

Jagare Ridge Homeowners Association

Financial Statements

For the year ended December 31, 2024

Jagare Ridge Homeowners Association

Financial Statements

December 31, 2024

	Page
Independent Auditors' Report	3 - 4
Statement of Operations	5
Statement of Changes in Net Assets	6
Statement of Financial Position	7
Statement of Cash Flows	8
Notes to the Financial Statements	9 - 12

Independent Auditors' Report

To the board of directors of Jagare Ridge Homeowners Association

Opinion

We have audited the financial statements of Jagare Ridge Homeowners Association, which comprise the statement of financial position as at December 31, 2024, and the statements of operations, changes in net assets 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, 2024, 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 Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the organization 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 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 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.

Independent Auditors' Report (continued)

Auditors' 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 auditors' 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 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 auditors' 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 auditors' 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, Canada
April 24, 2025

Crowe Mackay LLP.

Chartered Professional Accountants

Jagare Ridge Homeowners Association

Statement of Operations

For the year ended December 31,	2024	2023
Revenues		
Annual membership fees	\$ 160,009	\$ 119,104
Convenience fees	1,129	2,164
Multifamily	26,010	24,174
Late fees	2,154	1,411
	189,302	146,853
Expenditures		
Interest and bank charges	1,878	2,168
Management fees	33,000	30,000
Website and data processing	3,168	4,212
Office	2,237	2,159
AGM expense	1,942	1,692
Professional fees	4,000	4,000
Repairs and maintenance	83,422	68,241
Community events	4,322	-
Utilities	15,711	12,277
	149,680	124,749
Excess of revenues over expenditures from operations	39,622	22,104
Other income		
Interest	812	445
Excess of revenues over expenditures	\$ 40,434	\$ 22,549

Jagare Ridge Homeowners Association

Statement of Changes in Net Assets

For the year ended December 31, 2024

	General	Reserve	Total 2024	Total 2023
Balance, beginning of year	\$ 45,015	\$ 12,446	\$ 57,461	\$ 34,912
Excess of revenues over expenditures	39,622	812	40,434	22,549
Transfer between funds	(19,000)	19,000	-	-
Balance, end of year	\$ 65,637	\$ 32,258	\$ 97,895	\$ 57,461

Jagare Ridge Homeowners Association

Statement of Financial Position

December 31,	2024	2023
--------------	------	------

Assets

Current

Cash (note 3)		
Unrestricted	\$ 86,696	\$ 142,187
Restricted	32,285	12,473
Accounts receivable (note 4)	4,795	3,380
GST receivable	14,933	9,009
Due from Melcor (note 5)	9,655	-
	\$ 148,364	\$ 167,049

Liabilities

Current

Accounts payable and accrued liabilities	\$ 7,403	\$ 13,731
Deferred revenue	43,066	95,857
	50,469	109,588

Net Assets

General	65,637	36,551
Reserve	32,258	20,910
	97,895	57,461
	\$ 148,364	\$ 167,049

Approved on behalf of the Board:

Triona Cosgrave Trustee

Michaela Davis Trustee

Jagare Ridge Homeowners Association

Statement of Cash Flows

For the year ended December 31,	2024	2023
Operating activities		
Cash receipts from customers	\$ 146,339	\$ 160,375
Cash paid to suppliers and employees	(156,008)	(118,387)
Interest received	812	445
Goods and service tax	(15,148)	(4,917)
Interest paid	(2,019)	(2,168)
	(26,024)	35,348
Advance to related party		
Advances from (to) related party	(9,655)	-
Increase (decrease) in cash	(35,679)	35,348
Cash, beginning of year	154,660	119,312
Cash, end of year	\$ 118,981	\$ 154,660
Cash consists of:		
Cash	\$ 86,696	\$ 142,187
Reserve account	32,285	12,473
	\$ 118,981	\$ 154,660

Jagare Ridge Homeowners Association

Notes to the Financial Statements

December 31, 2024

1. Nature of operations

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.

2. Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are detailed as follows:

(a) Cash equivalents

Cash and cash equivalents consist of cash on hand and bank deposits.

(b) Revenue recognition

The organization follows the deferral method of accounting for contributions. Membership fees are recognized as revenue in the year they relate to. The amounts to be received can be reasonably estimated and collection is reasonably assured.

Reserve investment income is recognized as revenue in the year in which it is earned.

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

(c) Measurement uncertainty

The preparation of financial statements in conformity with the selected standard (changes in statements) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

Jagare Ridge Homeowners Association

Notes to the Financial Statements

December 31, 2024

2. Significant accounting policies (continued)

(d) Financial instruments

Initial measurement

Financial assets originated or acquired or financial liabilities issued or assumed in an arm's length transaction are initially measured at their fair value. In the case of a financial asset or financial liability not subsequently measured at its fair value, the initial fair value is adjusted for financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption. Such fees and costs in respect of financial assets and liabilities subsequently measured at fair value are expensed.

Financial assets or liabilities originated or exchanged in related party transactions except for those that involve parties whose sole relationship with the organization is in the capacity of management, are initially measured at cost. The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms. If the instrument does, the cost is determined using the instruments undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. Otherwise cost is determined using the consideration transferred or received by the organization in the transaction.

Transactions, with parties whose sole relationship with the organization is in the capacity of management, are accounted for as arm's length transactions.

Subsequent measurement

The organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in debt instruments, equity instruments and forward exchange contracts that are quoted in an active market, which are measured at fair value without any adjustment for transaction costs. Changes in fair value are recognized in net income in the period in which they occur.

Financial assets measured at amortized cost include accounts receivable and advances from related party.

Financial liabilities measured at amortized cost include accounts payable, accrued liabilities.

Transaction costs

Transaction costs attributable to financial instruments subsequently measured at fair value and to those originated or exchanged in a related party transaction are recognized in income in the period incurred. Transaction cost for financial instruments originated or exchanged in an arm's length transaction that are subsequently measured at amortized cost are recognized in the original cost of the instrument and recognized in income over the life of the instrument using the straight-line method.

Jagare Ridge Homeowners Association

Notes to the Financial Statements

December 31, 2024

2. Significant accounting policies (continued)

Impairment

At the end of each reporting period, management assesses whether there are any indications that financial assets measured at cost or amortized cost may be impaired. If there is an indication of impairment, management determines whether a significant adverse change has occurred in the expected timing or the amount of future cash flows from the asset, in which case the asset's carrying amount is reduced to the highest expected value that is recoverable by either holding the asset, selling the asset or by exercising the right to any collateral. The carrying amount of the asset is reduced directly or through the use of an allowance account and the amount of the reduction is recognized as an impairment loss in operations. Previously recognized impairment losses may be reversed to the extent of any improvement. The amount of the reversal, to a maximum of the related accumulated impairment charges recorded in respect of the particular asset, is recognized in operations.

3. Cash

Restricted cash consists of amounts transferred from the operating account to the reserve account annually plus any interest income earned on the accumulated balance. This amount is approved annually by the board and is held to fund any future major expenses or repairs as determined necessary by the Board of Directors. In 2024, there was \$19,000 transferred to the reserve account and \$812 in interest earned.

	2024	2023
Bank - Reserve	\$ 32,285	\$ 12,473

4. Accounts receivable

Amounts receivable consist of Homeowners Association fees receivable from residents in the community.

	2024	2023
HOA fees receivable	\$ 4,795	\$ 3,380

Jagare Ridge Homeowners Association

Notes to the Financial Statements

December 31, 2024

5. Related party transactions

The Management Agreement grants Melcor and Jagare Ridge Communities Inc. (JRCI) control of the management of the Association and management of the community amenities until the Effective Date.

The Effective Date is defined as the later of:

- a) The date upon which JRCI has sold its last lands within the Jagare Ridge development, or
- b) The date upon which all amounts owing to JRCI have been repaid

JRCI may, at an earlier date and at its discretion, transfer portions of the amenities or certain aspects of management to the Association. After the Effective Date, the Association becomes independent from Melcor and JRCI and will no longer receive their financial support.

The following is a summary of the association's related party transactions:

	2024	2023
Advances to Melcor	\$ 9,655	\$ -

6. Comparative figures

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.