

Uplands of MacTaggart Homeowners Association Ltd.

Financial Statements
December 31, 2020



MICHAEL WILDE
PROFESSIONAL CORPORATION
CHARTERED PROFESSIONAL ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

To: The Members of
Uplands of MacTaggart Homeowners Association Ltd.

Opinion

I have audited the financial statements of **Uplands of MacTaggart Homeowners Association Ltd.**, which comprise the statement of financial position as at December 31, 2020, and the statements of operations 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 my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the association as at December 31, 2020, and its results of operations and its cash flows for the year then ended in accordance with ASNPO.

Basis for Opinion

In common with many not-for-profit organizations, the association derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the association. Therefore, I was not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2020 and 2019, current assets as at December 31, 2020 and 2019, and net assets as at January 1 and December 31 for both the 2020 and 2019 years. My audit opinion on the financial statements for the year ended December 31, 2019 was modified accordingly because of the possible effects of this limitation in scope.

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the association in accordance with the ethical requirements that are relevant to my audit of the financial

INDEPENDENT AUDITOR'S REPORT, continued

statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 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 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

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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.

INDEPENDENT AUDITOR'S REPORT, continued

- ♦ 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

I 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 I identify during my audit.

Edmonton, Alberta
June 1, 2021

Michael Wilde Professional Corporation
Chartered Professional Accountant

Uplands of MacTaggart Homeowners Association Ltd.

Statement of Financial Position December 31, 2020

	2020	2019
Assets		
Current		
Cash	\$ 62,641	\$ 52,373
Accounts receivable	26,786	30,900
Prepaid expenses	871	700
Encumbrance (note 4)	1	1
	<hr/>	<hr/>
	\$ 90,299	\$ 83,974
Liabilities and fund balances		
Current		
Accounts payable and accrued liabilities	\$ 4,178	\$ 5,686
Deferred contributions	11,000	-
	<hr/>	<hr/>
	15,178	5,686
Net assets	<hr/>	<hr/>
	75,121	78,288
	<hr/>	<hr/>
	\$ 90,299	\$ 83,974

Approved on behalf of the board

Director _____

See accompanying notes

Uplands of MacTaggart Homeowners Association Ltd.

Statement of Operations and Changes in Net Assets For the year ended December 31, 2020

	2020	2019
Revenues		
Homeowner fees	\$ 40,800	\$ 40,800
Service fee income	2,395	2,564
Interest income	196	294
	<hr/> 43,391	<hr/> 43,658
Expenditures		
Landscaping	35,986	27,918
Administration	4,530	615
Professional fees	3,281	3,099
Office	1,190	1,324
Insurance	767	196
Bad debts	534	513
Interest and bank charges	270	173
	<hr/> 46,558	<hr/> 33,838
(Deficiency) excess of revenues over expenditures	(3,167)	9,820
Balance, beginning of year	<hr/> 78,288	<hr/> 68,468
Balance, end of year	<hr/> \$ 75,121	<hr/> \$ 78,288

See accompanying notes

Uplands of MacTaggart Homeowners Association Ltd.

Statement of Cash Flows December 31, 2020

	2020	2019
Cash flows from operating activities		
(Deficiency) excess of revenues over expenditures	\$ (3,167)	\$ 9,820
Change in non-cash working capital items		
Accounts receivable	4,114	(6,426)
Prepaid expenses	(171)	(700)
Accounts payable and accrued liabilities	(1,508)	2,770
Deferred contributions	11,000	-
Change in cash position	10,268	5,464
Cash, beginning of year	52,373	46,909
Cash, end of year	\$ 62,641	\$ 52,373

See accompanying notes

Uplands of MacTaggart Homeowners Association Ltd.

Notes to the Financial Statements
December 31, 2020

1. **Nature of operations**

Uplands of MacTaggart Homeowners Association Ltd. (the association) was incorporated on November 16, 2006 under the Societies Act of Alberta and is not subject to income tax under Paragraph 149(1)(l) of the Canadian Income Tax Act. The association was formed to provide the opportunity to enhance and augment the level of maintenance within the community.

2. **Basis of presentation**

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

3. **Significant accounting policies**

(a) **Revenue recognition**

The association follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Externally restricted contributions for the purchase of capital assets that will be amortized are recorded as deferred capital contributions and recognized as revenue on the same basis as the amortization expense related to the acquired capital assets. Externally restricted contributions for the purchase of capital assets that will not be amortized are recognized as direct increases in net assets to the Investment in Capital Assets balance.

(b) **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 disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

Uplands of MacTaggart Homeowners Association Ltd.

Notes to the Financial Statements
December 31, 2020

3. Significant accounting policies, continued

(c) Contributed services

Directors, committee members and members volunteer their time to assist in the association's activities. While these services benefit the association considerably, a reasonable estimate of their amount and fair value cannot be made and, accordingly, these contributed services are not recognized in the financial statements.

(d) Cash and cash equivalents

Cash represents cash on hand and cash in the bank.

(e) Financial instrument classification

Measurement:

Financial instruments are recorded at fair value when acquired or issued, except for certain non-arms length transactions. The association subsequently measures its financial instruments at fair value, cost and amortized cost. Investments in equity instruments that are quoted in an active market are measured at fair value based on settlement date.

Financial instruments measured at fair value include cash.

Financial instruments measured at amortized cost include accounts receivable and accounts payable and accrued liabilities.

Impairment:

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting an allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

Transaction costs:

Transaction costs are recognized in the statement of operations in the period incurred, except for financial instruments that will be subsequently measured at amortized cost.

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4. Encumbrance

An encumbrance has been registered against each land title (by the original owner) within the development area ensuring that all property owners are obligated to the association. This encumbrance allows for the collection of annual fees from the lots registered under the encumbrance. An elected Board of Directors from the association will determine the maintenance program associated fees, if any, to be implemented. The encumbrance has been in effect since January 1, 2008.

5. Deferred contributions

Deferred contributions represent homeowner fees received in the current or prior periods which related to subsequent fiscal years. There is \$11,000 in deferred contributions for the current fiscal year.

6. Financial instruments

The association is exposed to the following risks in respect of certain of the financial instruments held:

(a) Interest rate risk

The association is exposed to interest rate risk arising from its cash and cash equivalents. The association does not use derivative investments to reduce exposure to this risk.

(b) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The association is exposed to credit risk from members. However, the association has a significant number of members which minimizes concentration of credit risk.

7. Comparative amounts

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.