73,661**	77,639
Office	**2,268**	9,023
Professional fees	**12,990**	12,175
Property taxes (note 7)	**17,522**	10,776
Rent	**38,578**	37,500
Security	**1,031**	2,530
Utilities	**26,362**	26,297
	354,826	318,090
Excess of revenue over expense	**$ 16,823**	$ 36,399

See summary of significant accounting policies and accompanying notes to financial statements.

LAKESHORE YACHT CLUB
Statement of Changes in Net Assets

Year ended November 30	**Replacement Reserve Fund**	**Unrestricted**	**2011**	2010
Balance, beginning of year	**$ 309,177**	**$ 524,154**	**$ 833,331**	$ 796,932
Excess of revenue over expenses	**12,668**	**4,155**	**16,823**	36,399
Balance, end of year	**$ 321,845**	**$ 528,309**	**$ 850,154**	$ 833,331

See summary of significant accounting policies and accompanying notes to financial statements.

LAKESHORE YACHT CLUB
Statement of Cash Flows

Year ended November 30	**2011**	2010
Operating activities		
Excess of revenue over expenses for the year	**$ 16,823**	$ 36,399
Items not affecting cash		
Amortization	**43,690**	42,832
	60,513	79,231
Net change in non-cash working capital		
Accounts receivable	**1,942**	(579)
Sales tax receivable	**(8,961)**	(19,433)
Prepaid expenses and deposits	**(832)**	11,507
Accounts payable and accrued liabilities	**(28,313)**	(8,407)
	(36,164)	(16,912)
Cash flow from operating activities	**24,349**	62,319
Cash provided (used) in financing activities		
Proceeds from debentures issued	**24,000**	12,000
Redemption of debentures	**(14,000)**	(18,000)
Cash flow from financing activities	**10,000**	(6,000)
Cash (used) in investing activities:		
Cash provided (used) from net sale (purchase) of investments	**(9,086)**	50,093
(Purchase) of capital assets	**(22,949)**	(113,732)
Cash flow from investing activities	**(32,035)**	(63,639)
Increase (decrease) in cash	**2,314**	(7,320)
Cash (overdraft), beginning of year	**(743)**	6,577
Cash (overdraft), end of year	**$ 1,571**	$ (743)

See summary of significant accounting policies and accompanying notes to financial statements.

1 Nature of business

The Lakeshore Yacht Club (the Club) is a not-for-profit recreational boating club founded in 1991. In principle, the Club operates on a self-help basis to the greatest extent possible. The majority of work required in the maintenance and operation of the Club is completed by members without charge.

The Club was incorporated June 20, 1991 by Letters Patent of the Ministry of Consumer and Commercial Relations as a not-for-profit corporation without share capital and is exempt from income tax provided certain criteria are met. Interest earned on investments is taxable.

2 Significant accounting policies

These financial statements of the Lakeshore Yacht Club have been prepared by management in accordance with Canadian generally accepted accounting principles, which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenue and expense during the reporting period. Actual results could differ from such estimates.

(a) Revenue recognition

The Club recognizes revenues from annual dues, mooring fees and initiation fees when they are earned, and collection is reasonably assured.

Investment income is recognized in the replacement reserve on an accrual basis.

(b) Services provided by members

Members provide valuable services to the Club without charge as part of their membership obligations or as volunteered time. Such services are not purchased and therefore their value is not recognized in the financial statements.

(c) Capital assets

Capital assets are recorded at cost less accumulated amortization. Capital assets are amortized over their estimated useful lives as follows:

Clubhouse	5% declining balance
Docks	over the term of the lease
Equipment	20% declining balance
Site improvements	over the term of the lease

(d) Capital disclosures

The Club manages its capital primarily through its investments which are made in accordance with the Club's established investment policies.

(e) Replacement reserve fund

The Club maintains internally restricted amounts as a replacement reserve fund for buildings and docks. During a previous year management commissioned a study to estimate the level of expenditures required to replace the major components of the building and docks. The study recommended that the replacement reserve fund total $276,925 for November 30, 2011; the balance in the reserve fund at that date is sufficient based on this study. Funds in the reserve are to be used for major repairs to and replacement of the building and docks. All expenditures out of the fund must be approved by the Board of Directors. Routine maintenance and new capital expenditures do not qualify for expenditures from the fund.

2 Significant accounting policies (continued)

(f) Financial instruments

The Club's financial instruments consist of cash, short-term investments, Replacement Reserve investments, accounts receivable, accounts payable and accrued liabilities and member debentures. It is management's opinion that the Club is not subject to significant interest, currency or credit risks arising from these financial instruments. Due to the short term nature of the financial instruments, and pricing of Replacement Reserve investments at current rates, fair values approximate book values except for debentures which do not have a readily determinable fair value as there are no fixed terms of repayment.

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below. Management has selected the following classifications for its financial instruments. Settlement date accounting is used.

Financial instrument	Classification
Cash and investments	Held for trading
Receivables	Loans and receivables
Accounts payable and accrued liabilities	Other liabilities
Debentures	Other liabilities

The Club has elected to use the exemption provided by The Canadian Institute of Chartered Accountants ("CICA") permitting not-for-profit organizations not to apply the following sections of the CICA Handbook: Section 3862, Financial Instruments - Disclosures, and Section 3863, Financial Instruments - Presentation. These sections would otherwise have applied to the financial statements of the Club for the year ended November 30, 2011. The Club applies the requirements of Section 3861, Financial Instruments - Disclosure and Presentation.

3 Future accounting changes

The Accounting Standards Board ("AcSB") has issued Accounting Standards for Not-for-Profit Organizations, which provides proposed accounting standards for the not-for-profit sector which will be effective for fiscal years beginning on or after December 21, 2011. The Club will review the impact of the adoption of these proposed new standards on its financial statements. There is not likely to be any significant changes to the financial statements of the Club as a result of adoption of these Accounting Standards for Not-for-Profit Organizations.

4 Investments

	2011	2010
Guaranteed investment certificates	**$ 440,000**	$ 423,973
Corporate bonds	**-**	50,000
Money market funds	**202,284**	168,426
Accrued interest	**13,141**	3,941
	$ 655,425	$ 646,340

Guaranteed investment certificates have annual interest rates ranging from 1.95% to 3.05% (2010 - 2.00% to 3.05%) and maturity dates ranging from January 11, 2012 to September 15, 2015 (2010 - March 19, 2011 to September 15, 2015).

Included in investments are internally restricted amounts of $321,845 (2010 - $309,177) which are allocated to the replacement reserve.

5 Capital assets

		2011		2010
	Cost	**Accumulated Amortization**	Cost	Accumulated Amortization
Clubhouse	**$ 730,602**	**$ 321,631**	$ 730,602	$ 300,106
Docks	**543,578**	**485,741**	531,922	481,740
Equipment	**253,448**	**191,432**	242,155	177,340
Site improvements	**341,169**	**288,233**	341,169	284,161
	$ 1,868,797	**$ 1,287,037**	$ 1,845,848	$ 1,243,347
Net book value		**$ 581,760**		$ 602,501

6 Debentures

All debentures are non-interest bearing and are repayable to members in good standing following resignation of membership provided there is a new member available to whom a new debenture can be issued.

The Board of the Club has the right to fix principal amount to be paid for Class W Debentures and Class D Debentures, provided that in the case of Class W Debentures, such amount shall be fixed at not less than $2,000, and in the case of Class D Debentures, such amount shall be fixed at not less than $500.

	Quantity	**2011**	Quantity	2010
Class W				
Balance, beginning of year	**200**	**$ 410,500**	203	$ 416,500
Issued during the year	**12**	**24,000**	6	12,000
Redeemed during the year	**(7)**	**(14,000)**	(9)	(18,000)
Balance, end of year	**205**	**$ 420,500**	200	$ 410,500
Class D				
Balance, end of year	**12**	**5,900**	12	5,900
Balance, end of year	**217**	**$ 426,400**	212	$ 416,400

7 Commitments

The Club has a land lease agreement with the City of Toronto which expires July 31, 2025. The rent for the year ended July 31, 2011 is $38,578 (2010 - $37,500). Each subsequent year the annual rent will be increased by the rate of inflation based on the Statistics Canada Price Index. In addition to the annual rent, the Club is responsible for any municipal property taxes, insurance and maintenance expenses of the property.

8 Property taxes

The Club's latest regularly scheduled assessment for property taxes in respect of its premises was completed in 2008 and such assessed values as established were used in determining property taxes for 2010, which were comparable in total to those of 2009. However, in 2010 the Municipal Property Assessment Corporation (MPAC) proposed revised assessed values at amounts of 300% and more in excess of amounts previously assessed, in common with all Toronto boating clubs, including the Lakeshore Yacht Club.

While the next scheduled reassessment for the Club is not until 2012, the club had previously provided for an increase in property taxes as there were circumstances where there was a likelihood the Club's assessment and hence any taxes might be adjusted prior to that time.

The property taxes billed in 2011 were based on an interim MPAC revised assessed value which is 462.5% higher than the 2008 assessed value. Along with other Toronto boating Club's, the interim MPAC assessment is being appealed and will be accounted for in the year the lititgation is settled.