

Chaparral Point Adult Village

FINANCIAL STATEMENTS

AUGUST 31, 2021

Chaparral Point Adult Village

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Condominium Audit Services

Chartered Professional Accountant

Associated with Cass & Fraser Chartered Professional Accountants

612-500 Country Hills Blvd NE, Unit#168
Calgary, Alberta T3K 5K3

Phone: (403) 903-8196
Email: admin@cascpa.ca

INDEPENDENT AUDITORS' REPORT

To the Owners of Chaparral Point Adult Village Condominium Corporation No.981 0287:

Opinion

We have audited the accompanying financial statements of the Chaparral Point Adult Village Condominium Corporation No.981 0287, which comprise the statement of financial position as at August 31, 2021, and the statements of operations and changes in fund balances for the operating fund and capital replacement reserve fund, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Corporation as at August 31, 2021, 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.

Basis for Opinion

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 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 opinion.

Other Matter

In order to obtain a more complete understanding of the financial position of the Corporation, we recommend that the reader review the expected future maintenance costs detailed in the reserve fund study.

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.



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 Company'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 Company'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 Company 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.

Condominium Audit Services

Chartered Professional Accountant

Calgary, Alberta
November 16, 2021

Chaparral Point Adult Village

STATEMENT OF FINANCIAL POSITION

AS AT AUGUST 31, 2021

	2021			2020
	Operating Fund	Reserve Fund	Total	Total
Current Assets				
Cash	\$ 13,627	\$ 205,780	\$ 219,407	\$ 156,704
Accounts receivable	1,884	-	1,884	2,149
Prepaid insurance	3,331	-	3,331	2,380
Short-term investments	-	315,408	315,408	311,579
	\$ 18,842	\$ 521,188	\$ 540,030	\$ 472,812
Current Liabilities				
Accounts payable	\$ 9,227	\$ 4,817	\$ 14,044	\$ 11,351
Prepaid condominium fees	382	-	382	-
	9,609	4,817	14,426	11,351
Net Assets				
Capital replacement reserve fund <i>(note 6)</i>	-	516,371	516,371	446,325
Operating fund	9,233	-	9,233	15,136
	9,233	516,371	525,604	461,461
	\$ 18,842	\$ 521,188	\$ 540,030	\$ 472,812

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STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE
OPERATING FUND

FOR THE YEAR ENDED AUGUST 31, 2021

	2021 Budget <i>(note 5)</i>	2021 Actual	2020 Actual
Revenues			
Condominium fees	\$ 214,403	\$ 214,403	\$ 190,867
Interest	-	37	125
	214,403	214,440	190,992
Administration			
Bank charges	50	18	4
Management fees	16,947	17,309	16,947
Office	1,500	552	1,485
Professional fees	3,010	1,932	3,410
Utilities			
Organics	3,120	2,646	2,500
Power	1,050	1,036	1,009
Recycling	5,040	5,040	4,340
Waste management	2,900	2,782	3,027
Water and sewer	7,000	7,456	7,864
Maintenance			
General building maintenance	6,250	7,719	4,589
Irrigation system	1,400	2,379	1,029
Landscaping	24,534	25,997	28,224
Pest control	1,050	767	940
Snow removal	24,034	23,042	22,145
Other			
Insurance	37,879	43,029	35,649
	135,764	141,704	133,162
Revenues over expenses	78,639	72,736	57,830
Transfer to reserve fund	\$ (78,639)	(78,639)	(59,535)
Operating fund balance at beginning of year		15,136	16,841
Operating fund balance at end of year		\$ 9,233	\$ 15,136

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STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE
CAPITAL REPLACEMENT RESERVE FUND
FOR THE YEAR ENDED AUGUST 31, 2021

	2021 Budget <i>(note 5)</i>	2021 Actual	2020 Actual
Revenues			
Interest		\$ 4,680	\$ 10,719
Expenses			
Asphalt paving repairs		-	7,586
Basement wall repairs		4,817	-
Eavestrough installation		1,974	3,379
Exterior repairs		3,558	-
Fence painting		-	1,838
Garage door replacement		940	-
Irrigation repairs		-	1,841
Roof repairs		-	141,174
Tree		-	315
Window replacement		1,984	-
		13,273	156,133
Revenues over expenses		(8,593)	(145,414)
Transfer from operating fund	\$ 78,639	78,639	59,535
Reserve fund balance at beginning of year		446,325	532,204
Reserve fund balance at end of year		\$ 516,371	\$ 446,325

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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED AUGUST 31, 2021

	2021			2020
	Operating Fund	Reserve Fund	Total	Total
Cash flows from operating activities				
Condominium fees	\$ 215,050	\$ -	\$ 215,050	\$ 190,917
Interest and investment income	37	851	888	2,131
Other revenues	-	-	-	(2,149)
Cash paid to suppliers	(144,779)	(8,456)	(153,235)	(293,513)
Net cash provided by (used in) operating activities	70,308	(7,605)	62,703	(102,614)
Cash flows from investing activities				
Net redeem of GICS	-	-	-	42,157
Interfund transfers	(78,639)	78,639	-	-
Cash, beginning of year	21,958	134,746	156,704	217,161
Cash, end of year	\$ 13,627	\$ 205,780	\$ 219,407	\$ 156,704
Cash and cash equivalents are comprised of:				
Cash	\$ 13,627	\$ 205,780	\$ 219,407	\$ 156,704

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NOTES TO THE FINANCIAL STATEMENTS

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1 Purpose and Income Tax Status

Chaparral Point Adult Village Condominium Corporation No.981 0287 (The "Corporation") is a condominium corporation registered under the Condominium Property Act of Alberta. Its function is to regulate the use of the property and to provide repairs, maintenance and other services to the common areas of the condominium project, located in Edmonton, Alberta.

The Corporation is a not-for-profit corporation under the Income Tax Act, and is therefore exempt from income taxes.

2 Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. Significant accounting policies are described below.

(a) Fund Accounting

The Operating Fund accounts for the Corporation's operating and administrative activities.

The Capital Replacement Reserve Fund reports the amounts that are set aside and used for future costs of major repairs and replacements. The Condominium Property Act of Alberta restricts the ending balance of the reserve fund to use on major capital repairs and replacements.

(b) Revenue Recognition and Transfers to the Reserve Fund

Condominium fee assessments related to general operations are recognized as revenue of the operating fund as billed to the owners by the Corporation. Billings for the condominium fees consist of monthly charges based on the annual budget approved by the Board of Directors. All expenses are recognized as incurred.

Transfers to the reserve fund are made based on board approvals, to fund the cost of capital replacements and repairs.

(c) Contributed Services

Volunteer services contributed on behalf of the Corporation are not recognized in these financial statements due to the difficulty in determining their fair value.

(d) Cash and Cash Equivalents on the Statement of Cash Flows

Cash and cash equivalents include bank balances and cash held. Short term money market funds are not included as these are considered to be investments.

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(e) Use of Estimates

The preparation of financial statements in conformity with Canadian accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the 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. Actual results could differ from those estimates.

3 Financial Instruments

(a) Financial Instrument Measurement

The Corporation initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost, except for marketable securities quoted in an active market, which are measured at fair value.

The financial assets subsequently measured at amortized cost include cash, and accounts receivable. The financial assets measured at fair value include Guaranteed Investment certificates. The financial liabilities measured at amortized cost include accounts payable.

(b) Credit Risk

The Corporation does not have a concentration of credit exposure with any one party. The Corporation does not consider that it is exposed to undue credit risk. Credit risk includes the risk that owners will fail to pay their condominium fees.

(c) Interest Rate Risk

The investments of the Corporation may be subject to interest rate risk because changing interest rates impact the market value of the fixed rate investments.

(d) Liquidity Risk

Liquidity risk is the risk that the Corporation may not be able to meet its ongoing commitments to repair, replace and maintain the common property of the Corporation.

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NOTES TO THE FINANCIAL STATEMENTS

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(e) Risk Management

The Corporation manages its credit, liquidity and cash flow risk by restricting investments to a diverse range of government and corporate fixed income securities, and corporate shares with specified ratings and terms as prescribed by the Condominium Property Act. As it is the Corporation's expectation to hold its investments to maturity, its cash flows are exposed to minimal interest rate and liquidity risk. The Corporation has the power to place caveats on titles which significantly mitigates credit risk. The Corporation manages liquidity risk by preparing an annual budget in consideration of the results of its reserve fund study, and may increase condominium fees and assess special levies to ensure it has sufficient funds.

4 Short-term Investments

The investments are held for the purpose of financing the future costs of major repairs and replacements. The investments are comprised of five Guaranteed Investment Certificates held by Manulife Securities, at fair value:

	2021
Mutual fund BK, created on Dec 14, 2020	\$ 87,452
Mutual fund TRST, created on Dec 3, 2020	99,237
Mutual fund ALTA, created on Dec24, 2020	76,797
HMBK GIC at 2.26%, maturing Dec24, 2021	51,922
	\$ 315,408

5 Budget Amounts

The 2021 budget amounts are presented for information purposes only. They were approved by the Board of Directors and are unaudited.

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NOTES TO THE FINANCIAL STATEMENTS

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6 Adequacy of Capital Replacement Reserve Fund

These financial statements do not purport to show the adequacy of the capital replacement reserve fund. In determine the allocation to the Capital Replacement Reserve Fund and the adequacy of the fund balance the Board of Directors exercise judgemental, principally in the following areas:

- Obtaining an inventory of common property components that will require replacement;
- Determining the state of these components and their expected remaining useful life;
- Estimating the replacement cost at the expected time of replacement; and
- Forecasting the expected rate of return on the fund's investments

An independent reserve fund study to determine the adequate amount of funds which should be retained in the capital replacement reserve fund for future costs of major repairs and replacement was conducted in 2018. The Board of Directors is utilizing this report together with such other information as is available in evaluating the Capital Replacement Reserve Fund requirements. Significant estimates and assumptions are involved and actual capital replacement reserve fund requirements could differ from those anticipated, and therefore future special assessments cannot be precluded.

a) The study projects the following reserve plan (5 years):

	2020	2021	2022	2023	2024
Begining balance	466,786	533,323	603,834	405,891	410,922
Reserve contribution	59,535	62,512	65,637	68,919	72,365
Interest	7,002	8,000	9,058	6,088	6,164
Expenditure	-	-	(272,638)	(69,977)	(43,650)
Ending Balance	\$533,323	\$603,834	\$405,891	\$410,922	\$445,801

b) A comparison of the actual reserve fund to the plan is as follows:

	Reserve Fund Plan	Actual	Over (Under)
2021 Begining balance	533,323	446,325	(86,998)
Contributions	62,512	78,639	16,127
Interest	8,000	4,680	(3,320)
Expenditure	-	(13,273)	(13,273)
2021 Ending balance	\$603,834	\$516,371	\$(87,463)

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7 Comparative Figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

8 Approval of Financial Statements

These financial statements have been approved by the Board of Directors.