

THE OWNERS: CONDOMINIUM PLAN NO. 882-0814
FINANCIAL STATEMENTS
JUNE 30, 2021

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CHARTERED PROFESSIONAL ACCOUNTANT

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INDEPENDENT AUDITOR'S REPORT

TO: THE OWNERS: CONDOMINIUM PLAN NO. 882-0814

Opinion

I have audited the financial statements of Condominium Plan No. 882-0814 (the Corporation), which comprise the statement of financial position as at June 30, 2021, and the statements of operations and changes in net assets for the operating fund, the water upgrade fund and the capital replacement reserve fund and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at June 30, 2021, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Corporation in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 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.

(Continues)

INDEPENDENT AUDITOR'S REPORT
(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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 accounting principles, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

I 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 I identify during my audit.



HEATHER ZENIUK PROFESSIONAL CORPORATION
Chartered Professional Accountant

ST. ALBERT, Alberta
September 18, 2021

THE OWNERS: CONDOMINIUM PLAN NO. 882-0814
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021

	<u>Operating</u> <u>Fund</u>	<u>Capital</u> <u>Replacement</u> <u>Reserve</u> <u>Fund</u>	<u>Water</u> <u>Upgrade</u> <u>Fund</u>	<u>Total</u> <u>2021</u>	<u>Total</u> <u>2020</u>
<u>ASSETS</u>					
CURRENT					
Cash and cash equivalents (Note 5)	\$ 155,062	\$ -	\$ 212,985	\$ 368,047	\$ 375,719
Condominium fees receivable	5,506	-	-	5,506	3,716
Other accounts receivable	-	-	-	-	91,225
Special levy receivable	-	-	4,076	4,076	-
Prepaid expenses	2,250	-	-	2,250	1,343
Due from water upgrade fund	10,770	-	-	10,770	17,770
Due from operating fund	-	18,261	-	18,261	-
Due from reserve fund	-	-	-	-	2,649
	<u>173,588</u>	<u>18,261</u>	<u>217,061</u>	<u>408,910</u>	<u>492,422</u>
RESTRICTED					
Term deposits and accrued interest	-	311,067	-	311,067	308,703
	<u>173,588</u>	<u>329,328</u>	<u>217,061</u>	<u>719,977</u>	<u>801,125</u>
<u>LIABILITIES AND NET ASSETS</u>					
CURRENT					
Accounts payable	\$ 22,536	\$ -	\$ 5,000	\$ 27,536	\$ 10,906
Condominium fees paid in advance	2,903	-	-	2,903	5,337
Lot owner deposits	5,039	-	-	5,039	4,820
GST Payable	227	-	-	227	15,868
Due to reserve fund	18,261	-	-	18,261	-
Due to operating fund	-	-	10,770	10,770	20,419
	<u>48,966</u>	<u>-</u>	<u>15,770</u>	<u>64,736</u>	<u>57,350</u>
NET ASSETS					
Internally restricted capital replacement reserve fund (Page 5)	-	329,328	-	329,328	306,054
Unrestricted operating fund (Page 4)	124,622	-	-	124,622	98,554
Water upgrade fund (Page 6)	-	-	201,291	201,291	339,167
	<u>124,622</u>	<u>329,328</u>	<u>201,291</u>	<u>655,241</u>	<u>743,775</u>
	<u>\$ 173,588</u>	<u>\$ 329,328</u>	<u>\$ 217,061</u>	<u>\$ 719,977</u>	<u>\$ 801,125</u>

(See accompanying notes)

APPROVED BY THE BOARD:

_____ Director

THE OWNERS: CONDOMINIUM PLAN NO. 882-0814
STATEMENT OF OPERATING FUND OPERATIONS AND
CHANGE IN OPERATING FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2021

	<u>2021</u>	<u>2020</u>
REVENUES		
Condominium fees	\$ 225,720	\$ 225,720
Less: Early payment discounts	<u>(5,348)</u>	<u>(5,222)</u>
	220,372	220,498
Interest on operating and other income	4,767	1,203
Tower rental	<u>3,429</u>	<u>2,667</u>
	<u>228,568</u>	<u>224,368</u>
EXPENSES		
Administration:		
Insurance	13,391	8,251
Accounting	6,463	5,100
Office and miscellaneous	4,300	3,250
Audit	3,043	3,308
Legal fees	2,151	252
Reserve fund study	2,000	-
Operating:		
Power	10,227	8,100
Waste removal	3,300	3,000
Heat	1,098	909
Maintenance:		
Security, site, lawn services and grounds maintenance	96,142	98,136
Plumbing	31,650	33,970
Snow removal	7,825	6,045
Other:		
Kubota tractor	<u>-</u>	<u>43,866</u>
	<u>181,590</u>	<u>214,187</u>
EXCESS OF REVENUES OVER EXPENSES	46,978	10,181
ALLOCATION TO RESERVE (Note 3)	<u>(20,910)</u>	<u>-</u>
	26,068	10,181
OPERATING FUND BALANCE BEGINNING OF YEAR	<u>98,554</u>	<u>88,373</u>
OPERATING FUND BALANCE END OF YEAR	<u>\$ 124,622</u>	<u>\$ 98,554</u>

(See accompanying notes)

THE OWNERS: CONDOMINIUM PLAN NO. 882-0814
STATEMENT OF CAPITAL REPLACEMENT RESERVE FUND OPERATIONS
AND CHANGE IN CAPITAL REPLACEMENT RESERVE FUND
FOR THE YEAR ENDED JUNE 30, 2021

	<u>2021</u>	<u>2020</u>
REVENUES		
Interest income	\$ <u>2,364</u>	\$ <u>2,253</u>
	<u>2,364</u>	<u>2,253</u>
 EXPENSES		
	<u>-</u>	<u>-</u>
 EXCESS OF REVENUES OVER EXPENSES	2,364	2,253
 ALLOCATION FROM OPERATING (Note 3)	<u>20,910</u>	<u>-</u>
	23,274	2,253
 CAPITAL REPLACEMENT RESERVE FUND BALANCE BEGINNING OF YEAR	<u>306,054</u>	<u>303,801</u>
 CAPITAL REPLACEMENT RESERVE FUND BALANCE END OF YEAR	<u>\$ 329,328</u>	<u>\$ 306,054</u>

(See accompanying notes)

**THE OWNERS: CONDOMINIUM PLAN NO. 882-0814
STATEMENT OF WATER UPGRADE FUND OPERATIONS
AND CHANGE IN WATER UPGRADE FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>2021</u>	<u>2020</u>
REVENUES		
Special levy arrears interest	477	-
Special levy	\$ <u> -</u>	\$ <u>342,000</u>
	<u> 477</u>	<u> 342,000</u>
 EXPENSES		
Buildings	77,450	-
Tanks and piping	56,108	-
Surveying, design and administration	4,525	2,718
Bank charges	<u> 270</u>	<u> 115</u>
	<u>138,353</u>	<u> 2,833</u>
 EXCESS OF REVENUES OVER EXPENSES	(137,876)	339,167
 WATER UPGRADE FUND		
BALANCE BEGINNING OF YEAR	<u> 339,167</u>	<u> -</u>
 WATER UPGRADE FUND		
BALANCE END OF YEAR	\$ <u><u>201,291</u></u>	\$ <u><u>339,167</u></u>

THE OWNERS: CONDOMINIUM PLAN NO. 882-0814
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Operating Fund</u>	<u>Capital Replacement Reserve Fund</u>	<u>Water upgrade fund</u>	<u>Total 2021</u>	<u>Total 2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from condominium fees	\$ 216,148	\$ -	\$ -	\$ 216,148	\$ 223,352
Cash received from special levy	-	-	87,149	87,149	250,775
Interest and other income received	8,196	2,364	477	11,037	6,123
Cash received (returned) from lot owner deposits	219	-	-	219	(53)
Cash paid to suppliers	(184,460)	-	(135,401)	(319,861)	(195,607)
Cash transfer to (from) other funds for operations	<u>7,000</u>	<u>-</u>	<u>(7,000)</u>	<u>-</u>	<u>-</u>
	<u>47,103</u>	<u>2,364</u>	<u>(54,775)</u>	<u>(5,308)</u>	<u>284,590</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Loan principal repayments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,673)</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,673)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS FOR THE YEAR	47,103	2,364	(54,775)	(5,308)	279,917
CASH AND CASH EQUIVALENTS BEGINNING OF YEAR	<u>107,959</u>	<u>308,703</u>	<u>267,760</u>	<u>684,422</u>	<u>404,505</u>
CASH AND CASH EQUIVALENTS END OF YEAR	<u>\$ 155,062</u>	<u>\$ 311,067</u>	<u>\$ 212,985</u>	<u>\$ 679,114</u>	<u>\$ 684,422</u>
REPRESENTED BY:					
Cash and cash equivalents (Note 5)	\$ 155,062	\$ -	\$ 212,985	\$ 368,047	\$ 375,719
Reserve fund - Term deposits and accrued interest	<u>-</u>	<u>311,067</u>	<u>-</u>	<u>311,067</u>	<u>308,703</u>
	<u>\$ 155,062</u>	<u>\$ 311,067</u>	<u>\$ 212,985</u>	<u>\$ 679,114</u>	<u>\$ 684,422</u>

(See accompanying notes)

THE OWNERS: CONDOMINIUM PLAN NO. 882-0814
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

1. PURPOSE OF ORGANIZATION

The condominium corporation is a non-profit organization and the common area assets of the corporation are owned proportionately by the owners of the units and as such are not reflected as assets in these financial statements. The condominium corporation is registered under the Condominium Property Act of Alberta and its function is to regulate the use of the property and to provide repairs, maintenance and other services to the common area.

The financial statements include only the assets, liabilities, revenues and expenses relating to the operations of The Owners:Condominium Plan No. 882-0814. The statements do not include the cost of land or building and the outstanding principal balances owing on mortgages which are the responsibility of the owners. Income taxes are not provided since the condominium corporation is not taxable.

2. SIGNIFICANT ACCOUNTING POLICIES

Condominium Plan No. 882-0814 follows the Canadian accounting standards for not-for-profit organizations.

a) Fund accounting:

The operating fund accounts for the condominium's operating and administrative activities. The capital replacement reserve fund is an internally restricted fund being retained by the condominium corporation for future anticipated repairs, replacement and refurbishment of common property. All transfers to and expenditures from this fund are approved by the condominium corporation.

b) Revenue recognition:

Condominium fee assessments related to general operations are recognized as revenue of the operating fund as billed to the owners by the condominium corporation. Billings for the condominium fees consist of estimates of monthly charges based on approved budgets. All expenses are recognized as incurred. Interest income on cash and investments is recognized as revenue in the fund in which it is earned.

c) Contributed services:

Volunteer services contributed on behalf of the condominium corporation in carrying out its operating activities are not recognized in these financial statements due to the difficulty of determining their fair value.

d) Use of estimates:

The preparation of the financial statements of the condominium corporation are in conformity with generally accepted accounting principles that requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

e) Financial instruments:

Measurement:

The corporation initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. The corporation subsequently measures all its financial assets and financial liabilities at amortized cost. Financial assets measured at amortized cost include cash and cash equivalents, condominium fees receivable and special levy receivable. Financial liabilities measured at amortized cost include condominium fees paid in advance, lot owner deposits, GST payable and accounts payable.

THE OWNERS: CONDOMINIUM PLAN NO. 882-0814
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

2. SIGNIFICANT ACCOUNT POLICIES (CONTINUED)

e) Financial instruments: (Continued)

Impairment:

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The 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 net income.

Transaction Costs:

The corporation recognizes its transaction costs in net income in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

The condominium corporation is exposed to several risks through its financial instruments.

Credit risk arises from the potential that another party will fail to perform its obligations. Credit risk includes the risk that owners will fail to pay their condominium fees and special assessments. To reduce this risk, the condominium corporation has the power to file caveats on the title of the units to ensure payment.

Liquidity risk is the risk that the corporation may not be able to meet its ongoing commitments to repair, replace or maintain the common property as necessary. The corporation meets its liquidity requirements by preparing an annual budget and ensuring that there is a capital replacement reserve fund study performed every five years, and using that information to prepare a five year plan. The corporation may also increase condominium fees and levy a special assessment, in order to meet its ongoing commitments.

Interest rate risk is the risk that the fair value of the financial instruments or future cash flows will be adversely affected by a change in market interest rates. The exposure of the corporation to interest rate risk arises from its interest bearing investments.

3. CAPITAL REPLACEMENT RESERVE FUND ALLOCATION

The corporation has allocated \$20,910 (2020: \$NIL) to the capital replacement reserve fund. The amount budgeted for this purpose was \$20,910 (2020: \$19,775).

4. CAPITAL ASSETS

All additions to capital assets are expensed in the year of acquisition. There were capital asset additions in the current year of \$NIL (2020: \$43,866).

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents held for the operating and water upgrade funds are comprised as follows:

Cash held in current accounts	\$ 83,888
Term deposits	284,106
Accrued interest	<u>53</u>
	<u>\$ 368,047</u>

THE OWNERS: CONDOMINIUM PLAN NO. 882-0814
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

6. CAPITAL MANAGEMENT

The condominium corporation's objectives when managing capital are to protect its ability as a going concern and maintain sufficient capital to pay its monthly operating costs and provide for future replacements of the capital replacement reserve fund. The condominium corporation's capital is comprised of its operating fund unrestricted net assets and the capital replacement reserve fund restricted net assets.

In managing its capital, the corporation is required by the Condominium Property Act to have a reserve fund study performed by a qualified person every five years. This reserve fund study determines the life of the major components of the property and estimates when they will need to be replaced and makes recommendations as to the funding of these replacements. The corporation also prepares an annual budget of operating costs and repairs with expected funding sources. This budget is approved by the Board of Directors.

In order to maintain sufficient capital for operations, the condominium corporation may increase condominium fees or levy special assessments.

7. INCOME TAXES

A condominium corporation created under the Canadian provincial legislation is a taxable non-profit organization under the Income Tax Act. Provided that substantially all of the corporation's gross revenue (other than interest) is derived from dealings with members, Revenue Canada is prepared to regard excess members' contributions as amounts required for the operations of the condominium property and not as income of the corporation or its members. Accordingly no provision for income taxes has been made.

8. ADEQUACY OF CAPITAL REPLACEMENT RESERVE FUND

An independent reserve fund study was conducted in 2017. The Board of Directors is utilizing this report together with such other information as is available in evaluating the capital replacement reserve fund requirements.

9. COMMITMENT

During the year the condominium engaged a firm to complete a reserve fund study update at a total estimated cost of \$4,598 plus GST. Of this amount \$2,000 has been expensed from the operating fund during the year and the balance of \$2,598 will be expensed subsequent to the year end when the study is completed.

10. COVID-19

In March 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization and the Province of Alberta declared a public health emergency. Many businesses and individuals in a variety of sectors may experience an economic loss as a result of the coronavirus pandemic which may have a financial impact on the Condominium. The related financial impact and duration of this disruption cannot be reasonably estimated at this time and accordingly, no adjustments have been made in the accompanying statements.

11. COMPARATIVE FIGURES

Certain 2020 figures on the statement of financial position have been reclassified to conform to the presentation adopted in the current year.