

CASTLE KEEP RESIDENTS' ASSOCIATION
Financial Statements
Year Ended May 31, 2021

CASTLE KEEP RESIDENTS' ASSOCIATION

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Year Ended May 31, 2021

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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, 2021, and the statements of revenues and expenditures 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, 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 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 Entity's management in accordance with Canadian accounting standards for not-for-profit organizations.

Prior year figures are unaudited.

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

(continues)

Independent Auditor's Report to the Members of Castle Keep Residents' Association (*continued*)

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 7, 2021

C&E LLP Chartered Professional Accountants

CASTLE KEEP RESIDENTS' ASSOCIATION
Statement of Financial Position
May 31, 2021

	2021	2020 <i>(Unaudited)</i>
ASSETS		
CURRENT		
Cash	\$ 92,923	\$ 91,263
Accounts receivable	2,700	10,320
Prepaid expenses	425	-
	\$ 96,048	\$ 101,583
 LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 9,330	\$ -
Prepaid HOA fees	30,260	37,651
	39,590	37,651
NET ASSETS <i>(Note 2)</i>	56,458	63,932
	\$ 96,048	\$ 101,583

ON BEHALF OF THE BOARD

Signature on file _____ *Director*

_____ *Director*

CASTLE KEEP RESIDENTS' ASSOCIATION
Statement of Revenues and Expenditures
Year Ended May 31, 2021

	2021	2020 <i>(Unaudited)</i>
REVENUE		
HOA Fees	\$ 37,650	\$ 35,798
Interest	352	800
	38,002	36,598
EXPENSES		
Landscaping and snow removal	27,432	28,227
Repairs and maintenance	5,284	-
Management fees	5,250	-
Office and bank charges	2,338	1,003
Audit and legal	1,696	1,080
Utilities	1,338	1,437
Insurance	1,323	1,044
Seasonal lighting	734	734
Property taxes	81	93
	45,476	33,618
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ (7,474)	\$ 2,980

CASTLE KEEP RESIDENTS' ASSOCIATION
Statement of Cash Flows
Year Ended May 31, 2021

	2021	2020 <i>(Unaudited)</i>
FUND ACTIVITIES		
(Deficiency) excess of revenue over expenses	\$ (7,474)	\$ 2,980
Changes in non-cash working capital:		
Accounts receivable	7,620	(10,320)
Accounts payable	9,330	-
Prepaid expenses	(425)	-
Prepaid HOA fees	(7,391)	37,651
	<u>9,134</u>	<u>27,331</u>
INCREASE IN CASH FLOW	1,660	30,311
Cash - beginning of year	<u>91,263</u>	<u>60,952</u>
CASH - END OF YEAR	\$ 92,923	\$ 91,263

CASTLE KEEP RESIDENTS' ASSOCIATION

Notes to Financial Statements

Year Ended May 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 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, 2021

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

Contributed Services

Volunteer services 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.

Financial assets measured at amortized cost include cash, and accounts receivable. Financial liabilities measured at amortized cost include accounts payable, and long-term debt.

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.

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, 2021.

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.

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.

CASTLE KEEP RESIDENTS' ASSOCIATION
Notes to Financial Statements
Year Ended May 31, 2021

4. COMPARATIVE FIGURES

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