

EVERGREEN RESIDENTS ASSOCIATION LTD.

Financial Statements

Year Ended August 31, 2021

EVERGREEN RESIDENTS ASSOCIATION LTD.

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Year Ended August 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Owners of Evergreen Residents Association Ltd.

Opinion

We have audited the financial statements of Evergreen Residents Association Ltd. (the Residents Association), which comprise the statement of financial position as at August 31, 2021, and the statements of revenues and expenditures and 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 Residents Association as at August 31, 2021, 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Residents 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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

We were engaged to conduct an audit, in accordance with Canadian generally accepted auditing standards, on the financial statements prepared by the Entity's management in accordance with Canadian accounting standards for not-for-profit organizations. We were not engaged to, nor do we, provide any assurance as to whether the Entity is in compliance with all aspects of The Societies Act and we were not engaged to, nor do we, provide any assurance as to the adequacy of the reserve fund to cover future major expenditures and replacements.

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 Residents Association's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Residents Association or to cease operations, or has no realistic alternative but to do so.

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Those charged with governance are responsible for overseeing the Residents 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. 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 Residents 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 Residents 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 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 Residents 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.



Calgary, Alberta
October 13, 2021

C&E LLP Chartered Professional Accountants

EVERGREEN RESIDENTS ASSOCIATION LTD.

Statement of Financial Position

August 31, 2021

	Capital Replacement Reserve Fund	Operating Fund	Total	Total
	2021	2021	2021	2020
ASSETS				
CURRENT				
Cash	\$ 57,549	\$ 250,148	\$ 307,697	\$ 282,702
Accounts receivable	-	11,118	11,118	33,427
Goods and services tax recoverable	-	2,947	2,947	5,530
Prepaid expenses	-	3,110	3,110	3,239
	57,549	267,323	324,872	324,898
INVESTMENTS (Note 3)	272,320	-	272,320	216,890
	\$ 329,869	\$ 267,323	\$ 597,192	\$ 541,788
LIABILITIES AND NET ASSETS				
CURRENT				
Accounts payable	\$ -	\$ 147,051	\$ 147,051	\$ 167,503
NET ASSETS (Note 2)	329,869	120,272	450,141	374,285
LIABILITIES AND NET ASSETS	\$ 329,869	\$ 267,323	\$ 597,192	\$ 541,788

ON BEHALF OF THE BOARD


 _____ Director

Luis Figueroa
 _____ Director

EVERGREEN RESIDENTS ASSOCIATION LTD.

Statement of Revenues and Expenditures and Changes in Net Assets

Year Ended August 31, 2021

	Budget	Capital Replacement Reserve Fund	Operating Fund	Total	Total
	2021	2021	2021	2021	2020
REVENUES					
Association fees	\$ 302,500	\$ -	\$ 302,500	\$ 302,500	\$ 302,500
Interest	6,650	5,606	5,823	11,429	17,617
Foreclosure recoveries	-	-	11,274	11,274	9,692
Reserve contributions	(40,000)	40,000	(40,000)	-	-
	269,150	45,606	279,597	325,203	329,809
EXPENSES <i>(Schedule 1)</i>	269,150	-	249,347	249,347	292,045
NET EXCESS OF REVENUES OVER EXPENSES	-	45,606	30,250	75,856	37,764
NET ASSETS - BEGINNING OF YEAR	-	284,263	90,022	374,285	336,521
NET ASSETS - END OF YEAR	\$ -	\$ 329,869	\$ 120,272	\$ 450,141	\$ 374,285

EVERGREEN RESIDENTS ASSOCIATION LTD.**Statement of Cash Flows
Year Ended August 31, 2021**

	2021	2020
FUND ACTIVITIES		
Excess of revenue over expenses	\$ 75,856	\$ 37,764
Changes in non-cash working capital:		
Accounts receivable	22,309	(16,159)
Accounts payable	(20,453)	12,004
Prepaid expenses	129	(2,383)
Goods and services tax payable	2,583	(1,477)
	4,568	(8,015)
Cash flow from fund activities	80,424	29,749
INVESTING ACTIVITY		
Reserve fund investments	(55,429)	(5,668)
Cash flow used by investing activity	(55,429)	(5,668)
INCREASE IN CASH FLOW	24,995	24,081
Cash - beginning of year	282,702	258,621
CASH - END OF YEAR	\$ 307,697	\$ 282,702

EVERGREEN RESIDENTS ASSOCIATION LTD.

Notes to Financial Statements

Year Ended August 31, 2021

1. BASIS OF PRESENTATION

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Residents Association is a non-profit organization and the common area assets of the Residents Association are owned proportionately by the owners of the units and as such are not reflected as assets in these financial statements. The purpose of the Residents Association is to manage the common area assets and to maintain and provide services with respect to the day to day operations of the Residents Association.

The financial statements include only assets, liabilities, revenues and expenses relating to the operations of Residents Association. The statements do not include the cost of land or buildings and the outstanding principal balances owing on mortgages, which are the responsibility of the owners.

The Residents Association is a tax exempt organization for income tax purposes and has therefore made no provisions for income taxes on these financial statements.

Measurement uncertainty

When preparing financial statements according to Canadian accounting standards for not-for-profit organizations, management makes estimates and assumptions relating to:

- reported amounts of revenues and expenses
- reported amounts of assets and liabilities
- disclosure of contingent assets and liabilities.

Estimates are based on a number of factors including historical experience, current events and actions that the Residents Association may undertake in the future, and other assumptions that management believes are reasonable under the circumstances. By their nature, these estimates are subject to measurement uncertainty and actual results could differ. In particular, estimates are used in accounting for certain items such as revenues, allowance for doubtful accounts and useful lives of capital assets.

Fund Accounting

The Residents Association follows the restricted method of accounting for contributions.

The operating fund accounts for the Residents Association's operating and administrative activities.

The capital replacement reserve fund reports the fee assessments from unit owners that are to be set aside and used for future costs or major repairs or replacements.

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EVERGREEN RESIDENTS ASSOCIATION LTD.

Notes to Financial Statements

Year Ended August 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue Recognition

The Residents Association recognizes association fee assessments related to general operations as revenue of the operating fund as billed to the owners. Billings for the Residents Association fees consist of the annual encumbrance. All expenses are recognized as they are incurred.

The Residents Association fees related to the Capital Replacement Reserve Fund are recognized as revenue of the Capital Replacement Reserve Fund.

Investment income earned on the Reserve Fund Investments are recognized as revenue of the Capital Replacement Reserve Fund.

Contributed Services

Volunteer services contributed on behalf of the Residents Association in carrying out its operating activities are not recognized in these financial statements due to the difficulty of determining their fair value.

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued, with the exception of any related party transactions that are measured at the carrying amount or exchange amount, as appropriate. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income of the appropriate fund. All other financial instruments are reported as amortized cost, and tested for impairment at each reporting date. Transaction costs are recognized as an expense in the period incurred for all financial instruments subsequently measured at fair value. Financial instruments that are subsequently measured at amortized cost are adjusted by the transaction costs and financing fees that are directly attributed to their organization, issuance or assumption.

Financial assets measured at amortized cost include cash, and accounts receivable. Financial assets measured at fair value include reserve fund investments. Financial liabilities measured at amortized cost include accounts payable, and long-term debt.

Capital Replacement Reserve Fund

The Capital Replacement Reserve Fund is a fund required under the Articles of Association to be established and maintained for the repair or replacement of any real and personal property owned by the Residents Association and the common property where such repair or replacement does not occur annually. When expenditures of a capital nature or for a major repair are incurred, they are charged against the reserve. The amount to be allocated to the Reserve Fund from operations is determined by the Board of Directors of the Residents Association.

Budget

The budget figures that appear on the statement of operating income are those approved by the Board of Directors and are presented for comparison purposes only. They have not been audited or reviewed but they have been reclassified to conform to the presentation in these financial statements.

EVERGREEN RESIDENTS ASSOCIATION LTD.

Notes to Financial Statements

Year Ended August 31, 2021

3. INVESTMENTS HELD FOR THE CAPITAL REPLACEMENT RESERVE FUND ASSETS, AT FAIR VALUE

	<u>2021</u>
Servus reserve cash account	\$ 30
GIC @ 2.34% maturing July 23, 2024	80,191
GIC @ 3.11% maturing June 27, 2023	44,092
GIC @ 1.99% maturing August 26, 2026	80,022
GIC @ 2.96% maturing June 27, 2022	32,916
GIC @ 2.67% maturing June 30, 2025	32,223
Accrued interest	201
Servus Credit Union common shares	7
Manulife trust investment savings	<u>2,638</u>
	<u>\$ 272,320</u>

4. FINANCIAL INSTRUMENTS

The Residents Association 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 Residents Association's risk exposure and concentration as of August 31, 2021.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Residents Association is exposed to this risk mainly in respect of its accounts payable.

Market risk

Market Risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The Residents Association is mainly exposed to interest rate risk.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Residents Association manages exposure through its normal operating and financing activities. The Residents Association is exposed to interest rate risk primarily through its reserve fund investments.

5. COMPARATIVE FIGURES

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

EVERGREEN RESIDENTS ASSOCIATION LTD.

Expenses

(Schedule 1)

Year Ended August 31, 2021

	Budget	Capital Replacement Reserve Fund	Operating Fund	Total	Total
	2021	2021	2021	2021	2020
OPERATING EXPENSES					
Landscaping and snow removal	\$ 139,048	\$ -	\$ 113,805	\$ 113,805	\$ 140,967
Management fees	72,600	-	72,600	72,600	72,600
Audit and legal fees	1,919	-	13,155	13,155	11,574
Seasonal lights	8,750	-	11,937	11,937	9,115
Utilities	9,950	-	10,724	10,724	9,904
Repairs and maintenance	14,724	-	9,846	9,846	17,396
Bank charges	7,135	-	7,814	7,814	7,369
Rent	4,074	-	4,006	4,006	3,922
Insurance	3,400	-	3,444	3,444	3,005
Office	7,550	-	2,016	2,016	10,563
	<u>269,150</u>	-	<u>249,347</u>	<u>249,347</u>	<u>286,415</u>
CAPITAL REPLACEMENT RESERVE EXPENSES					
Painting	-	-	-	-	5,630
	-	-	-	-	<u>5,630</u>
	<u>\$ 269,150</u>	<u>\$ -</u>	<u>\$ 249,347</u>	<u>\$ 249,347</u>	<u>\$ 292,045</u>