



## GOOD REDDEN KLOSLER

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Chartered Professional Accountants

### INDEPENDENT AUDITORS' REPORT

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To the Members of LYNNWOOD ART CENTRE:

#### Qualified Opinion

We have audited the accompanying financial statements of Lynnwood Art Centre which comprise the statement of financial position as at December 31, 2025, statement of operations, statement of net assets and 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 as at December 31, 2025, and the results of its 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, Lynnwood Art Centre 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. Therefore, we were not able to determine whether any adjustments might be necessary to revenue, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2025 and 2024, current assets and net assets as at December 31, 2025 and 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 Lynnwood Art Centre 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 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 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 entity'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 or cease operations, or has no realistic alternative but to do so.

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

*Good Redden Klosler LLP*

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CHARTERED PROFESSIONAL ACCOUNTANTS

Licensed Public Accountants

Simcoe, Ontario

March 31, 2026



**LYNNWOOD ART CENTRE**  
**STATEMENT OF FINANCIAL POSITION**  
As at December 31, 2025

	2025	2024
<b>ASSETS</b>		
Current		
Cash	37,179	58,222
Short-term investments - Note 3	38,629	37,616
Accounts receivable	413	1,088
Prepaid expenses	1,753	1,658
	77,974	98,584
Equipment - Note 4	18,438	5,850
	<b>96,412</b>	<b>104,434</b>
<b>LIABILITIES AND FUND BALANCE</b>		
Current		
Accounts payable and accrued liabilities - Note 5	23,749	20,249
Deposit on rental	15,500	15,750
Deferred revenue - Note 6	-	5,000
Deferred capital contributions - Note 7	2,110	6,004
	41,359	47,003
<b>Fund Balance</b>		
Unrestricted fund balance	55,053	57,431
	<b>96,412</b>	<b>104,434</b>

Approved by:  \_\_\_\_\_  
Treasurer



# LYNNWOOD ART CENTRE

## STATEMENT OF NET ASSETS

For the year ended December 31, 2025

	2025	2024
Fund Balance, Beginning of Year	57,431	61,441
Excess (deficiency) of revenues over expenses	(2,378)	(4,010)
<b>Fund Balance, End of Year</b>	<b>55,053</b>	<b>57,431</b>



# LYNNWOOD ART CENTRE

## STATEMENT OF OPERATIONS

For the year ended December 31, 2025

	2025	2024
<b>Revenues</b>		
Norfolk County funding	49,100	59,100
Events	32,860	30,967
Fundraising programs	32,000	43,431
Rentals	28,900	34,200
Government grants - Note 7	15,994	3,380
General donations	11,908	15,266
Foundation donations	4,666	17,742
Interest	1,014	1,801
Sponsorship donations	-	4,600
	<b>176,442</b>	<b>210,487</b>
<b>Expenses</b>		
Contract services	108,481	141,846
Art programs	19,062	27,877
Utilities	14,222	11,588
Professional fees	13,787	11,226
Repairs and maintenance	8,925	8,357
Amortization	4,750	3,380
Fundraising and outreach	2,840	3,984
Insurance	2,528	2,377
Communication	2,418	2,149
Supplies	1,034	1,040
Bank charges and licences	773	673
	<b>178,820</b>	<b>214,497</b>
<b>Excess (Deficiency) of Revenues Over Expenses</b>	<b>(2,378)</b>	<b>(4,010)</b>



# LYNNWOOD ART CENTRE

## STATEMENT OF CASH FLOWS

For the year ended December 31, 2025

	2025	2024
<b>Operating Activities</b>		
Excess (deficiency) of revenues over expenses	(2,378)	(4,010)
Amortization	4,750	3,380
	2,372	(630)
Changes in non-cash working capital accounts		
Accounts receivable	675	(1,086)
Prepaid expenses	(95)	(108)
Accounts payable and accrued liabilities	3,502	884
Deposits on rental	(250)	750
Deferred revenue	(5,000)	5,000
Deferred capital contributions	(3,894)	1,620
	(2,690)	6,430
<b>Investing Activities</b>		
Purchase of equipment	(17,340)	-
<b>Net Cash Flow</b>	(20,030)	6,430
<b>Cash Balance at Beginning of Year</b>	95,838	89,408
<b>Cash Balance at End of Year</b>	<b>75,808</b>	<b>95,838</b>
<b>Cash Consists of</b>		
Cash	37,179	58,222
Short-term investments	38,629	37,616
	<b>75,808</b>	<b>95,838</b>



# LYNNWOOD ART CENTRE

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

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### 1. OBJECTIVES OF LYNNWOOD ART CENTRE

Lynnwood Art Centre (the "Organization") is a registered charity located in Simcoe, Ontario, Canada. They are exempt from the payment of income tax under Subsection 149 (1) of the Income Tax Act. The purpose of Lynnwood Art Centre is to promote awareness and understanding of art forms, and to develop a commitment to preservation in the community.

### 2. SIGNIFICANT ACCOUNTING POLICIES

The Organization follows Canadian Accounting Standards for Not-For-Profit Organizations, significant aspects of the accounting policies adopted are as follows:

#### (a) Fund Accounting

The Organization operates using the unrestricted fund. The unrestricted fund is used to record receipts and expenses for the day to day operations of the Organization.

#### (b) Measurement Uncertainty

The preparation of financial statements in accordance with Canadian Accounting Standards for Not-for-Profit Organizations requires 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. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they became known. Actual results could differ from these estimates. The primary estimates made by management in these financial statements relate to the useful lives of capital assets and accruals.

#### (c) Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale or issue of financial instruments are expensed when incurred. Financial instruments in these financial statements are subsequently carried at amortized cost.

#### (d) Cash and Cash Equivalents

Cash and cash equivalents consist of cash and short-term investments with maturity of three months or less from the date of acquisition.

#### (e) Equipment

Assets are stated at cost and amortization is recorded using the following declining and straight-line annual rates:

**Declining:**

Furniture and fixtures	20%
Computer	55%

**Straight-line:**

Leasehold improvements	3 years
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Acquisitions during the period are amortized at 50% of their normal rate. No amortization is provided in the year of disposal.



**LYNNWOOD ART CENTRE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended December 31, 2025

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**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(f) Revenue Recognition**

The Organization follows the deferral method of accounting for unrestricted contributions, such as foundation, sponsorship, and general donations. Restricted contributions (if any), for which there is no specific fund, would be deferred and recognized as revenue at the same time the expense is incurred. Unrestricted contributions are recognized as revenue upon receipt.

- i) Revenue deriving from fundraising programs and events arranged and held by the organization are recognized when tickets are sold.
- ii) Rental revenue is recognized when performance is complete and collection is reasonably assured.
- iii) Investment revenue includes interest income and realized and unrealized gains and losses. Investment revenue is recognized as it is earned.

**(g) Government Grants and Assistance**

Government grants are recorded when there is reasonable assurance that Lynnwood Art Centre has complied with, and will continue to comply with, all conditions necessary to obtain the grants. Government assistance for current expenditures are recognized in income in the current year. Municipal funding is recognized as revenue when collection is reasonably assured and all conditions to obtain the funding is met.

**(h) Contributed Materials and Services**

The Organization receives donated items towards fundraising events. The fair value of these items has not been recorded in the financial statements if the items in question would not generally have been otherwise purchased.

**3. SHORT-TERM INVESTMENTS**

The Organization holds various GIC's that mature at various dates ranging from April, 2026 to July, 2026. All GIC's held were issued by the Royal Bank of Canada and have various interest rates ranging from 2.00% - 2.50%.

**4. EQUIPMENT**

	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>2025</b>	<b>2024</b>
Furniture and fixtures	5,820	2,719	3,101	3,877
Computer	10,896	10,009	887	1,973
Leasehold improvements	17,340	2,890	14,450	-
	<b>34,056</b>	<b>15,618</b>	<b>18,438</b>	<b>5,850</b>

**5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Included in accounts payable and accrued liabilities are government remittances payable totaling \$1,757 (2024 - \$1,111).



# LYNNWOOD ART CENTRE

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025

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### 6. DEFERRED REVENUE

There is no deferred revenue as of December 31, 2025. Deferred revenue for the year-ended December 31, 2024 pertains to a \$5,000 donation from the Rotary Club of Simcoe supporting an art exhibit taking place in the 2025 fiscal year. The amount has been recognized as revenue in the 2025 fiscal year.

### 7. GOVERNMENT GRANTS

During the year ended December 31, 2025, Lynnwood Art Centre recognized \$3,894 in grant income that relates to the capital assets purchased under the grant. As at December 31, 2025, there is a balance of \$2,110 remaining in unspent deferred capital contributions relating to capital assets purchased. This grant will be recognized into revenue on the same basis as the amortization of the underlying capital asset it was used to purchase.

### 8. FINANCIAL INSTRUMENT RISK

Lynnwood Art Centre is exposed to various risks through financial instruments and the Board monitors, evaluates and manages these risks. The following analysis provides information about the Organization's risk exposure and concentration as of December 31, 2025.

#### (a) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Organization manages exposure to liquidity risk through the annual budgeting process.

#### (b) Interest rate risk

Interest rate risk reflects the sensitivity of the company's financial condition to movements in interest rates. The Organization is exposed to interest rate risk primarily through its short-term investments at fixed interest rates.

The Organization is not exposed to any foreign exchange or credit risk.

### 9. COMPARATIVE FIGURES

Certain figures of the 2024 financial statements have been reclassified to conform with the 2025 financial statement presentation.

### 10. ECONOMIC DEPENDENCE

The Organization depends on their lease with Norfolk County, which was renewed for the term January 1, 2024 to December 31, 2028. The rent payable for the term of the lease is \$1.00. Norfolk County also provides additional financial support including the payment of utilities up to \$9,100 as well as \$37,400 for the maintenance of the premises each year. As part of the agreement, Norfolk County provides an operating grant of \$50,000 for the first year of the lease and will decline \$10,000 annually thereafter for the remainder of the term.

