

Edmonton Aurora Residents Association

FINANCIAL STATEMENTS

DECEMBER 31, 2022

Edmonton Aurora Residents Association

DECEMBER 31, 2022

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INDEPENDENT AUDITORS' REPORT

To the Owners of Edmonton Aurora Residents Association:

Opinion

We have audited the accompanying financial statements of the Edmonton Aurora Residents Association, which comprise the statement of financial position as at December 31, 2022, and the statements of operations and changes in fund balances for the operating 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, 2022, 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.

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.

The signature logo for Cass & Fraser, written in a stylized, cursive script.

Cass & Fraser Chartered Professional Accountants

Edmonton, Alberta
March 31, 2023

Edmonton Aurora Residents Association

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2022

	<u>2022</u>	<u>2021</u>
Current Assets		
Cash	\$ 46,842	\$ 187,690
Accounts receivable	2,796	2,084
Prepaid expenses	3,250	-
Short term investments <i>(note 5)</i>	100,318	-
	<hr/>	<hr/>
	\$ 153,206	\$ 189,774
	<hr/>	<hr/>
Current Liabilities		
Accounts payable	\$ 1,872	\$ 6,829
GST payable (credit)	(2,112)	7,945
Prepaid fees	39,375	4,823
	<hr/>	<hr/>
	39,135	19,597
	<hr/>	<hr/>
Net Assets		
Operating fund	114,071	170,177
	<hr/>	<hr/>
	\$ 153,206	\$ 189,774
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Edmonton Aurora Residents Association

STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE OPERATING FUND

FOR THE YEAR ENDED DECEMBER 31, 2022

	2022 Budget <i>(note 4)</i>	2022 Actual	2021 Actual
Revenues			
Membership fee	\$ 104,100	\$ 93,855	\$ 90,339
Other	-	1,287	797
Interest	-	406	91
	104,100	95,548	91,227
Administration			
Bank charges	3,000	2,881	2,407
Community event costs	-	16,422	2,844
Management fees	18,000	25,500	17,375
Office expenses	3,700	5,085	4,210
Professional fees	15,000	2,400	4,973
Website	4,800	4,376	4,574
Utilities	4,500	7,318	5,243
Repair and maintenance			
Architectural controls	-	6,410	-
Landscaping	-	8,615	-
Fence painting	30,000	65,775	-
Fountain repairs	10,000	3,692	21,598
Other			
Insurance	10,000	3,180	6,800
	99,000	151,654	70,024
Revenues over expenses	\$ 5,100	(56,106)	21,203
Operating fund balance at beginning of year		170,177	148,974
Operating fund balance at end of year		\$ 114,071	\$ 170,177

Edmonton Aurora Residents Association

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	2021
Cash flows from operating activities		
Association fees	\$ 125,820	\$ 96,781
Interest and investment income	88	91
Other revenues	1,287	797
Cash paid to suppliers	(168,043)	(64,938)
Net cash provided by (used in) operating activities	(40,848)	32,731
Cash flows from investing activities		
Net redemption (purchase) of GICs	(100,000)	-
Increase (decrease) in cash	(140,848)	32,731
Cash, beginning of year	187,690	154,959
Cash, end of year	\$ 46,842	\$ 187,690
Cash and cash equivalents are comprised of:		
Cash	\$ 46,842	\$ 187,690

Edmonton Aurora Residents Association

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022

1 Purpose and Income Tax Status

Edmonton Aurora Residents Association (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 amortized on a straight line basis over the useful life of the assets.

(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.

Edmonton Aurora Residents Association

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022

(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 and Risk Management

(a) Financial Instruments

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 and GST 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.

Edmonton Aurora Residents Association

NOTES TO THE FINANCIAL STATEMENTS

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(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.

4 Budget Amounts

The 2022 budget amounts are presented for information purposes only. They were approved by the Board of Directors and are unaudited.

5 Short Term Investments

Investments consists of four guaranteed investment certificates held by the ATB Financial with the interest rate of 0.35% and maturity date on February 2, 2023.

6 Comparative Figures

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

7 Approval of Financial Statements

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