

Jagare Ridge Homeowners Association

Financial Statements

For the year ended December 31, 2025

Jagare Ridge Homeowners Association

Financial Statements

December 31, 2025

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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, 2025, 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 association 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 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 association 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 association'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 association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the association'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 association'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 association'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 association 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
June 2, 2026


Chartered Professional Accountants

Jagare Ridge Homeowners Association

Statement of Operations

For the year ended December 31,	2025	2024
Revenues		
Annual membership fees	\$ 237,570	\$ 160,009
Convenience fees	2,564	1,129
Multifamily	27,540	26,010
Late fees	1,993	2,154
	269,667	189,302
Expenditures		
Interest and bank charges	3,902	1,878
Management fees	33,000	33,000
Website and data processing	5,643	3,168
Office	1,369	2,237
AGM expense	1,296	1,942
Professional fees	4,000	4,000
Repairs and maintenance	83,633	83,422
Community events	9,504	4,322
Utilities	19,567	15,711
	161,914	149,680
Excess of revenues over expenditures from operations	107,753	39,622
Other income		
Interest	1,047	812
Excess of revenues over expenditures	\$ 108,800	\$ 40,434

Jagare Ridge Homeowners Association

Statement of Changes in Net Assets

For the year ended December 31, 2025

	General	Reserve	Total 2025	Total 2024
Balance, beginning of year	\$ 65,610	\$ 32,285	\$ 97,895	\$ 57,461
Excess of revenues over expenditures	107,753	1,047	108,800	40,434
Transfer between funds	(19,000)	19,000	-	-
Balance, end of year	\$ 154,363	\$ 52,332	\$ 206,695	\$ 97,895

Jagare Ridge Homeowners Association

Statement of Financial Position

December 31,	2025	2024
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Assets

Current

Cash (note 3)		
Unrestricted	\$ 207,636	\$ 142,187
Restricted	52,332	32,285
Accounts receivable (note 4)	5,014	4,795
GST receivable	1,907	14,933
Due from Melcor (note 5)	5,076	9,655
	\$ 271,965	\$ 148,364

Liabilities

Current

Accounts payable and accrued liabilities	\$ 7,880	\$ 7,403
Deferred revenue (note 6)	57,390	43,066
	65,270	50,469

Net Assets

General	154,363	65,637
Reserve	52,332	32,258
	206,695	97,895
	\$ 271,965	\$ 148,364

Approved on behalf of the Board:

Triona Cosgrave

Member

Michaela Davis

Member

Jagare Ridge Homeowners Association

Statement of Cash Flows

For the year ended December 31,	2025	2024
Operating activities		
Cash receipts from customers	\$ 253,570	\$ 146,339
Cash paid to suppliers and employees	(116,302)	(156,008)
Interest received	1,047	812
Goods and service tax	(1,907)	(15,148)
Interest paid	-	(2,019)
	136,408	(26,024)
Advance to related party		
Advances from (to) related party	4,579	(9,655)
Increase (decrease) in cash	140,987	(35,679)
Cash, beginning of year	118,981	154,660
Cash, end of year	\$ 259,968	\$ 118,981
Cash consists of:		
Cash	\$ 207,636	\$ 86,696
Reserve account	52,332	32,285
	\$ 259,968	\$ 118,981

Jagare Ridge Homeowners Association

Notes to the Financial Statements

December 31, 2025

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 association 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, 2025

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 association 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 association in the transaction.

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

Subsequent measurement

The association 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, 2025

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.

(e) Cloud computing arrangements

The company applies the simplification method to expenditures in a cloud computing arrangement that fall within the scope of AcG-20, Customer's Accounting for Cloud Computing Arrangements. Under this method, expenditures are treated as a supply of services and recognized as an expense when the company receives the service. Expenditures related to implementation activities are expensed as incurred.

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 2025, there was \$19,000 transferred to the reserve account (2024 - \$19,000) and \$1,047 in interest earned (2024 - \$812).

	2025	2024
Bank - Reserve	\$ 52,332	\$ 32,285

4. Accounts receivable

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

	2025	2024
HOA fees receivable	\$ 5,014	\$ 4,795

Jagare Ridge Homeowners Association

Notes to the Financial Statements

December 31, 2025

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:

	2025	2024
Advances to Melcor	\$ 5,076	\$ 9,655

6. Deferred revenue

Deferred revenue consists of future year annual membership fees prepaid by residents.

7. Cloud computing arrangements

During the year, the association expensed \$2,312 (2024 - \$3,270) with respect to cloud computing arrangements which is included in website and data processing expense.

8. 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.