

CONDOMINIUM CORPORATION NO. 9710795
(Operating as Signal Hill Villas)
Financial Statements
Year Ended October 31, 2021

CONDOMINIUM CORPORATION NO. 9710795

(Operating as Signal Hill Villas)

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Year Ended October 31, 2021

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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 (the Company), which comprise the statement of financial position as at October 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 Company as at October 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 Company 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 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 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

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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 Company'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 Company'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 Company 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 14, 2021

C&E LLP Chartered Professional Accountants

CONDOMINIUM CORPORATION NO. 9710795

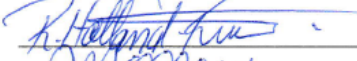
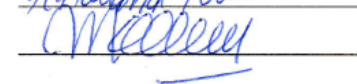
(Operating as Signal Hill Villas)

Statement of Financial Position

October 31, 2021

	Capital Replacement Reserve Fund	Operating Fund	Total	Total
	2021	2021	2021	2020
ASSETS				
CURRENT				
Cash	\$ 20,259	\$ 29,601	\$ 49,860	\$ 123,330
Accounts receivable	-	-	-	2
Prepaid expenses	-	-	-	5,867
	<u>\$ 20,259</u>	<u>\$ 29,601</u>	<u>\$ 49,860</u>	<u>\$ 129,199</u>
LIABILITIES AND NET ASSETS				
CURRENT				
Accounts payable	\$ -	\$ 5,181	\$ 5,181	\$ 4,513
Prepaid condominium fees	-	-	-	12,099
RBC line of credit	20,000	-	20,000	-
	<u>20,000</u>	<u>5,181</u>	<u>25,181</u>	<u>16,612</u>
NET ASSETS (Notes 2, 3)	<u>259</u>	<u>24,420</u>	<u>24,679</u>	<u>112,587</u>
	<u>\$ 20,259</u>	<u>\$ 29,601</u>	<u>\$ 49,860</u>	<u>\$ 129,199</u>

ON BEHALF OF THE BOARD

Director

Director

RUTH HOLLAND-RICHARDSON, SECRETARY
TERRY LUEHICH, PRESIDENT

CONDOMINIUM CORPORATION NO. 9710795

(Operating as Signal Hill Villas)

Statement of Revenues and Expenditures and Changes in Net Assets

Year Ended October 31, 2021

	Budget	Capital Replacement Reserve Fund	Operating Fund	Total	Total
	2021	2021	2021	2021	2020
REVENUE					
Condominium fees	\$ 132,915	\$ -	\$ 132,915	\$ 132,915	\$ 130,194
Interest and other income	-	32	5,749	5,781	1,659
Vendor recovery	-	-	-	-	7,741
Reserve contributions	(45,400)	47,010	(47,010)	-	-
	87,515	47,042	91,654	138,696	139,594
EXPENSES <i>(Schedule 1)</i>	87,515	152,428	74,176	226,604	113,635
NET (DEFICIENCY) EXCESS OF REVENUE OVER EXPENSES	-	(105,386)	17,478	(87,908)	25,959
NET ASSETS - BEGINNING OF YEAR	-	105,645	6,942	112,587	86,628
NET ASSETS - END OF YEAR	\$ -	\$ 259	\$ 24,420	\$ 24,679	\$ 112,587

CONDOMINIUM CORPORATION NO. 9710795

(Operating as Signal Hill Villas)

Statement of Cash Flows

Year Ended October 31, 2021

	2021	2020
FUND ACTIVITIES		
(Deficiency) excess of revenue over expenses	\$ (87,908)	\$ 25,959
Changes in non-cash working capital:		
Accounts receivable	2	(3)
Accounts payable	668	(8,235)
Prepaid expenses	5,867	-
RBC line of credit	20,000	-
Prepaid condominium fees	(12,099)	(4,951)
	<u>14,438</u>	<u>(13,189)</u>
INCREASE (DECREASE) IN CASH FLOW	(73,470)	12,770
Cash - beginning of year	<u>123,330</u>	<u>110,560</u>
CASH - END OF YEAR	\$ 49,860	\$ 123,330

CONDOMINIUM CORPORATION NO. 9710795

(Operating as Signal Hill Villas)

Notes to Financial Statements

Year Ended October 31, 2021

1. BASIS OF PRESENTATION

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

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 company 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 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.

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CONDOMINIUM CORPORATION NO. 9710795

(Operating as Signal Hill Villas)

Notes to Financial Statements

Year Ended October 31, 2021

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

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

Volunteer services 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.

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 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.

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.

CONDOMINIUM CORPORATION NO. 9710795

(Operating as Signal Hill Villas)

Notes to Financial Statements

Year Ended October 31, 2021

3. 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 2020. 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
2020 Projected	\$ 93,233	\$ 43,700	\$ 1,398	\$ -	\$ 138,331
2020 Actual	\$ 105,645	\$ 47,010	\$ 32	\$ (152,428)	\$ 259
2020 Over(under)	\$ 12,412	\$ 3,310	\$ (1,366)	\$ (152,428)	\$ (138,072)
2021 Projected	\$ 138,331	\$ 45,400	\$ 2,075	\$ (26,153)	\$ 159,653
2022 Projected	\$ 159,653	\$ 47,200	\$ 2,395	\$ (1,477)	\$ 207,771
2023 Projected	\$ 207,771	\$ 49,600	\$ 3,117	\$ (9,984)	\$ 250,504
2024 Projected	\$ 250,504	\$ 52,100	\$ 5,010	\$ (17,504)	\$ 290,110

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.

4. FINANCIAL INSTRUMENTS

The company 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 company's risk exposure and concentration as of October 31, 2021.

Liquidity risk

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

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CONDOMINIUM CORPORATION NO. 9710795

(Operating as Signal Hill Villas)

Notes to Financial Statements

Year Ended October 31, 2021

4. 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 company 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 company manages exposure through its normal operating and financing activities. The company 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.

CONDOMINIUM CORPORATION NO. 9710795

(Operating as Signal Hill Villas)

Expenses

(Schedule 1)

Year Ended October 31, 2021

	Budget	Capital Replacement Reserve Fund	Operating Fund	Total	Total
	2021	2021	2021	2021	2020
OPERATING EXPENSES					
Landscaping and snow removal	\$ 28,500	\$ -	\$ 25,809	\$ 25,809	\$ 31,462
Insurance	24,000	-	24,085	24,085	24,002
Utilities	8,000	-	10,354	10,354	6,546
Repairs and maintenance	10,115	-	6,808	6,808	6,911
Audit and legal	7,500	-	1,933	1,933	2,115
Irrigation maintenance	2,100	-	1,811	1,811	882
Window washing	2,000	-	1,712	1,712	1,691
Management fees	-	-	917	917	10,999
Office	300	-	747	747	231
Insurance deductible	5,000	-	-	-	-
	<u>87,515</u>	<u>-</u>	<u>74,176</u>	<u>74,176</u>	<u>84,839</u>
CAPITAL REPLACEMENT RESERVE EXPENSES					
Driveways and grout	-	152,428	-	152,428	-
Exterior painting	-	-	-	-	10,731
Roof repairs	-	-	-	-	9,771
Garage door	-	-	-	-	4,421
Landscaping	-	-	-	-	3,271
Reserve fund study	-	-	-	-	602
	<u>-</u>	<u>152,428</u>	<u>-</u>	<u>152,428</u>	<u>28,796</u>
	<u>\$ 87,515</u>	<u>\$ 152,428</u>	<u>\$ 74,176</u>	<u>\$ 226,604</u>	<u>\$ 113,635</u>