

Lake Bonavista Homeowners Association Ltd.
Financial Statements
March 31, 2025

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, 2025, 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, 2025, 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

August 27, 2025

MNP LLP

Chartered Professional Accountants

Lake Bonavista Homeowners Association Ltd.

Statement of Financial Position

As at March 31, 2025

	2025	2024
Assets		
Current		
Cash	543,424	761,026
Accounts receivable	10,174	13,818
Short-term investments (Note 3)	840,174	598,210
Prepaid expenses	21,436	21,196
Goods and Services Tax receivable	3,934	5,080
	1,419,142	1,399,330
Capital assets (Note 4)	3,331,839	3,287,486
Non-current accounts receivable (Note 5)	12,373	12,373
	4,763,354	4,699,189
Liabilities		
Current		
Accounts payable and accruals (Note 6)	21,782	18,274
Deferred revenue	284,556	277,442
	306,338	295,716
Deferred contributions related to capital assets (Note 7)	105,000	107,500
	411,338	403,216
Subsequent events (Note 9)		
Net Assets		
Invested in capital assets	3,226,839	3,179,986
Unrestricted	1,125,177	1,115,987
	4,352,016	4,295,973
	4,763,354	4,699,189
Approved on behalf of the Board		
e-Signed by Stuart Parnell		
<u>2025-08-27 12:22:37:37 MDT</u>		
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, 2025

	2025	2024
Revenue		
Membership fees	1,134,236	1,099,608
Rental income	42,681	42,946
Interest and other income	24,559	25,856
Amortization of deferred contributions related to capital assets	2,500	2,500
	1,203,976	1,170,910
Expenses		
Salaries, wages and benefits	447,993	427,108
Amortization	237,358	201,597
Security	144,426	145,701
Park maintenance	86,257	70,912
Utilities	57,377	67,091
Office	53,229	55,487
Insurance	31,164	28,383
Repairs and maintenance	29,437	27,812
Park events	24,914	22,989
Professional fees	17,057	17,057
Water purchased	15,726	16,369
Fish stock	2,995	11,905
	1,147,933	1,092,411
Excess of revenue over expenses	56,043	78,499

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, 2025

	<i>Invested in capital assets</i>	<i>Unrestricted</i>	<i>2025</i>	<i>2024</i>
Balance, beginning of the year	3,179,986	1,115,987	4,295,973	4,217,474
Excess (deficiency) of revenue over expenses	(234,858)	290,901	56,043	78,499
Purchase of capital assets	281,711	(281,711)	-	-
Net assets, end of year	3,226,839	1,125,177	4,352,016	4,295,973

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, 2025

	2025	2024
Cash provided by (used for) the following activities		
Operating		
Cash receipts from members	1,191,969	1,162,679
Cash receipts from investments	19,264	19,490
Cash paid to suppliers and employees	(906,160)	(901,295)
Excess of revenues over expenses	305,073	280,874
Investing		
Purchase of short-term investments	(341,964)	(8,502)
Proceeds on disposal of short-term investments	100,000	100,000
Purchase of capital assets	(281,711)	(243,236)
Proceeds on disposal of capital assets	1,000	-
	(522,675)	(151,738)
(Decrease) increase in cash resources	(217,602)	129,136
Cash resources, beginning of year	761,026	631,890
Cash resources, end of year	543,424	761,026

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, 2025

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 and cash equivalents include cash, term deposits and marketable securities with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Short-term investments

Short-term investments consist of guaranteed investment certificates and mutual funds. These items are recorded at amortized cost.

Capital assets

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	5-50 years
Automotive	10 years
Equipment	2-30 years
Office equipment	5-10 years
Lake and park improvements	2-50 years
Grounds equipment	15-20 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 to June 30.

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.

Rental income is recognized evenly over the rental term as the service is provided. Amounts received in advance for rental periods extending beyond year-end are recorded as deferred revenue. Rental income is only recognized when collection is reasonably assured and the amount can be reasonably estimated.

Contributed services

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 revenue 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, 2025

3. Short-term investments

	2025	2024
Guaranteed investment certificates bearing interest with rates between 1.27% and 1.35% (2024 - 1.09% - 1.35%), maturing October 2025	300,000	400,000
Mutual funds - investment savings account	540,174	198,210
	840,174	598,210

As the investments are highly liquid they have been classified as current assets. Accounts receivable includes accrued investment interest receivable of \$1,653 (2024 - \$2,079).

4. Capital assets

	Cost	Accumulated amortization	2025 Net book value	2024 Net book value
Land	1	-	1	1
Buildings	2,751,558	698,660	2,052,898	2,104,069
Automotive	20,500	2,050	18,450	-
Equipment	820,133	558,239	261,894	247,955
Office equipment	111,126	100,180	10,946	7,731
Lake and park improvements	1,928,045	1,148,120	779,925	767,575
Grounds equipment	333,007	237,534	95,473	106,713
Water systems	246,273	134,021	112,252	53,442
	6,210,643	2,878,804	3,331,839	3,287,486

5. Non-current accounts receivable

As at year end, 24 accounts are outstanding (2024 - 24), including accrued interest.

6. Accounts payable and accruals

	2025	2024
Trade payables and accruals	16,220	12,711
Wages payable	2,386	2,386
Vacation payable	2,294	2,295
Source deductions payable	882	882
	21,782	18,274

Lake Bonavista Homeowners Association Ltd.

Notes to the Financial Statements

For the year ended March 31, 2025

7. Deferred contributions related to capital asstes

Deferred capital contributions related to capital assets 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:

	2025	2024
Opening balance	107,500	110,000
Less: Amounts recognized as revenue during the year	(2,500)	(2,500)
	105,000	107,500

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.

9. Subsequent events

On April 1, 2025, the Association entered into a contract to renovate the tennis courts located on its property. The total estimated cost of the renovation is \$500,000, to be paid in three instalments between April 1, 2025, and July 30, 2025, with \$338,781 having been spent to date.