

CONDOMINIUM CORPORATION NO. 9710795

(Operating as Signal Hill Villas)

Financial Statements

Year Ended October 31, 2025

CONDOMINIUM CORPORATION NO. 9710795
(Operating as *Signal Hill Villas*)
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Year Ended October 31, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Owners of Condominium Corporation No. 9710795 operating as Signal Hill Villas

Opinion

We have audited the financial statements of Condominium Corporation No. 9710795, operating as Signal Hill Villas, (the Condominium Corporation), which comprise the statement of financial position as at October 31, 2025, 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 Condominium Corporation as at October 31, 2025, 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 Condominium Corporation 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.

Other Matter

We were engaged to conduct an audit, in accordance with Canadian generally accepted auditing standards, on the financial statements prepared by the Condominium Corporation'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 Condominium Corporation is in compliance with all aspects of The Condominium Act, (as proclaimed on January 1, 2020) 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 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 Condominium Corporation'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 Condominium Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Condominium Corporation's financial reporting process.

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Independent Auditor's Report to the Owners of Condominium Corporation No. 9710795 operating as
Signal Hill Villas *(continued)*

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 Condominium Corporation'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 Condominium Corporation'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 Condominium Corporation 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
December 22, 2025

C&E LLP Chartered Professional Accountants

CONDOMINIUM CORPORATION NO. 9710795

(Operating as Signal Hill Villas)

Statement of Financial Position

October 31, 2025

	Operating Fund 2025	Capital Replacement Reserve Fund 2025	Total		Total 2024
			2025	2024	
ASSETS					
CURRENT					
Cash	\$ 5,858	\$ 96,741	\$ 102,599	\$ 72,165	
Short term investments (Note 3)	-	100,200	100,200	100,323	
Accounts receivable	472	-	472	472	
Prepaid expenses	1,641	-	1,641	1,609	
TOTAL ASSETS	\$ 7,971	\$ 196,941	\$ 204,912	\$ 174,569	
LIABILITIES					
CURRENT					
Accounts payable	\$ 5,637	\$ -	\$ 5,637	\$ 5,939	
Prepaid condominium fees	552	-	552	1,225	
TOTAL LIABILITIES	6,189	-	6,189	7,164	
NET ASSETS (Notes 2, 4)	1,782	196,941	198,723	167,405	
TOTAL LIABILITIES AND NET ASSETS	\$ 7,971	\$ 196,941	\$ 204,912	\$ 174,569	

ON BEHALF OF THE BOARD

McKeeley Director — President and Treasurer
Jean Steele Director

CONDOMINIUM CORPORATION NO. 9710795
(Operating as Signal Hill Villas)
Statement of Revenues and Expenditures and Changes in Net Assets
Year Ended October 31, 2025

	Operating Budget	Operating Fund		Capital Replacement Reserve Fund	Total	Total
		2025	2025		2025	2024
REVENUE						
Condominium fees	\$ 179,514	\$ 179,514	\$ -	\$ 179,514	\$ 167,520	
Interest and other income	-	1,110	5,012	6,122	4,753	
Reserve contribution	(64,000)	(64,208)	64,208	-	-	
	115,514	116,416	69,220	185,636	172,273	
EXPENSES (Schedule 1)	115,450	125,369	28,949	154,318	130,356	
NET (DEFICIENCY) EXCESS OF REVENUE OVER EXPENSES						
	64	(8,953)	40,271	31,318	41,917	
NET ASSETS - BEGINNING OF YEAR	-	10,735	156,670	167,405	125,488	
NET ASSETS - END OF YEAR	\$ 64	\$ 1,782	\$ 196,941	\$ 198,723	\$ 167,405	

CONDOMINIUM CORPORATION NO. 9710795*(Operating as Signal Hill Villas)***Statement of Cash Flows****Year Ended October 31, 2025**

	2025	2024
FUND ACTIVITIES		
Excess of revenue over expenses	<u>\$ 31,318</u>	<u>\$ 41,917</u>
Changes in non-cash working capital:		
Accounts payable	(303)	784
Prepaid expenses	(31)	(332)
Prepaid condominium fees	<u>(673)</u>	<u>673</u>
	<u>(1,007)</u>	<u>1,125</u>
Cash flow from fund activities	<u>30,311</u>	<u>43,042</u>
INVESTING ACTIVITY		
Short term investment activity	<u>123</u>	<u>(100,323)</u>
Cash flow from (used by) investing activity	<u>123</u>	<u>(100,323)</u>
INCREASE (DECREASE) IN CASH FLOW	30,434	(57,281)
Cash - beginning of year	<u>72,165</u>	<u>129,446</u>
CASH - END OF YEAR	<u>\$ 102,599</u>	<u>\$ 72,165</u>

CONDOMINIUM CORPORATION NO. 9710795

(Operating as *Signal Hill Villas*)

Notes to Financial Statements

Year Ended October 31, 2025

1. BASIS OF PRESENTATION

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Condominium Corporation is a non-profit organization and the common area assets of the condominium 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 Condominium Corporation is to manage the common area assets and to maintain and provide services with respect to the day to day operations of the condominium.

The financial statements include only assets, liabilities, revenues and expenses relating to the operations of Condominium Corporation No. 9710795. 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 Condominium Corporation 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 Condominium Corporation 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.

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.

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CONDOMINIUM CORPORATION NO. 9710795

(Operating as *Signal Hill Villas*)

Notes to Financial Statements

Year Ended October 31, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Accounting

The Condominium Corporation follows the restricted method of accounting for contributions.

The operating fund accounts for the condominium'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.

Revenue Recognition

The Condominium Corporation recognizes condominium fee assessments related to general operations as revenue of the operating fund as billed to the owners. Billings for the condominium fees consist of estimates of monthly charges based on approved budgets. All expenses are recognized as they are incurred.

The condominium 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 and Materials

Volunteer services and materials contributed on behalf of the Condominium Corporation 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.

All financial assets and financial liabilities are measured at amortized cost, unless noted.

Capital Replacement Reserve Fund

The Capital Replacement Reserve Fund is a fund required under the Condominium Property Act (Alberta) to be established and maintained for the repair or replacement of any real and personal property owned by the Condominium Corporation 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 Condominium Corporation.

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CONDOMINIUM CORPORATION NO. 9710795

(Operating as Signal Hill Villas)

Notes to Financial Statements

Year Ended October 31, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Capital assets

Capital assets are recorded as expenses in the year they are acquired.

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

	<u>2025</u>
<u>Short term investments</u> GIC @ 2.92% maturing October 9, 2026	<u>\$ 100,200</u>

CONDOMINIUM CORPORATION NO. 9710795**(Operating as Signal Hill Villas)****Notes to Financial Statements****Year Ended October 31, 2025****4. ADEQUACY OF THE CAPITAL REPLACEMENT RESERVE FUND**

These financial statements do not purport to show the adequacy of the capital replacement reserve fund. In determining the allocation to the Capital Replacement Reserve Fund and the adequacy of the fund balance the Board of Directors exercises judgment, principally, in the following areas:

- Obtaining an inventory of common property components that will require replacement;
- Determining the state of these components and their expected remaining useful life;
- Estimating the replacement cost at the expected time of replacement; and
- Forecasting the expected rate of return on the funds investments.

An independent reserve fund study was conducted in 2025. In the opinion of the professional reserve fund planners who completed the study, the Capital Replacement Reserve Fund should have a balance as summarized below.

	Balance Beginning of Year	Transfers from Operations	Interest Earned	Expenses Allocated to Reserve Fund	Balance End of Year
2025 Projected	\$ 161,500	\$ 63,860	\$ 2,423	\$ (74,940)	\$ 152,843
2025 Actual	\$ 156,670	\$ 64,208	\$ 5,012	\$ (28,949)	\$ 196,941
2025 Over(under)	\$ (4,830)	\$ 348	\$ 2,589	\$ 45,991	\$ 44,098
2026 Projected	\$ 152,843	\$ 65,776	\$ 2,292	\$ (10,000)	\$ 210,911
2027 Projected	\$ 210,911	\$ 67,749	\$ 3,164	\$ -	\$ 281,824
2028 Projected	\$ 281,824	\$ 69,782	\$ 4,227	\$ (1,435)	\$ 354,398
2029 Projected	\$ 354,398	\$ 71,875	\$ 5,316	\$ -	\$ 431,589

The full study is available to the reader and should be examined to fully comprehend the purpose, the assumptions and the conclusions of the study.

5. FINANCIAL INSTRUMENTS

The Condominium Corporation 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 Condominium Corporation's risk exposure and concentration as of October 31, 2025.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Condominium Corporation is exposed to this risk mainly in respect of its accounts payable. The Condominium Corporation manages liquidity risk by preparing an annual budget in consideration of the results of its reserve fund study, and may increase condominium fees and assess special levies to ensure it has sufficient funds.

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CONDOMINIUM CORPORATION NO. 9710795
(Operating as *Signal Hill Villas*)
Notes to Financial Statements
Year Ended October 31, 2025

5. FINANCIAL INSTRUMENTS (continued)

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 Condominium Corporation 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 Condominium Corporation manages exposure through its normal operating and financing activities. The Condominium Corporation is exposed to interest rate risk primarily through its reserve fund investments.

Risk management

The Condominium Corporation manages its credit, liquidity and cash flow risk by restricting investments to a diverse range of government and corporate fixed income securities, and corporate shares with specified ratings and terms as prescribed by the Condominium Property Act. As it is the Condominium Corporation's expectation to hold its investments to maturity, its cash flows are exposed to minimal interest rate and liquidity risk. The Condominium Corporation has the power to place caveats on titles which significantly mitigates credit risk.

6. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation. The changes do not affect prior year excess (deficiency) of revenues over expenditures.

CONDOMINIUM CORPORATION NO. 9710795

(Operating as Signal Hill Villas)

Expenses(Schedule 1)

Year Ended October 31, 2025

	Operating Budget			Capital Replacement Reserve Fund		Total	Total
		2025	2025	2025	2025		
OPERATING EXPENSES							
Landscaping and snow removal	\$ 38,000	\$ 45,123	\$ -	\$ 45,123	\$ 36,280		
Insurance	34,000	32,940	-	32,940	31,915		
General repairs and maintenance	14,700	29,870	-	29,870	8,923		
Utilities	12,500	9,578	-	9,578	7,420		
Legal and audit fees	13,000	3,305	-	3,305	1,902		
Irrigation	250	2,061	-	2,061	777		
Window cleaning	2,400	1,974	-	1,974	1,943		
Office and bank charges	600	518	-	518	437		
	115,450	125,369	-	125,369	89,597		
CAPITAL REPLACEMENT RESERVE EXPENSES							
Fence painting	-	-	17,640	17,640	-		
Eaves and downspouts replacement	-	-	11,309	11,309	-		
Decks replacement	-	-	-	-	27,266		
Exterior painting	-	-	-	-	10,553		
Reserve fund study	-	-	-	-	2,940		
	-	-	28,949	28,949	40,759		
	\$ 115,450	\$ 125,369	\$ 28,949	\$ 154,318	\$ 130,356		