

ROCKY RIDGE RANCH HOMEOWNERS ASSOCIATION
Financial Statements
Year Ended December 31, 2023

ROCKY RIDGE RANCH HOMEOWNERS ASSOCIATION
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Year Ended December 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Owners of Rocky Ridge Ranch Homeowners Association

Opinion

We have audited the financial statements of Rocky Ridge Ranch Homeowners Association (the Association), which comprise the statement of financial position as at December 31, 2023, and the statements of revenues and expenses 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 December 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 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

The financial statements for the year ended December 31, 2022 were audited by another auditor who expressed an unmodified opinion on those financial statements on June 20, 2022.

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 Companies 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 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.

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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 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
June 12, 2024

C&E LLP Chartered Professional Accountants

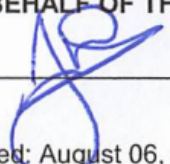
ROCKY RIDGE RANCH HOMEOWNERS ASSOCIATION

Statement of Financial Position

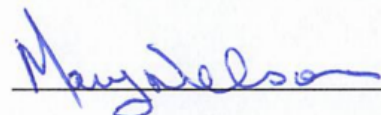
December 31, 2023

	Operating Fund 2023	Capital Replacement Reserve Fund 2023	Capital Asset Fund 2023	Total 2023	Total 2022
ASSETS					
CURRENT					
Cash	\$ 164,363	\$ -	\$ -	\$ 164,363	\$ 610,367
Short term investments (Note 3)	1,616	614,880	-	616,496	101,796
Accounts receivable	16,340	-	-	16,340	6,231
Goods and services tax recoverable	603	-	-	603	-
Prepaid expenses	12,456	-	-	12,456	15,105
	<u>195,378</u>	<u>614,880</u>	<u>-</u>	<u>810,258</u>	<u>733,499</u>
CAPITAL ASSETS (Note 4)	<u>-</u>	<u>-</u>	<u>347,888</u>	<u>347,888</u>	<u>395,703</u>
TOTAL ASSETS	\$ 195,378	\$ 614,880	\$ 347,888	\$ 1,158,146	\$ 1,129,202
LIABILITIES					
CURRENT					
Accounts payable	\$ 37,571	\$ -	\$ -	\$ 37,571	\$ 47,217
Goods and services tax payable	-	-	-	-	8,590
Damage deposits	8,730	-	-	8,730	8,161
Deferred revenue	18,678	-	-	18,678	-
	<u>64,979</u>	<u>-</u>	<u>-</u>	<u>64,979</u>	<u>63,968</u>
Deferred capital contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>880</u>
TOTAL LIABILITIES	64,979	-	-	64,979	64,848
NET ASSETS	<u>130,399</u>	<u>614,880</u>	<u>347,888</u>	1,093,167	<u>1,064,354</u>
TOTAL LIABILITIES AND NET ASSETS	\$ 195,378	\$ 614,880	\$ 347,888	\$ 1,158,146	\$ 1,129,202

ON BEHALF OF THE BOARD



Director



Director

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See notes to financial statements

ROCKY RIDGE RANCH HOMEOWNERS ASSOCIATION
Statement of Revenues and Expenses and Changes in Net Assets
Year Ended December 31, 2023

	Operating Budget 2023	Operating Fund 2023	Capital Replacement Reserve Fund 2023	Capital Asset Fund 2023	Total 2023	Total 2022
REVENUES						
Membership fees	\$ 552,500	\$ 558,740	\$ -	\$ -	\$ 558,740	\$ 556,340
Programs	18,100	28,388	-	-	28,388	27,846
Maintenance contracts	56,000	60,140	-	-	60,140	56,380
Government grant and subsidies	15,000	22,727	-	-	22,727	12,097
Interest and other income	5,500	5,830	24,880	-	30,710	712
Amortization of deferred contributions	-	880	-	-	880	219
Facility rental	50,000	74,734	-	-	74,734	72,086
Fund transfers	-	(58,800)	50,000	8,800	-	-
	697,100	692,639	74,880	8,800	776,319	725,680
EXPENSES (Schedule 1)	782,600	691,771	-	55,735	747,506	797,601
NET EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(85,500)	868	74,880	(46,935)	28,813	(71,921)
NET ASSETS - BEGINNING OF YEAR	-	129,531	540,000	394,823	1,064,354	1,136,275
NET ASSETS - END OF YEAR	\$ (85,500)	\$ 130,399	\$ 614,880	\$ 347,888	\$ 1,093,167	\$ 1,064,354

ROCKY RIDGE RANCH HOMEOWNERS ASSOCIATION**Statement of Cash Flows****Year Ended December 31, 2023**

	2023	2022
FUND ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ 28,813	\$ (71,921)
Item not affecting cash:		
Amortization of capital assets	<u>55,735</u>	63,853
	<u>84,548</u>	<u>(8,068)</u>
Changes in non-cash working capital:		
Accounts receivable	(10,108)	3,281
Goods and services tax recoverable	(9,193)	20,874
Prepaid expenses	2,649	(1,126)
Accounts payable	(9,646)	(64,459)
Damage deposits	569	8,161
Deferred capital contributions	(880)	(219)
Deferred revenue	<u>18,678</u>	<u>-</u>
	<u>(7,931)</u>	<u>(33,488)</u>
Cash flow from fund activities	<u>76,617</u>	<u>(41,556)</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(7,920)	(27,350)
Long term investment activity	-	(100,200)
Short term investment activity	<u>(514,701)</u>	<u>400,000</u>
Cash flow from (used by) investing activities	<u>(522,621)</u>	<u>272,450</u>
INCREASE IN CASH FLOW	(446,004)	230,894
Cash and cash equivalents- beginning of year	<u>610,367</u>	<u>379,473</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 164,363	\$ 610,367

ROCKY RIDGE RANCH HOMEOWNERS ASSOCIATION

Notes to Financial Statements

Year Ended December 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

1135215 Alberta Society operating as Rocky Ridge Ranch Homeowners Association (the "Association") was incorporated under the Societies Act of Alberta on October 27, 2004 as a not-for-profit organization which operates amenities exclusively for the use of its members. The Association is exempt from income tax under section 149(1) of the Canadian Income Tax Act.

In 2004, Marquis Development Inc. turned the ownership of the Rocky Ridge Ranch Centre and surrounding lands and amenities over to the Association for nominal consideration of \$1.

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 expenditures
- 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.

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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ROCKY RIDGE RANCH HOMEOWNERS ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2023

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

Revenue Recognition

The Rocky Ridge Ranch Homeowners' Association uses the deferral method of accounting for contributions. Contributions of capital assets or for the purchase of capital assets which are subject to amortization are deferred and amortized on the same basis as those capital assets. Contributions of capital assets or for the purchase of assets which are not subject to amortization are recorded as a direct increase to net assets.

Membership, program, rental, special event and maintenance fees are recognized as revenue in the year to which they relate. Interest and investment income is also recognized in the year to which it relates. Restricted contributions are recognized as revenue in the year in which related expenses are incurred. Unrestricted contributions, such as grants and donations not designated for a specific purpose, are recognized as revenue when received, or if the amount can be reasonably estimated and collection is reasonably assured.

Government assistance is recognized on a monthly basis when it is earned, when the amount is estimable and collection is reasonably assured.

Contributed Services and Materials

The Association recognizes contributions of materials and services when their fair value can be reasonably estimated, the materials and services are used in the normal course of operations, and they would otherwise have been purchased.

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.

Capital Replacement Reserve Fund

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

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ROCKY RIDGE RANCH HOMEOWNERS ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2023

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

Budget

The budget figures that appear on the statement of revenues and expenses 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 stated at cost less accumulated amortization. Capital assets are amortized over their estimated useful lives at the following rates and methods:

Recreational facilities	4%-20%	declining balance method
Trees and landscaping	5%	declining balance method
Vehicles	30%	declining balance method
Computer equipment	45%-55%	declining balance method
Furniture and fixtures	20%	declining balance method
Facility equipment	15%-30%	declining balance method

3. INVESTMENTS HELD, AT FAIR VALUE

	<u>2023</u>	<u>2022</u>
<u>Short term investments</u>		
GIC @ 5.2% maturing March 10, 2024	\$ 590,000	\$ -
Accrued interest	24,208	-
Investment	1,596	1,596
GIC @ 0.50% maturing April 2023	-	100,200
	<u>\$ 615,804</u>	<u>\$ 101,796</u>

4. CAPITAL ASSETS

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Recreational facilities	\$ 942,933	\$ 757,354	\$ 185,579	\$ 222,730
Trees and landscaping	155,606	32,604	123,002	129,476
Facility equipment	283,900	254,141	29,759	35,883
Vehicles	47,424	45,807	1,617	2,354
Furniture and fixtures	44,691	39,301	5,390	4,054
Computer equipment	58,237	55,696	2,541	1,206
	<u>\$ 1,532,791</u>	<u>\$ 1,184,903</u>	<u>\$ 347,888</u>	<u>\$ 395,703</u>

ROCKY RIDGE RANCH HOMEOWNERS ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2023

5. 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 December 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 and prepaid homeowners fees.

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.

6. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation. Figures for the year end March 31, 2022 were audited by another firm of professional accountants.

ROCKY RIDGE RANCH HOMEOWNERS ASSOCIATION

Expenses(Schedule 1)

Year Ended December 31, 2023

	Operating Budget 2023	Operating Fund 2023	Capital Replacement Reserve Fund 2023	Capital Asset Fund 2023	Total 2023	Total 2022
EXPENSES						
Salaries and wages	\$ 416,800	\$ 387,108	\$ -	\$ -	\$ 387,108	\$ 401,767
General repairs and maintenance	75,750	58,982	-	-	58,982	116,795
Landscaping and snow removal	34,500	51,178	-	-	51,178	26,781
Utilities	38,000	46,756	-	-	46,756	54,818
Administration	28,500	35,903	-	-	35,903	2,078
Bank charges	23,800	24,514	-	-	24,514	28,188
Audit, legal and professional fees	17,700	23,991	-	-	23,991	21,378
Insurance	12,800	13,144	-	-	13,144	19,448
Vehicles	35,150	28,483	-	-	28,483	35,924
Programming expenses	15,600	11,502	-	-	11,502	15,020
Security and monitoring	14,000	10,210	-	-	10,210	11,551
Amortization	70,000	-	-	55,735	55,735	63,853
	\$ 782,600	\$ 691,771	\$ -	\$ 55,735	\$ 747,506	\$ 797,601