COWICHAN LAKE RECREATIONAL COMMUNITY INC.

Financial Statements - September 30, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Cowichan Lake Recreational Community Inc.,

Qualified Opinion

We have audited the financial statements of Cowichan Lake Recreational Community Inc. (the "Corporation"), which comprise the statement of financial position as at September 30, 2024, and the statements of operations and change in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (the "financial statements").

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 Corporation as at September 30, 2024, and its 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

The September 30, 2024 financial statements are the first set of financial statements of the Corporation that have been audited. In performing procedures over the opening balances on the statement of financial position of the Corporation, we were unable to obtain sufficient appropriate audit evidence regarding the composition of tangible capital assets at October 1, 2023 as well as verify the existence and accuracy of reported tangible capital assets at that date.

Consequently, we were unable to determine whether any adjustments might have been necessary tothe opening balance of tangible capital assets and the tangible capital asset balance at September 30, 2024 and amortization expense and net assets at and for the year ended September 30, 2024.

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 Corporation 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 qualified opinion.

Emphasis of Matter - First Time Audit and Adoption of ASNPO

This is a first time audit for the Corporation, with the Corporation adopting ASNPO on October 1, 2022. The comparative information presented within the financial statements as at October 1, 2022 and for the year ending September 30, 2023 is unaudited and was compiled by another Chartered Professional Accountant firm.

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 Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation'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 Corporation'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 Corporation'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 Corporation 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.

Chartered Professional Accountants
Campbell River, BC

January XX, 2026

COWICHAN LAKE RECREATIONAL COMMUNITY INC.

Statement of Financial Position

	September 30, 2024	September 30, 2023 (Note 2)	October 1, 2022 (Note 2)
ASSETS			
Current Assets			
Cash	$ 45,440	$ -	$ 377,372
Accounts Receivable	14,207	8,332	-
Due from Shareholders	-	3,012	-
	59,647	11,344	377,372
Tangible Capital Assets (Note 4)	2,976,199	3,074,614	1,546,870
	$ 3,035,846	$ 3,085,958	$ 1,924,242
LIABILITIES			
Current Liabilities			
Bank Indebtedness **(Note 5)**	$ -	$ 12,883	$ -
Deferred Revenue	-	-	4,305
Accounts Payable	12,571	2,337	2,131
Due to Shareholders **(Note 6)**	965,216	965,216	346,946
	977,787	980,436	353,382
NET ASSETS			
Share Capital (Note 7)	1,143,653	1,143,653	615,554
Contributed Surplus	3,891,025	3,891,025	3,891,025
Retained Earnings	(2,976,619)	(2,929,156)	(2,935,719)
	2,058,059	2,105,522	1,570,860
	$ 3,035,846	$ 3,085,958	$ 1,924,242

Approved by the Directors:

Director

Director

COWICHAN LAKE RECREATIONAL COMMUNITY INC.

Statement of Operations and Changes in Net Assets

Year Ended September 30, 2024

	2024	2023 (Note 2)
Revenues		
Fees to Community Members	$ 242,368	$ 145,665
Rental Income	12,461	5,773
	254,829	151,438
Expenditures		
Amortization	98,413	33,114
Bank Charges and Interest	485	65
Insurance	5,727	5,740
Office	343	529
Professional Fees	10,167	5,477
Property Tax	28,574	28,630
Repairs and Maintenance	96,128	16,350
Subcontract	28,000	24,000
Utilities	34,455	30,969
	302,292	144,874
Excess (Deficiency) of Revenues Over Expenditures	(47,463)	6,564
Net Assets - Beginning of Year	2,105,522	1,570,860
Net Proceeds of Share Issuance	-	528,098
Net Assets - End of Year	$ 2,058,059	$ 2,105,522

COWICHAN LAKE RECREATIONAL COMMUNITY INC.

Statement of Cash Flows

Year Ended September 30, 2024

	2024	2023 (Note 2)
Cash Flows From Operating Activities:		
Cash Received from Fees	$ 251,966	$ 135,789
Cash Paid to Suppliers	(193,643)	(158,458)
	58,323	(22,669)
Cash Flows From Financing Activities:		
Cash Advanced from Shareholders	-	618,270
Gross Proceeds from Share Issuance	-	575,000
	-	1,193,270
Cash Flows From Investing Activities:		
Purchase of Tangible Capital Assets	-	(1,560,856)
Net Increase (Decrease) in Cash	58,323	(390,255)
Cash (Bank Indebtedness) - Beginning of Year	(12,883)	377,372
Cash (Bank Indebtedness) - End of Year	$ 45,440	$ (12,883)

COWICHAN LAKE RECREATIONAL COMMUNITY INC.

Notes to Financial Statements

September 30, 2024

1. Organization and Purpose:

The Cowichan Lake Recreational Community Inc. (the "Corporation") was incorporated under the B.C. Business Corporations Act on April 22, 1991. The purpose of the Corporation is to operate and maintain infrastructure for residences surrounding Cowichan Lake. The Corporation is exempt from income tax and operates as a not-for-profit.

2. Adoption of Accounting Standards for Not-for-Profit Organizations:

The Corporation adopted Canadian Accounting Standards for Not-for-Profit organizations (ASNPO) on October 1, 2022. While the balances reported at October 1, 2022 and September 30, 2023 were not audited. There was one adjustment to amounts previously reported on the September 30, 2023 unaudited financial statements. Specifically, deferred charges were previously reported for the year ending September 30, 2023 as $39,085 and at October 1, 2022 for $46,901. The amount capitalized did not meet the definition of an asset under ASNPO and was adjusted to net against the proceeds from the issued share capital it related to, reducing reported deferred charges to $0 and reducing opening share capital.

3. Significant Accounting Policies:

The financial statements of the Corporation have been prepared by management in accordance with ASNPO and include the following significant accounting policies:

Revenue Recognition
The Corporation recognizes revenues from fees to community members collected in the period they are levied and to which they relate, when the amount can be reasonable estimated and collection is reasonable assured. Rental revenues are recognized as revenue when earned.

Measurement Uncertainty
The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the estimated useful life of tangible capital assets.

Financial Instruments
The Corporation recognizes its financial instruments when the Corporation becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value and subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value.

3. Significant Accounting Policies (continued):

Tangible Capital Assets
Tangible capital assets are recorded at cost or deemed cost less accumulated amortization. Tangible capital assets are amortized over their estimated useful lives using the following methods and annual rates:

Buildings	4%	Declining balance
Docks & Pilings	5%	Declining balance
Retaining Wall	8%	Declining balance
Fencing	10%	Declining balance
Equipment	20%	Declining balance

4. Tangible Capital Assets:

	Cost	Accumulated Amortization	2024	2023
Land	$ 852,114	$ -	$ 852,114	$ 852,114
Buildings	1,977,261	147,544	1,829,717	1,906,662
Docks & Pilings	210,943	64,747	146,196	153,891
Retaining Wall	194,119	69,231	124,888	135,748
Fencing	35,675	14,744	20,931	23,257
Equipment	33,933	31,580	2,353	2,942
	$ 3,304,045	$ 327,846	$ 2,976,199	$ 3,074,614

5. Bank Indebtedness:

	2024	2023
VanCity operating line of credit with a limit of $150,000; interest at VanCity prime plus 1.0%; secured by a general security agreement and personal property guarantee by the Corporation, due on demand	$ -	$ 12,889

6. Due to Shareholders:

Amounts owed to shareholders originate from monetary contributions made by the shareholders. These liabilities do not accrue interest and the Corporation does not contemplate repayment within the ordinary course of business. Repayment of these obligations would only be considered in the event of the liquidation of the Corporation's underlying assets.

7. Share Capital:

Authorized:
20,000 Class A Common Shares with a par value of $0.01
20,000 Class B Common Shares with no par value

	2024	2023
Issued:		
61 Class A Common Shares	$1,143,653	$1,143,653

The common shares do not carry a right to dividends or other distributions. Any surplus generated by the Corporation is retained for use in furthering the Corporation's objectives.

8. Financial Instruments:

The Corporation may be exposed to various risks through its financial instruments. The Corporation believes that it is only exposed to liquidity risk. Liquidity risk is the risk of being unable to meet cash requirements or to fund obligations as they become due. Accounts payable and other accrued liabilities are generally repaid within 30 days.

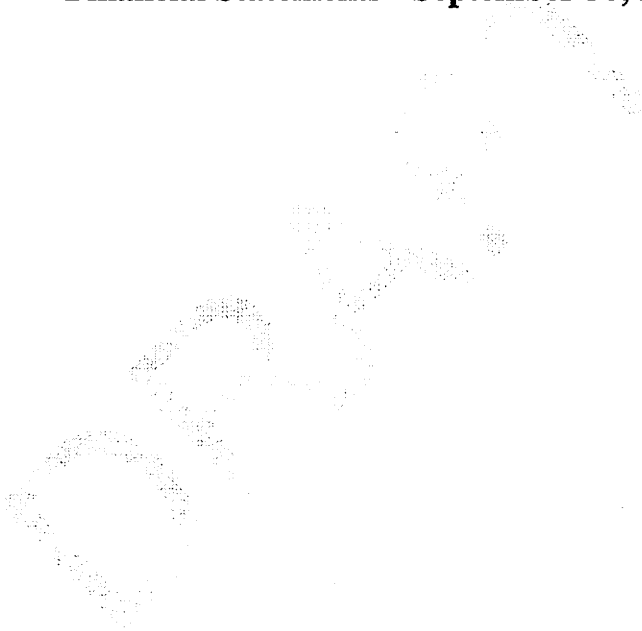
The Corporation believes that it is not exposed to significant interest-rate, market, credit, or cash flow risk arising from its financial instruments.

9. Comparative Figures:

Certain comparative figures have been reclassified, where necessary, to conform with the financial statement presentation in the current year.

COWICHAN LAKE RECREATIONAL COMMUNITY INC.

Financial Statements - September 30, 2025



Compilation Engagement' Report
Statement of Financial Position
Statement of Operations and Changes in Net Assets
Statement of Cash Flows
Notes to Financial Statements

COMPILATION ENGAGEMENT REPORT

To the Shareholders of Cowichan Lake Recreational Community Inc.,

On the basis of information provided by management, we have compiled the statement of financial position of Cowichan Lake Recreational Community Inc. as at September 30, 2025, and the statement of operations and change in net assets for the year then ended, and Note 1, which describes the basis of accounting applied in the preparation of the compiled financial information ("financial information").

Management is responsible for the accompanying financial information, including the accuracy and completeness of the underlying information used to compile it and the selection of the basis of accounting.

We performed this engagement in accordance with the Canadian Standard on Related Services (CSRS) 4200, Compilation Engagements, which requires us to comply with relevant ethical requirements. Our responsibility is to assist management in the preparation of the financial information.

We did not perform an audit engagement or a review engagement, nor were we required to perform procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an audit opinion or a review conclusion, or provide any form of assurance on the financial information.

Readers are cautioned that the financial information may not be appropriate for their purposes.

Chartered Professional Accountants
Campbell River, BC

January 12, 2026

COWICHAN LAKE RECREATIONAL COMMUNITY INC.

Statement of Financial Position

	2025	2024
ASSETS		
Current Assets		
Cash	$ 68,080	$ 45,440
Accounts Receivable	13,492	14,207
	81,572	59,647
Tangible Capital Assets	2,883,119	2,976,199
	$ 2,964,691	$ 3,035,846
LIABILITIES		
Current Liabilities		
Accounts Payable	4,606	12,571
Due to Shareholders	965,216	965,216
	969,822	977,787
NET ASSETS		
Share Capital	1,143,653	1,143,653
Contributed Surplus	3,891,025	3,891,025
Retained Earnings	(3,039,809)	(2,976,619)
	1,994,869	2,058,059
	$ 2,964,691	$ 3,035,846

Approved by the Directors:

Director

Director

COWICHAN LAKE RECREATIONAL COMMUNITY INC.

Statement of Operations and Changes in Net Assets

Year Ended September 30, 2025

	2025	2024
Revenues		
Fees to Community Members	$ 168,282	$ 242,368
Rental Income	28,000	12,461
	196,282	254,829
Expenditures		
Amortization	93,080	98,413
Bank Charges and Interest	149	485
Insurance	6,080	5,727
Office	672	343
Professional Fees	7,518	10,167
Property Tax	29,605	28,574
Repairs and Maintenance	56,796	96,128
Subcontract	30,008	28,000
Utilities	35,567	34,455
	259,475	302,292
Deficiency of Revenues Over Expenditures	(63,193)	(47,463)
Net Assets - Beginning of Year	2,058,059	2,105,522
Net Assets - End of Year	$ 1,994,866	$ 2,058,059

1. Basis of Accounting:

The basis of accounting applied in the preparation of the statement of financial position of Cowichan Lake Recreational Community Inc. as at September 30, 2025 and the statement of operations and net assets for the year ended, is the historical cost basis, reflecting cash transactions, with the exception of those items noted below:

- Accounts receivable and payable are recorded on an accrual basis.
- Amounts due to shareholders as at the reporting date are recorded on an accrual basis.
- Tangible capital assets are recorded at cost and amortized over their estimated useful life.