

EVERGREEN RESIDENTS ASSOCIATION LTD.

Financial Statements

Year Ended August 31, 2023

EVERGREEN RESIDENTS ASSOCIATION LTD.

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Year Ended August 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Owners of Evergreen Residents Association Ltd.

Opinion

We have audited the financial statements of Evergreen Residents Association Ltd. (the Residents Association), which comprise the statement of financial position as at August 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 Residents Association as at August 31, 2023, 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 Residents Association 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 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 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 Residents 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 Residents Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Residents Association'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 Residents 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 Residents 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 Residents 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
October 17, 2023

C&E LLP Chartered Professional Accountants

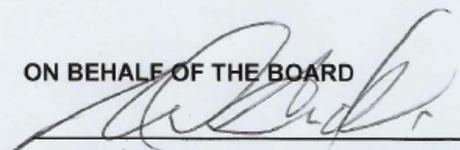
EVERGREEN RESIDENTS ASSOCIATION LTD.

Statement of Financial Position

August 31, 2023

	Capital Replacement Reserve Fund	Operating Fund	Total	Total
	2023	2023	2023	2022
ASSETS				
CURRENT				
Cash	\$ 141,384	\$ 278,655	\$ 420,039	\$ 373,323
Short term investments (Note 3)	122,317	-	122,317	48,189
Accounts receivable	-	14,981	14,981	13,079
Goods and services tax recoverable	-	3,739	3,739	3,624
Prepaid expenses	-	3,663	3,663	3,232
	263,701	301,038	564,739	441,447
INVESTMENTS (Note 3)	163,760	-	163,760	230,601
TOTAL ASSETS	\$ 427,461	\$ 301,038	\$ 728,499	\$ 672,048
LIABILITIES				
CURRENT				
Accounts payable	\$ -	\$ 18,055	\$ 18,055	\$ 20,789
Prepaid HOA fees	-	141,794	141,794	144,451
TOTAL LIABILITIES	-	159,849	159,849	165,240
NET ASSETS (Note 2)	427,461	141,189	568,650	506,808
TOTAL LIABILITIES AND NET ASSETS	\$ 427,461	\$ 301,038	\$ 728,499	\$ 672,048

ON BEHALF OF THE BOARD


 _____ Director
 Kalandie - Walks Director

EVERGREEN RESIDENTS ASSOCIATION LTD.
Statement of Revenues and Expenditures and Changes in Net Assets
Year Ended August 31, 2023

	Budget	Capital Replacement Reserve Fund	Operating Fund	Total	Total
	2023	2023	2023	2023	2022
REVENUES					
Association fees	\$ 302,700	\$ -	\$ 302,700	\$ 302,700	\$ 302,700
Interest and other income	8,600	12,416	17,210	29,626	15,764
Foreclosure recoveries	-	-	9,357	9,357	3,010
Reserve contributions	(40,000)	40,000	(40,000)	-	-
	271,300	52,416	289,267	341,683	321,474
EXPENSES (Schedule 1)	271,300	-	279,841	279,841	264,805
NET EXCESS OF REVENUES OVER EXPENSES	-	52,416	9,426	61,842	56,669
NET ASSETS - BEGINNING OF YEAR	-	375,045	131,763	506,808	450,139
NET ASSETS - END OF YEAR	\$ -	\$ 427,461	\$ 141,189	\$ 568,650	\$ 506,808

EVERGREEN RESIDENTS ASSOCIATION LTD.**Statement of Cash Flows
Year Ended August 31, 2023**

	2023	2022
FUND ACTIVITIES		
Excess of revenue over expenses	\$ 61,842	\$ 56,669
Changes in non-cash working capital:		
Accounts receivable	(1,902)	(1,961)
Accounts payable	(2,733)	12,873
Prepaid expenses	(431)	(122)
Goods and services tax payable	(115)	(677)
Prepaid HOA fees	(2,657)	5,315
	(7,838)	15,428
Cash flow from fund activities	54,004	72,097
INVESTING ACTIVITIES		
Long term investment activity	66,840	(5,049)
Short term investment activity	(74,128)	(1,422)
Cash flow used by investing activities	(7,288)	(6,471)
INCREASE IN CASH FLOW	46,716	65,626
Cash - beginning of year	373,323	307,697
CASH - END OF YEAR	\$ 420,039	\$ 373,323

EVERGREEN RESIDENTS ASSOCIATION LTD.

Notes to Financial Statements

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

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

The operating fund accounts for the Residents Association'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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EVERGREEN RESIDENTS ASSOCIATION LTD.

Notes to Financial Statements

Year Ended August 31, 2023

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

Revenue Recognition

The Residents Association recognizes association fee assessments related to general operations as revenue of the operating fund as billed to the owners. Billings for the Residents Association fees consist of the annual encumbrance. All expenses are recognized as they are incurred.

The Residents Association 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 Residents 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.

Capital Replacement Reserve Fund

The Capital Replacement Reserve Fund is a fund required under the Articles of Association to be established and maintained for the repair or replacement of any real and personal property owned by the Residents Association 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 Residents Association.

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.

EVERGREEN RESIDENTS ASSOCIATION LTD.

Notes to Financial Statements

Year Ended August 31, 2023

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

	<u>2023</u>
<u>Short term investements</u>	
Common shares	\$ 8
Savings	90
Manulife trust investment savings	2,768
GIC @ 4.38% maturing June 27, 2024	35,463
GIC @ 2.34% maturing July 23, 2024	83,988
	<u>\$ 122,317</u>
<u>Long term investments</u>	
GIC @ 5.21% maturing June 27, 2025	\$ 47,050
GIC @ 1.60% maturing June 30, 2025	33,262
GIC @ 1.99% maturing August 26, 2026	83,238
Accrued interest	210
	<u>\$ 163,760</u>

4. FINANCIAL INSTRUMENTS

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

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Residents 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 Residents 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 Residents Association manages exposure through its normal operating and financing activities. The Residents Association 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.

EVERGREEN RESIDENTS ASSOCIATION LTD.

Expenses(Schedule 1)

Year Ended August 31, 2023

	Budget	Capital Replacement Reserve Fund	Operating Fund	Total	Total
	2023	2023	2023	2023	2022
OPERATING EXPENSES					
Landscaping and snow removal - contract maintenance	\$ 102,805	\$ -	\$ 103,102	\$ 103,102	\$ 97,442
Management fees	76,280	-	76,331	76,331	72,620
Landscaping - project and repair	31,500	-	27,706	27,706	16,432
Seasonal lights	11,500	-	16,853	16,853	10,029
Repairs and maintenance	13,097	-	12,110	12,110	25,032
Audit and legal fees	1,950	-	10,972	10,972	5,929
Bank charges	7,500	-	7,669	7,669	7,558
Utilities	11,544	-	7,575	7,575	9,217
Irrigation	7,500	-	6,674	6,674	9,140
Office	2,100	-	5,033	5,033	1,981
Insurance	3,524	-	3,506	3,506	3,357
Rent	2,000	-	2,310	2,310	4,095
	271,300	-	279,841	279,841	262,832
CAPITAL REPLACEMENT RESERVE EXPENSES					
Backflow repair	-	-	-	-	1,973
	-	-	-	-	1,973
	\$ 271,300	\$ -	\$ 279,841	\$ 279,841	\$ 264,805