

Woodhaven - Edgemont Homeowners Association (HOA)

FINANCIAL STATEMENTS

DECEMBER 31, 2020

Woodhaven - Edgemont Homeowners Association (HOA)

DECEMBER 31, 2020

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INDEPENDENT AUDITORS' REPORT

To the Owners of Woodhaven - Edgemont HOA:

Opinion

We have audited the accompanying financial statements of the Woodhaven - Edgemont HOA, which comprise the statement of financial position as at December 31, 2020, 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 Association as at December 31, 2020, 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 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 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

The financial statements for the year ended December 31, 2019 were audited by another auditor who expressed an unmodified opinion on those statements on March 10, 2020.

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.

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.

A further description of the auditor's responsibilities for the audit of the financial statements is located on our website at: www.cassfraser.ca/responsibilities-of-an-auditor. This description forms part of our auditor's report.



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Cass & Fraser Chartered Professional Accountants

Edmonton, Alberta
March 16, 2021

Woodhaven - Edgemont Homeowners Association (HOA)

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2020

	2020			2019
	Operating Fund	Reserve Fund	Total	Total
Current Assets				
Cash	\$ 22,185	\$ 24,949	\$ 47,134	\$ 33,814
Accounts receivable (<i>note 5</i>)	19,933	-	19,933	28,714
Prepaid expenses	1,288	-	1,288	1,088
Short term investments (<i>note 6</i>)	1,000	-	1,000	-
	\$ 44,406	\$ 24,949	\$ 69,355	\$ 63,616
Current Liabilities				
Accounts payable	\$ 1,960	\$ -	\$ 1,960	\$ 1,394
GST payable	(184)	-	(184)	601
Prepaid fees	474	-	474	1
	2,250	-	2,250	1,996
Net Assets				
Capital replacement reserve fund	-	24,949	24,949	24,810
Operating fund	42,156	-	42,156	36,810
	42,156	24,949	67,105	61,620
	\$ 44,406	\$ 24,949	\$ 69,355	\$ 63,616

Woodhaven - Edgemont Homeowners Association (HOA)

STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE

OPERATING FUND

FOR THE YEAR ENDED DECEMBER 31, 2020

	2020 Budget (note 4)	2020 Actual	2019 Actual
Revenues			
Association fees	\$ 20,100	\$ 20,100	\$ 20,100
Interests on arrears	-	9,042	-
Bank interest	150	41	85
	20,250	29,183	20,185
Administration			
Bank charges	250	85	220
Management fees	5,400	2,914	4,613
Office expenses (note 7)	9,500	6,060	1,396
Professional fees	1,500	3,005	1,443
Other			
Bad debt	-	10,543	-
Insurance	3,600	1,230	4,159
	20,250	23,837	11,831
Revenues over expenses	\$ -	5,346	8,354
Operating fund balance at beginning of year		36,810	28,456
Operating fund balance at end of year		\$ 42,156	\$ 36,810

Woodhaven - Edgemont Homeowners Association (HOA)

STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE

CAPITAL REPLACEMENT RESERVE FUND

FOR THE YEAR ENDED DECEMBER 31, 2020

	2020 Budget <i>(note 4)</i>	2020 Actual	2019 Actual
Revenues			
Interest		\$ 139	\$ 418
Reserve fund balance at beginning of year		24,810	24,392
Reserve fund balance at end of year		\$ 24,949	\$ 24,810

Woodhaven - Edgemont Homeowners Association (HOA)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2020

	2020			2019
	Operating Fund	Reserve Fund	Total	Total
Cash flows from operating activities				
Association fees	\$ 23,587	\$ -	\$ 23,587	\$ 12,150
Interest and investment income	41	139	180	503
Cash paid to suppliers	(9,447)	-	(9,447)	(11,624)
Net cash provided by (used in) operating activities	14,181	139	14,320	1,029
Cash flows from investing activities				
Net purchase of GICS	(1,000)	-	(1,000)	-
Increase (decrease) in cash	13,181	139	13,320	1,029
Cash, beginning of year	9,004	24,810	33,814	32,785
Cash, end of year	\$ 22,185	\$ 24,949	\$ 47,134	\$ 33,814
Cash and cash equivalents are comprised of:				
Cash	\$ 22,185	\$ 24,949	\$ 47,134	\$ 33,814

Woodhaven - Edgemont Homeowners Association (HOA)

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

1 Purpose and Income Tax Status

Woodhaven - Edgemont HOA (The "Association") is a home owners' association registered under the Societies Act of Alberta. Its function is to regulate the use of the property and to provide repairs, maintenance and other services to the common housing areas, located in Edmonton, Alberta.

The Association 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 Association'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.

(b) Revenue Recognition and Transfers to the Reserve Fund

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

(c) Contributed Services

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

(d) Capital Assets

Association units and real property directly associated with those units are not considered to be capital assets of the Association.

Capital assets purchased by the Association are expensed in the year of acquisition .

(e) 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.

Woodhaven - Edgemont Homeowners Association (HOA)

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

(f) 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 Association 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, cash investment certificates, and accounts receivable. There were no financial assets subsequently measured at fair value. The financial liabilities measured at amortized cost include accounts payable.

(b) Credit Risk

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

(c) Interest Rate Risk

The investments of the Association are 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 Association may not be able to meet its ongoing commitments to repair, replace and maintain the common property of the Association.

(e) Risk Management

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

Woodhaven - Edgemont Homeowners Association (HOA)

NOTES TO THE FINANCIAL STATEMENTS

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4 Budget Amounts

The 2020 budget amounts are presented for information purposes only. They were approved by the Board of Directors and are unaudited.

5 Accounts Receivable

The Association has receivables in the amount of \$14,809 for which the collectability is uncertain. Total accounts receivable is shown net of this amount.

6 Short Term Investments

Investments consist of one Guaranteed Investment Certificate held by ATB Financial with the maturity date of September 23, 2021 and interest rate of 0.45%.

7 Related Party Transactions

During the year, one board member's spouse provided website maintenance services to the Association in the amount of \$250.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed by the related parties.

8 Comparative Figures

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

9 Approval of Financial Statements

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