

CASTLE KEEP RESIDENTS' ASSOCIATION
Financial Statements
Year Ended May 31, 2023

CASTLE KEEP RESIDENTS' ASSOCIATION
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Year Ended May 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Members of Castle Keep Residents' Association

Opinion

We have audited the financial statements of Castle Keep Residents' Association (the Association), which comprise the statement of financial position as at May 31, 2023, 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 Association as at May 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 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 Association'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 Association is in compliance with all aspects of The Societies Act.

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 relating 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

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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.




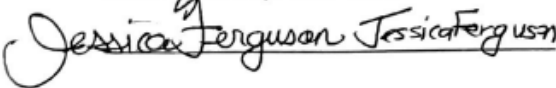
Calgary, Alberta
August 17, 2023

C&E LLP Chartered Professional Accountants

CASTLE KEEP RESIDENTS' ASSOCIATION
Statement of Financial Position
May 31, 2023

	2023	2022
ASSETS		
CURRENT		
Cash	\$ 93,423	\$ 85,913
Accounts receivable	714	1,388
Prepaid expenses	1,970	1,808
TOTAL ASSETS	\$ 96,107	\$ 89,109
LIABILITIES		
CURRENT		
Accounts payable	\$ 4,895	\$ 4,590
Prepaid HOA fees	24,719	25,567
	29,614	30,157
NET ASSETS (Note 2)	66,493	58,952
TOTAL LIABILITIES AND NET ASSETS	\$ 96,107	\$ 89,109

ON BEHALF OF THE BOARD


Josh Liu Director

Jessica Ferguson Director

CASTLE KEEP RESIDENTS' ASSOCIATION
Statement of Revenues and Expenditures and Changes in Net Assets
Year Ended May 31, 2023

	Budget 2023	Operating Fund 2023	Total 2022
REVENUES			
Resident fees	\$ 49,949	\$ 49,949	\$ 49,949
Interest	1,120	3,763	2,143
	51,069	53,712	52,092
EXPENSES			
Landscaping and snow removal	27,330	23,119	27,310
Management fees	12,600	12,600	12,600
Repairs and maintenance	2,000	2,709	309
Office and bank charges	2,494	2,556	2,553
Insurance	2,000	1,808	1,936
Audit and legal fees	1,550	1,569	2,438
Utilities	2,100	960	1,566
Seasonal lighting	900	850	794
Property taxes	95	-	92
	51,069	46,171	49,598
NET EXCESS OF REVENUES OVER EXPENSES	-	7,541	2,494
NET ASSETS - BEGINNING OF YEAR	-	58,952	56,458
NET ASSETS - END OF YEAR	\$ -	\$ 66,493	\$ 58,952

CASTLE KEEP RESIDENTS' ASSOCIATION
Statement of Cash Flows
Year Ended May 31, 2023

	2023	2022
FUND ACTIVITIES		
Excess of revenues over expenses	\$ 7,541	\$ 2,494
Changes in non-cash working capital:		
Accounts receivable	674	1,312
Accounts payable	305	(4,740)
Prepaid expenses	(162)	(1,383)
Prepaid HOA fees	(848)	(4,693)
	<u>(31)</u>	<u>(9,504)</u>
INCREASE (DECREASE) IN CASH FLOW	7,510	(7,010)
Cash - beginning of year	<u>85,913</u>	<u>92,923</u>
CASH - END OF YEAR	<u>\$ 93,423</u>	<u>\$ 85,913</u>

CASTLE KEEP RESIDENTS' ASSOCIATION

Notes to Financial Statements

Year Ended May 31, 2023

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

The financial statements include only assets, liabilities, revenues and expenses relating to the operations of Castle Keep Residents Association. 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 Association 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 Association 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 Association follows the restricted method of accounting for contributions.

The operating fund accounts for the association's operating and administrative activities.

Revenue Recognition

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

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CASTLE KEEP RESIDENTS' ASSOCIATION

Notes to Financial Statements

Year Ended May 31, 2023

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

Contributed Services and Materials

Volunteer services and materials contributed on behalf of the Association 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.

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. FINANCIAL INSTRUMENTS

The Association 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 Association's risk exposure and concentration as of May 31, 2023.

Liquidity risk

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

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 Association is mainly exposed to interest rate risk.

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CASTLE KEEP RESIDENTS' ASSOCIATION
Notes to Financial Statements
Year Ended May 31, 2023

3. FINANCIAL INSTRUMENTS *(continued)*

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

4. COMPARATIVE FIGURES

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