

THE PROPERTIES OF DONSDALE RESIDENTS ASSOCIATION

Financial Statements

Year Ended December 31, 2021

THE PROPERTIES OF DONSDALE RESIDENTS ASSOCIATION

Index to Financial Statements

Year Ended December 31, 2021

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Revenues and Expenditures	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 9
Operating Fund (<i>Schedule 1</i>)	10
Capital Replacement Reserve Fund (<i>Schedule 2</i>)	11

INDEPENDENT AUDITOR'S REPORT

To the Members of The Properties of Donsdale Residents Association

Opinion

We have audited the financial statements of The Properties of Donsdale Residents Association (the organization), which comprise the statement of financial position as at December 31, 2021, and the statements of revenues and expenditures, 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, 2021, 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 Members of The Properties of Donsdale Residents 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
June 2, 2022

CHARTERED PROFESSIONAL ACCOUNTANTS

THE PROPERTIES OF DONSDALE RESIDENTS ASSOCIATION
Statement of Financial Position
December 31, 2021

	2021	2020
ASSETS		
CURRENT		
Cash (Note 2)	\$ 293,583	\$ 269,814
Accounts receivable	32,908	28,237
Prepaid insurance	560	875
	\$ 327,051	\$ 298,926
 LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 3,125	\$ 6,852
Goods and services tax payable	1,903	4,256
	5,028	11,108
 NET ASSETS		
Operating fund	128,268	176,101
Capital replacement reserve fund	193,755	111,717
	322,023	287,818
	\$ 327,051	\$ 298,926

COMMITMENT (Note 3)

ON BEHALF OF THE BOARD

_____ Director

_____ Director

See notes to financial statements

THE PROPERTIES OF DONSDALE RESIDENTS ASSOCIATION
Statement of Revenues and Expenditures
Year Ended December 31, 2021

	2021	2020
REVENUES	\$ 134,403	\$ 130,535
EXPENSES		
General maintenance	83,735	73,906
Power and water	6,576	4,990
Professional fees	4,588	6,030
Stripe processing charges	2,619	2,030
Insurance	1,200	1,199
Office	993	921
Rental	320	345
Interest and bank charges	239	5
Courier and postage	88	1,129
Donations	-	1,000
	100,358	91,555
EXCESS OF REVENUES OVER EXPENSES FROM OPERATIONS	34,045	38,980
OTHER INCOME		
Interest income	160	133
Expense recoveries	-	481
Capital replacement reserve fund contributions	-	182
	160	796
EXCESS OF REVENUES OVER EXPENSES FOR THE YEAR	\$ 34,205	\$ 39,776

See notes to financial statements

THE PROPERTIES OF DONSDALE RESIDENTS ASSOCIATION
Statement of Changes in Net Assets
Year Ended December 31, 2021

	Operating Fund	Capital Replacement Reserve Fund	2021	2020
NET ASSETS - BEGINNING OF YEAR	\$ 176,101	\$ 111,717	\$ 287,818	\$ 248,042
EXCESS OF REVENUES OVER EXPENSES FOR THE YEAR	34,157	48	34,205	39,776
TRANSFER	(81,990)	81,990	-	-
NET ASSETS - END OF YEAR	\$ 128,268	\$ 193,755	\$ 322,023	\$ 287,818

See notes to financial statements

THE PROPERTIES OF DONSDALE RESIDENTS ASSOCIATION

Statement of Cash Flows

Year Ended December 31, 2021

	<u>2021</u>	<u>2020</u>
OPERATING ACTIVITIES		
Excess of revenues over expenses for the year	<u>\$ 34,205</u>	<u>\$ 39,776</u>
Changes in non-cash working capital:		
Accounts receivable	(4,671)	15,538
Prepaid insurance	315	(316)
Accounts payable	(3,727)	(11)
Goods and services tax payable	<u>(2,353)</u>	<u>2,378</u>
	<u>(10,436)</u>	<u>17,589</u>
INCREASE IN CASH FLOW	23,769	57,365
Cash - beginning of year	<u>269,814</u>	<u>212,449</u>
CASH - END OF YEAR	<u>\$ 293,583</u>	<u>\$ 269,814</u>

See notes to financial statements

THE PROPERTIES OF DONSDALE RESIDENTS ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2021

NATURE OF OPERATIONS

The Properties of Donsdale Residents Association (the Association) was incorporated February 27, 1998 under the provisions of Part IX of the Companies Act of Alberta and commenced operations in July 2002. The Association is exempt from income taxes under the Income Tax Act of Canada.

The purpose of the Association is to maintain and operate the Donsdale amenities for the benefit of the residents in the Donsdale Neighbourhood. The Donsdale amenities consist of upgraded landscaping, lighting, and other improvements located on certain parklands, boulevards, walkways and other lands owned by The City of Edmonton and by the Association.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

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

Fund accounting

The Association follows the restricted fund method of accounting for contributions. The funds are as follows:

(a) Operating Fund

The Operating Fund accounts for the Association's operating and administrative activities.

(b) Capital Replacement Reserve Fund

The Capital Replacement Reserve Fund reports contributions from residents that are to be set aside and used for future costs of major repairs and replacements.

Revenue recognition

Resident Association fees are recognized as revenue in the Operating Fund in the year in which they pertain to.

Capital Replacement Reserve Fund contributions are recognized as revenue when they are received.

Contributed goods and services

Donated items, including capital assets, are recorded in these financial statements at fair value to the extent the value can be reasonably estimated. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

Financial instruments policy

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.

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THE PROPERTIES OF DONSDALE RESIDENTS ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2021

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

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.

2. CASH

Included in cash is \$193,755 (2020 - \$111,717), which includes an outstanding transfer from the general account of \$32,172 (2020 - \$32,172), restricted for the use of funding major future repairs and replacements in accordance with the Capital Replacement Reserve Fund.

3. COMMITMENT

The organization has a maintenance contract that expires March 31, 2022. Subsequent to year end, the organization renewed this maintenance contract until March 31, 2025. Future minimum payments as at December 31, 2021, are as follows:

2022	\$	46,404
2023		47,652
2024		48,574
2025		<u>12,063</u>
	\$	<u>154,693</u>

4. RELATED PARTY TRANSACTIONS

The Board of Directors is made up of members of the Association. Transactions with board members include Resident Association fees.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount established in the approved annual budget.

5. FINANCIAL INSTRUMENTS

The 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 organization's risk exposure and concentration as of December 31, 2021.

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THE PROPERTIES OF DONSDALE RESIDENTS ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2021

5. FINANCIAL INSTRUMENTS *(continued)*

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 residents failing to pay their fees. In order to reduce its credit risk, the organization has a registered encumbrance of the title of property owned by each resident, and actively sends accounts to their lawyers when assessments are not paid and owners are charged with interest and collection costs.

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 residents, and accounts payable.

THE PROPERTIES OF DONSDALE RESIDENTS ASSOCIATION

Operating Fund

(Schedule 1)

Year Ended December 31, 2021

	2021	2020
REVENUE		
Resident association fees	\$ 134,403	\$ 130,535
Interest income	112	98
Expense recoveries	-	481
	<u>134,515</u>	<u>131,114</u>
EXPENSES		
General maintenance	83,735	73,906
Power and water	6,576	4,990
Professional fees	4,588	6,030
Stripe processing charges	2,619	2,030
Insurance	1,200	1,199
Office	993	921
Rental	320	345
Interest and bank charges	239	5
Courier and postage	88	1,129
Donations	-	1,000
	<u>100,358</u>	<u>91,555</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	<u>\$ 34,157</u>	<u>\$ 39,559</u>

THE PROPERTIES OF DONSDALE RESIDENTS ASSOCIATION

Capital Replacement Reserve Fund

(Schedule 2)

Year Ended December 31, 2021

	2021	2020
REVENUE		
Interest income	\$ 48	\$ 35
Capital replacement reserve fund contributions	-	182
	<u>\$ 48</u>	<u>\$ 217</u>