

NORTHSTAR RESIDENTS ASSOCIATION

FINANCIAL STATEMENTS

March 31, 2021



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Independent Auditor's Report

To the Board of Directors of Northstar Residents Association

Opinion

We have audited the financial statements of Northstar Residents Association (the "Association"), which comprise the statement of financial position as at March 31, 2021, and the statements of operations, 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 March 31, 2021, and its results of 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 these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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

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.

BDO Canada LLP

Chartered Professional Accountants

Calgary, Alberta
July 22, 2021

NORTHSTAR RESIDENTS ASSOCIATION
Statement of Financial Position
As at March 31

	<u>2021</u>	<u>2020</u>
CURRENT ASSETS		
Cash	\$ 569,615	\$ 290,065
Restricted cash	194,557	194,525
Short-term investment	1,479,000	1,450,000
Accounts receivable	43,835	84,567
Prepaid expenses and deposits	9,403	4,501
	<u>2,296,410</u>	<u>2,023,658</u>
CAPITAL ASSETS (Note 4)	<u>3,140,155</u>	<u>2,787,016</u>
	<u>\$ 5,436,565</u>	<u>\$ 4,810,674</u>
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 55,686	\$ 156,155
Obligations under capital lease	-	12,348
Deferred revenue	211,899	-
Customer credits	13,040	13,040
Due to Genstar (Note 2)	24,613	24,613
	<u>305,238</u>	<u>206,156</u>
DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS (Note 5)	<u>1,539,656</u>	<u>1,625,710</u>
	1,844,894	1,831,866
NET ASSETS INVESTED IN CAPITAL ASSETS (Notes 3 & 5)	1,600,836	1,161,306
INTERNALLY RESTRICTED RESERVE FUND (Note 3)	681,155	895,511
UNRESTRICTED NET ASSETS (Note 3)	<u>1,309,680</u>	<u>921,991</u>
	<u>\$ 5,436,565</u>	<u>\$ 4,810,674</u>

Commitments (Note 6)
COVID-19 (Note 8)

Approved on behalf of the Association:

Director

Director

NORTHSTAR RESIDENTS ASSOCIATION
Statement of Operations
For the year ended March 31

	<u>2021</u>	<u>2020</u>
REVENUES		
Membership fees	\$ 1,573,897	\$ 1,567,375
Programming (refunds)	(14,382)	85,561
Amortization of deferred contributions (Note 5)	86,054	86,054
Facility rental	3,683	30,573
Interest and other	47,148	53,622
	<u>1,696,400</u>	<u>1,823,185</u>
EXPENSES		
Amortization:		
Purchased	43,073	19,168
Contributed	86,054	86,054
Bad debts	1,021	
Equipment lease	-	2,062
Insurance	9,855	10,285
Interest and bank charges	27,029	30,385
Management fees	22,737	23,033
Office and administration	159,378	157,069
Program	69,700	118,331
Repairs and maintenance	137,243	270,113
Salaries and wages	461,586	501,546
Utilities	65,861	75,381
	<u>1,083,537</u>	<u>1,293,427</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 612,863</u>	<u>\$ 529,758</u>

NORTHSTAR RESIDENTS ASSOCIATION
Statement of Changes in Net Assets
For the year ended March 31

	Unrestricted	Net assets invested in capital	Internally restricted reserve fund	2021	2020
Net assets, beginning of year	\$ 921,991	\$ 1,161,306	\$ 895,511	\$ 2,978,808	\$ 2,449,050
Excess of revenues over expenses	655,936	(43,073)	-	612,863	529,758
Invested in capital assets	(268,247)	482,603	(214,356)	-	-
Net assets, end of year	\$ 1,309,680	\$ 1,600,836	\$ 681,155	\$ 3,591,671	\$ 2,978,808

NORTHSTAR RESIDENTS ASSOCIATION
Statement of Cash Flows
For the year ended March 31

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 612,863	\$ 529,758
Items not affecting cash:		
Amortization	129,127	105,222
Amortization of deferred contributions	(86,054)	(86,054)
Loss on disposal of capital assets	1,674	-
Change in non-cash working capital items:		
Accounts receivable	40,732	119,497
Prepaid expenses and deposits	(4,902)	(1,356)
Accounts payable and accrued liabilities	(100,469)	114,708
Deferred revenue	211,899	(66,307)
Transfer from restricted cash	(31)	(69,549)
	<u>804,839</u>	<u>645,919</u>
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Purchase of short-term investments	(29,000)	(1,450,000)
Redemption of short-term investments	-	700,000
Purchase of capital assets	(488,940)	(379,812)
Disposal of capital assets	5,000	3,505
	<u>(512,940)</u>	<u>(1,126,307)</u>
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Advance of capital lease	-	54,500
Payments on capital lease	(12,348)	(42,152)
	<u>(12,348)</u>	<u>12,348</u>
INCREASE (DECREASE) IN CASH	279,550	(468,040)
CASH, BEGINNING OF YEAR	<u>290,065</u>	<u>758,105</u>
CASH, END OF YEAR	<u><u>\$ 569,615</u></u>	<u><u>\$ 290,065</u></u>

NORTHSTAR RESIDENTS ASSOCIATION

Notes to the Financial Statements

March 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES

a) Purpose

The Northstar Residents Association (the "Association") was incorporated as a not-for-profit corporation on December 18, 2000 under Section 9 of the Companies Act of the Province of Alberta, R.S.A. 1980. As such, the Association is exempt from income tax under the Income Tax Act. The Association owns and operates amenities for the use of its members, the residents of Panorama Hills. On January 25, 2001, a turn-over agreement was entered into with Genstar Development Company ("Genstar"). The turn-over agreement specified that on the effective date, Genstar will deliver to the Association; land titles to the private parcels, a bill of sale for all the chattels owned by Genstar and used in the operation of the private parcels and reserves, and a transfer of all the encumbrances for each property in the community. The effective date of the turn-over agreement was April 1, 2016.

b) Basis of accounting

The financial statements of the Association have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

c) Revenue recognition

The Association uses the deferral method of accounting for contributions. Contributions of capital assets or funds 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 funds for the purchase of capital assets which are not subject to amortization are recorded as a direct increase to net assets.

Membership, program, and facility rental fees are recognized as revenue in the year to which they relate. 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.

Interest and other revenue is recorded on an accrual basis.

Deferred revenue, such as deferred membership, program and rental fees, arise from receipt of payments in advance of the period in which they are earned.

d) Use of estimates

In accordance with ASNPO, estimates and assumptions are made by management in the preparation of these financial statements. These estimates may impact the amounts included in the financial statements. The most significant of these estimates are related to amortization and the estimated useful life of the capital assets and accrued liabilities. Actual results could differ from these estimates.

NORTHSTAR RESIDENTS ASSOCIATION
Notes to the Financial Statements
March 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

e) Capital assets

Capital assets contributed to the Association are recorded at fair value on the date of contribution.

Amortization is based on estimated useful life calculated on a straight line basis as follows:

Building	40 years
Amenities	25 years
Equipment	5 and 10 years
Computer equipment	5 years

Land is not subject to amortization.

f) Cash and restricted cash

Cash consists of balances with financial institutions and cash on hand. Restricted cash consists of balances held at financial institutions that have been restricted by management for use in future maintenance of amenities.

g) Short-term investment

Short-term investment consists of guaranteed investment certificates with maturity dates between January 01, 2022 and February 06, 2022 (2020 - January 21, 2021 and February 21, 2021) which earns interest at rates between 0.50% and 0.50% (2020 - 1.55% and 2.20%).

h) Impairment of long-lived assets

Capital assets are tested annually for impairment where impairment indicators are present. This would occur if an item no longer contributes to the Association's ability to provide services. Any excess of the item's carrying value, with no long-term service potential, over its residual value is recognized as an expense in the year.

i) Financial instruments

The Association's financial instruments consist of cash, short-term investments, accounts receivable, accounts payable, accrued liabilities and refund liabilities. All financial instruments are initially measured at fair value and subsequently measured at amortized cost.

Financial assets are tested for impairment when changes in circumstances indicate that the asset could be impaired. Transaction costs on the acquisition and sale of financial instruments are expensed for those items re-measured at fair value at each balance sheet date and charged to the financial instrument for those measured at amortized cost.