

Windermere North HOA

FINANCIAL STATEMENTS

MAY 31, 2026

Windermere North HOA

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INDEPENDENT AUDITORS' REPORT

To the Owners of The Windermere North HOA:

Qualified Opinion

We have audited the accompanying financial statements of the The Windermere North HOA, which comprise the statement of financial position as at May 31, 2026, and the statements of operations and changes in fund balances for the operating fund and capital replacement reserve fund, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Association as at May 31, 2026, 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.

Basis for Qualified Opinion

We were unable to reconcile association fees to an external source, independent of the accounting system. Consequently, we are unable to determine whether any adjustments may be required to homeowner fees, accounts receivable and prepaid fees.

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 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 qualified opinion.

Other Matter

The results of the prior year are based on unaudited financial statements.

Going Concern

In the context of our audit of the financial statements as a whole, and in forming our opinion thereon, we have concluded that management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the audit evidence obtained, we have not identified a material uncertainty related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern.

Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are not a guarantee as to the Corporation's ability to continue as a going concern.

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 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.



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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 Corporation'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 Corporation'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 Corporation 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.

Cass & Fraser

Cass & Fraser Chartered Professional Accountants

Edmonton, Alberta
August 31, 2026

Windermere North HOA

STATEMENT OF FINANCIAL POSITION

AS AT MAY 31, 2026

	2026	2025
	Operating Fund	Total (unaudited)
Current Assets		
Cash	\$ 100,586	\$ 112,978
Association fees receivable	76,003	33
Accounts receivable -other	270	-
	<u>\$ 176,859</u>	<u>\$ 113,011</u>
Current Liabilities		
Accounts payable	\$ 8,089	\$ 6,924
GST payable	(1,208)	(2,134)
Prepaid fees	116,137	55,324
	<u>123,018</u>	<u>60,114</u>
Net Assets		
Operating fund	<u>53,841</u>	<u>52,897</u>
	<u>\$ 176,859</u>	<u>\$ 113,011</u>

Windermere North HOA

STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE OPERATING FUND

FOR THE YEAR ENDING MAY 31, 2026

	2026 Budget <i>(note 4)</i>	2026 Actual	2025 Actual <i>(unaudited)</i>
Revenues			
Association fees	\$ 105,735	\$ 105,118	\$ 100,700
Other	-	2,098	312
Interest	700	741	1,337
	106,435	107,957	102,349
Administration			
Bank charges	1,000	3,177	1,081
Management fees	26,050	26,049	25,331
Miscellaneous	11,600	10,763	18,323
Professional fees	4,250	1,600	5,150
Utilities			
Power	3,000	1,733	3,157
Maintenance			
Common area maintenance	2,000	1,485	5,743
Landscaping <i>(note 5)</i>	55,000	59,536	49,152
Other			
Insurance	3,300	2,670	3,208
	106,200	107,013	111,145
Revenues over expenses	\$ 235	944	(8,796)
Operating fund balance at beginning of year		52,897	61,693
Operating fund balance at end of year		\$ 53,841	\$ 52,897

Windermere North HOA

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING MAY 31, 2026

		2026
		Operating Fund
Cash flows from operating activities		
Association fees	\$	89,961
Interest and investment income		741
Other revenues		2,098
Cash paid to suppliers		(105,192)
Net cash provided by (used in) operating activities		(12,392)
Increase (decrease) in cash		(12,392)
Cash, beginning of year		112,978
Cash, end of year	\$	100,586
Cash and cash equivalents are comprised of:		
Cash	\$	100,586

Windermere North HOA

NOTES TO THE FINANCIAL STATEMENTS

MAY 31, 2026

1 Purpose and Income Tax Status

The Windermere North HOA (The "Association") is a home owners' association registered under the Societies (or Companies) Act of Alberta. Its function is to regulate the use of the property and to provide repairs, maintenance and other services to the common housing areas, located in Edmonton, Alberta.

The Association is a not-for-profit corporation under the Income Tax Act, and is therefore exempt from income taxes.

2 Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. Significant accounting policies are described below.

(a) Fund Accounting

The Operating Fund accounts for the Association's operating and administrative activities.

The Capital Replacement Reserve Fund reports the amounts that are set aside and used for future costs of major repairs and replacements.

(b) Revenue Recognition and Transfers to the Reserve Fund

Association fees related to general operations are recognized as revenue of the operating fund as billed to the owners by the Association. Billings consist of monthly charges based on the annual budget approved by the Board of Directors. All expenses are recognized as incurred.

(c) Contributed Services

Volunteer services contributed on behalf of the Association are not recognized in these financial statements due to the difficulty in determining their fair value.

(d) Capital Assets

Association units and real property directly associated with those units are not considered to be capital assets of the Association.

Capital assets purchased by the Association are amortized on a straight line basis over the useful life of the assets.

(e) Cash and Cash Equivalents on the Statement of Cash Flows

Cash and cash equivalents include bank balances and cash held. Short term money market funds are not included as these are considered to be investments.

Windermere North HOA

NOTES TO THE FINANCIAL STATEMENTS

MAY 31, 2026

(f) Use of Estimates

The preparation of financial statements in conformity with Canadian accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3 Financial Instruments and Risk Management

(a) Financial Instruments

The Association initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost, except for marketable securities quoted in an active market, which are measured at fair value.

The financial assets subsequently measured at amortized cost include cash, and accounts receivable. There were no financial assets subsequently measured at fair value. The financial liabilities measured at amortized cost include accounts payable.

(b) Credit Risk

The Association does not have a concentration of credit exposure with any one party. The Association does not consider that it is exposed to undue credit risk. Credit risk includes the risk that owners will fail to pay their fees.

(c) Interest Rate Risk

The investments of the Association are subject to interest rate risk because changing interest rates impact the market value of the fixed rate investments.

(d) Liquidity Risk

Liquidity risk is the risk that the Association may not be able to meet its ongoing commitments to repair, replace and maintain the common property of the Association.

(e) Risk Management

The Association manages its credit, liquidity and cash flow risk by restricting investments to a diverse range of government and corporate preferred shares and fixed income securities.. As it is the Association's expectation to hold its investments to maturity, its cash flows are exposed to minimal interest rate and liquidity risk. The Association has the power to place caveats on titles which significantly mitigates credit risk. The Association manages liquidity risk by preparing an annual budget in consideration of the results of its reserve fund study, and may increase fees and assess special levies to ensure it has sufficient funds.

Windermere North HOA

NOTES TO THE FINANCIAL STATEMENTS

MAY 31, 2026

4 Budget Amounts

The 2026 budget amounts are presented for information purposes only. They were approved by the Board of Directors and are unaudited.

5 Related Party Transactions

The Corporation paid Isaiah's Landscaping and Property Maintenance, a company related to a member of the Board of Directors, \$13,012 for weeding, mulch installation, and other landscaping work. The Corporation also paid a member of the Board \$6,600 for watering.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

6 Comparative Figures

Certain comparative figures have been reclassified to conform to the current year's presentation. Adjustments were made to the unaudited comparative figures resulting in increases to accrued liabilities of \$2,064 and GST suspense of \$18,033. These adjustments resulted in a \$20,097 decrease in net assets, and the excess of revenues over expenses in the prior year.

7 Approval of Financial Statements

These financial statements have been approved by the Board of Directors.