

JAGARE RIDGE HOMEOWNERS ASSOCIATION
Financial Statements
Year Ended December 31, 2022



COLBY•STECKLY
CHARTERED PROFESSIONAL ACCOUNTANTS

JAGARE RIDGE HOMEOWNERS ASSOCIATION

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INDEPENDENT AUDITOR'S REPORT

To the Enter descriptions of Jagare Ridge Homeowners Association

Opinion

We have audited the financial statements of Jagare Ridge Homeowners Association (the organization), which comprise the statement of financial position as at December 31, 2022, and the statements of changes in net assets, revenues and expenditures and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2022, 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 (ASNPO)

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 organization in accordance with 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 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 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 organization'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 organization or to cease operations, or has no realistic alternative but to do so.

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

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Independent Auditor's Report to the To the Enter descriptions of Jagare Ridge Homeowners Association
(continued)

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 organization'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 organization'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 organization 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.

Edmonton, Alberta
March 16, 2023


CHARTERED PROFESSIONAL ACCOUNTANTS


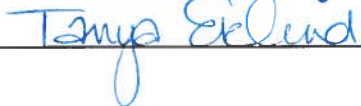
JAGARE RIDGE HOMEOWNERS ASSOCIATION

Statement of Financial Position

December 31, 2022

	2022	2021
ASSETS		
CURRENT		
Cash	\$ 113,284	\$ 32,786
Restricted cash - reserve	6,028	-
Accounts receivable (Note 3)	2,213	1,560
Goods and services tax recoverable	4,092	-
Planter Deposit	-	6,975
	<u>\$ 125,617</u>	<u>\$ 41,321</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 9,536	\$ 24,786
Goods and services tax payable	-	118
Deferred income	81,168	773
	<u>90,704</u>	<u>25,677</u>
NET ASSETS		
General Fund	28,913	-
Reserve Fund	6,000	15,644
	<u>34,913</u>	<u>15,644</u>
	<u>\$ 125,617</u>	<u>\$ 41,321</u>

ON BEHALF OF THE BOARD


 _____ Director

 _____ Director

See notes to financial statements

JAGARE RIDGE HOMEOWNERS ASSOCIATION

Statement of Changes in Net Assets

Year Ended December 31, 2022

	General Fund	Reserve Fund	2022	2021
NET ASSETS - BEGINNING OF YEAR	\$ 15,644	\$ -	\$ 15,644	\$ 26,078
Excess of revenues over expenses	19,269	-	19,269	(10,434)
Transfer to reserve fund	(6,000)	6,000	-	-
NET ASSETS - END OF YEAR	\$ 28,913	\$ 6,000	\$ 34,913	\$ 15,644

Statement of Revenues and Expenditures

Year Ended December 31, 2022

	2022	2021
REVENUES		
Convenience fees	\$ 1,632	\$ 957
Membership Fees	107,920	80,829
Multifamily	22,950	21,420
	<u>132,502</u>	<u>103,206</u>
EXPENSES		
Administration/management fees	24,000	25,100
AGM	644	-
Bank charges and merchant fees	1,863	1,417
Office supplies	6,919	1,517
Professional fees	4,500	4,000
Reserve fund study	1,250	-
Repairs and maintenance	56,447	63,374
Utilities	10,137	14,193
Website and data processing	7,755	4,331
	<u>113,515</u>	<u>113,932</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FROM OPERATIONS	18,987	(10,726)
OTHER INCOME		
Interest income	282	292
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ 19,269	\$ (10,434)

See notes to financial statements

JAGARE RIDGE HOMEOWNERS ASSOCIATION

Statement of Cash Flows

Year Ended December 31, 2022

	2022	2021
OPERATING ACTIVITIES		
Cash receipts from customers	\$ 212,244	\$ 124,094
Cash paid to suppliers and employees	(121,790)	(144,891)
Interest received	282	292
Goods and services tax	(4,210)	(2,864)
	<hr/>	<hr/>
Cash flow from (used by) operating activities	86,526	(23,369)
FINANCING ACTIVITY		
Note Payable	-	(20,000)
	<hr/>	<hr/>
INCREASE (DECREASE) IN CASH FLOW	86,526	(43,369)
Cash - beginning of year	<hr/> 32,786	<hr/> 76,155
CASH - END OF YEAR	<hr/> \$ 119,312	<hr/> \$ 32,786

See notes to financial statements

JAGARE RIDGE HOMEOWNERS ASSOCIATION

Notes to Financial Statements

For the Year Ended December 31, 2022

1. PURPOSE OF THE ORGANIZATION

Jagare Ridge Homeowners Association (the "Association") is a not-for-profit organization incorporated provincially under the Companies Act of Alberta. Management has determined that they are exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

The Association exists to maintain the community's features and amenities. The Association is managed by Core Real Estate Group ("Core"), and is governed by a Board of Directors, constituted, appointed and elected pursuant to the By-Laws of the Association. The Association commenced operations in 2018.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPPO).

Cash and cash equivalents

Cash consists of balances held in financial institutions.

Use of estimates

The preparation of the financial statements in accordance with ASNPO 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 in those estimates and may have an impact on future periods. Accounts specifically affected by estimates in these financial statements are accounts receivable, accounts payable, and accrued liabilities.

Revenue recognition

Jagare Ridge Homeowners Association follows the deferral method of accounting for membership fees.

Unrestricted contributions and membership fees are recognized as revenue in the year they relate to. The amounts are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Convenience fees are recognized when they are earned which is at the time of payment of membership fees.

Measurement uncertainty

The preparation of financial statements in conformity 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 become known. Actual results could differ from these estimates.

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JAGARE RIDGE HOMEOWNERS ASSOCIATION

Notes to Financial Statements

For the Year Ended December 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 assets are tested for impairment when changes in circumstances indicate the asset could be impaired.

When financial instruments that include both a debt and an equity component are issued, the proceeds are allocated firstly to the component for which the fair value is more readily determinable, and the residual is allocated to the other component.

3. ACCOUNTS RECEIVABLE

	<u>2022</u>		<u>2021</u>
Home owners association fee	\$ 1,911	\$	906
Shared utilities	415		-
	<u>\$ 2,326</u>	\$	<u>906</u>

4. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of December 31, 2022.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization is exposed to credit risk from customers. In order to reduce its credit risk, the organization reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The organization has a significant number of customers which minimizes concentration of credit risk.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, long-term debt, obligations under capital leases, contributions to the pension plan, and accounts payable.

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant other price risks arising from these financial instruments.

JAGARE RIDGE HOMEOWNERS ASSOCIATION

Notes to Financial Statements

For the Year Ended December 31, 2022

5. RELATED PARTY TRANSACTIONS

Up until quarter 3 of 2021, there was a Management Agreement that granted Melcor and Jagare Ridge Communities Inc. control of the Association and management of the community amenities. The total value of the transactions with this formerly related party was \$18,000. As of quarter 4 of 2021, there are no related party transactions.

6. COMPARATIVE FIGURES

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