

Lake Bonavista Homeowners Association Ltd.
Financial Statements
March 31, 2023

To the Members of Lake Bonavista Homeowners Association Ltd.:

Opinion

We have audited the financial statements of Lake Bonavista Homeowners Association Ltd. (the "Association"), which comprise the statement of financial position as at March 31, 2023, 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 March 31, 2023, 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 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.

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 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 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 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

September 6, 2023

MNP LLP

Chartered Professional Accountants

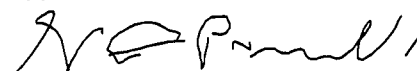
MNP

Lake Bonavista Homeowners Association Ltd.
Statement of Financial Position

As at March 31, 2023

	2023	2022
Assets		
Current		
Cash	631,890	382,219
Accounts receivable	14,366	19,294
Short-term investments (Note 3)	689,708	785,448
Prepaid expenses	24,675	17,634
Goods and Services Tax receivable	3,547	2,817
	1,364,186	1,207,412
Capital assets (Note 4)	3,245,847	3,356,822
Non-current accounts receivable (Note 5)	12,373	12,373
	4,622,406	4,576,607
Liabilities		
Current		
Accounts payable and accruals (Note 6)	30,702	31,074
Deferred revenue	264,230	251,832
	294,932	282,906
Deferred contributions related to capital assets (Note 7)	110,000	112,500
	404,932	395,406
Net Assets		
Invested in property and equipment	3,135,847	3,244,322
Unrestricted	1,081,627	936,879
	4,217,474	4,181,201
	4,622,406	4,576,607

Approved on behalf of the Board



Stuart Parnell

Director

The accompanying notes are an integral part of these financial statements

Lake Bonavista Homeowners Association Ltd.

Statement of Operations

For the year ended March 31, 2023

	2023	2022
Revenue		
Membership fees	1,048,450	1,010,745
Rental income	30,297	20,384
Interest and other income	16,868	12,912
Amortization of deferred contributions related to property and equipment (Note 7)	2,500	2,500
	1,098,115	1,046,541
Expenses		
Salaries, wages and benefits	400,346	349,872
Amortization	178,734	174,120
Security	145,344	145,714
Park maintenance	75,369	75,659
Utilities	64,757	68,814
Professional fees	37,982	10,028
Office	37,363	33,657
Repairs and maintenance	32,826	19,472
Insurance	26,095	24,084
Water purchased	28,001	42,628
Fish stock	17,943	17,517
Park events	17,082	11,576
	1,061,842	973,141
Excess of revenue over expenses	36,273	73,400

The accompanying notes are an integral part of these financial statements

Lake Bonavista Homeowners Association Ltd.
Statement of Changes in Net Assets

For the year ended March 31, 2023

	<i>Invested in property and equipment</i>	<i>Unrestricted</i>	2023	2022
Balance, beginning of the year	3,244,322	936,879	4,181,201	4,107,801
Excess (deficiency) of revenue over expenses	(176,234)	212,507	36,273	73,400
Purchase of property and equipment	67,759	(67,759)	-	-
Net assets, end of year	3,135,847	1,081,627	4,217,474	4,181,201

The accompanying notes are an integral part of these financial statements

Lake Bonavista Homeowners Association Ltd.

Statement of Cash Flows

For the year ended March 31, 2023

	2023	2022
Cash provided by (used for) the following activities		
Operating		
Cash receipts from members	1,095,727	1,041,018
Cash receipts from unrestricted investment income	17,214	12,483
Cash paid to suppliers and employees	(891,251)	(790,634)
	221,690	262,867
Investing		
Purchase of short-term investments	(4,260)	(460)
Proceeds on disposal of short-term investments	100,000	97,058
Purchase of property and equipment	(67,759)	(111,191)
	27,981	(14,593)
Increase in cash resources	249,671	248,274
Cash resources, beginning of year	382,219	133,945
Cash resources, end of year	631,890	382,219

The accompanying notes are an integral part of these financial statements

Lake Bonavista Homeowners Association Ltd.

Notes to the Financial Statements

For the year ended March 31, 2023

1. Incorporation and operations

Lake Bonavista Homeowners Association Ltd. (the "Association") exists to provide recreation facilities to the community of Lake Bonavista. The Association is a not-for-profit organization and is exempt from income taxes under Section 149(1)(l) of the Income Tax Act.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations as issued by Accounting Standards Board in Canada and include the following significant accounting policies:

Cash

Cash includes balances with banks.

Short-term investments

Short-term investments consist of guaranteed investment certificates and a mutual fund. These items are recorded at fair value, with changes in fair value recorded immediately in the statement of operations as gains or losses arising from changes in the fair value of short-term investments. Short-term investments subject to restrictions that prevent its use for current purposes is included in restricted short-term investments.

Property and equipment

Property and equipment are initially recorded at cost. Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives.

	Rate
Buildings	10-50 years
Automotive	10 years
Equipment	2-30 years
Grounds equipment	20 years
Lake and park improvements	2-50 years
Office Equipment	5-10 years
Water Systems	25 years

Non-current accounts receivable

Non-current accounts receivable include fees due from members that have been outstanding in excess of one year plus any applicable interest. Non-current accounts receivable are secured by an encumbrance on each property. Interest is accrued at a rate of 18% annually.

Revenue recognition

Membership revenue is for the period July 1 to June 30 of each year and is recognized as revenue evenly throughout the year. Deferred revenue represents fees applicable to the period from April 1, 2023 to June 30, 2023.

Interest and other revenue are recognized as revenue when received, or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributed materials

Volunteer services provided by members and other individuals have not been recorded in these financial statements because of the difficulty of determining their fair value.

2. **Significant accounting policies** (Continued from previous page)

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 amounts of assets and liabilities and 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.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in excess of revenues and expenses in the periods in which they become known.

Financial instruments

The Association recognizes financial instruments when the Association becomes party to the contractual provisions of the financial instrument.

Arm's length financial instruments

Financial instruments originated/acquired or issued/assumed in an arm's length transaction are initially recorded at their fair value. At initial recognition, the Association may irrevocably elect to subsequently measure any arm's length financial instrument at fair value. The Association has not made such an election during the year. The Association subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. All other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in excess of revenues over expenses. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Financial asset impairment

The Association assesses impairment of all its financial assets measured at cost or amortized cost. The Association groups assets for impairment testing when no asset is individually significant. Management considers whether the issuer is having significant financial difficulty or whether there has been a breach in contract in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Association determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. The Association reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year excess of revenue over expenses. The Association reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in excess of revenue over expenses in the year the reversal occurs.

Lake Bonavista Homeowners Association Ltd.

Notes to the Financial Statements

For the year ended March 31, 2023

3. Short-term investments

	2023	2022
Guaranteed investment certificates bearing interest with rates between 0.95% and 1.35% (2022 - 0.83% - 1.35%) and maturity dates from October 2023 to October 2025	500,000	600,000
Mutual funds - investment savings account	189,708	185,448
	689,708	785,448

As the investments are highly liquid they have been classified as current assets. The investments are carried at their fair value and no unrealized gain or loss was recorded in the current year (2022 - \$nil). Accounts receivable includes accrued investment interest receivable of \$2,503 (2021 - \$2,848).

4. Property and equipment

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Land	1	-	1	1
Buildings	2,727,890	563,291	2,164,599	2,222,372
Automotive	17,000	17,000	-	-
Equipment	657,008	451,639	205,369	214,094
Office equipment	103,795	92,850	10,945	9,191
Lake and park improvements	1,742,508	999,873	742,635	772,373
Grounds equipment	325,709	204,240	121,469	137,755
Water systems	128,784	127,955	829	1,036
	5,702,695	2,456,848	3,245,847	3,356,822

5. Non-current accounts receivable

	2023	2022
Membership fees receivable	5,973	5,973
Accrued interest on membership fees receivable	6,400	6,400
	12,373	12,373

Lake Bonavista Homeowners Association Ltd.

Notes to the Financial Statements

For the year ended March 31, 2023

6. Accounts payable and accruals

	2023	2022
Trade payables and accruals	25,140	25,512
Wages payable	2,386	2,386
Vacation payable	2,294	2,294
Source deductions payable	882	882
	<u>30,702</u>	<u>31,074</u>

7. Deferred contributions related to property and equipment

Deferred capital contributions related to property and equipment consist of the unamortized amount of contributions received for a building constructed during fiscal 2018. Recognition of these amounts as revenue is deferred to future periods when the related building costs are amortized. Changes in deferred capital contributions are as follows:

	2023	2022
Opening balance	112,500	115,000
Less: Amounts recognized as revenue during the year	(2,500)	(2,500)
	<u>110,000</u>	<u>112,500</u>

8. Financial instruments

The Association, as part of its operations, carries a number of financial instruments. It is management's opinion that the Association is not exposed to significant interest rate, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Interest rate risk

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