

1135215 ALBERTA SOCIETY
operating as
ROCKY RIDGE RANCH HOMEOWNERS ASSOCIATION

FINANCIAL STATEMENTS
(Audited)

December 31, 2018

a member of

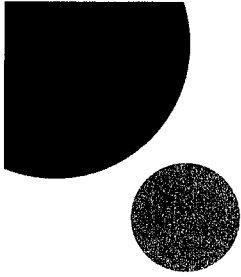


1135215 ALBERTA SOCIETY
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ROCKY RIDGE RANCH HOMEOWNERS ASSOCIATION

December 31, 2018

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Nancy Murdoch

Chartered Professional Accountant

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Independent Auditor's Report

To the Members of the 1135215 Alberta Society o/a
Rocky Ridge Ranch Homeowners Association

Opinion

I have audited the Statement of Financial Position of the Rocky Ridge Ranch Homeowners Association as at December 31, 2018 and the Statements of Operations, Net Assets and Cash Flows and a summary of significant accounting policies and other explanatory notes for the year ended December 31, 2018.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Rocky Ridge Ranch Homeowners Association as at December 31, 2018 and the results of its operations and cash flows for the year ended December 31, 2018 in accordance with Canadian accounting standards for not-for-profit associations.

Basis for Opinion

I conducted my audit in accordance with Canadian auditing standards. I am independent of the Rocky Ridge Ranch Homeowners Association in accordance with the ethical requirements that are relevant to my audit 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 audit opinion.

Management's Responsibility

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit associations and for such internal control as management determines 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 Rocky Ridge Ranch Homeowners 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.



Auditor's responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, concluding on the appropriateness of management's use of the going concern basis of accounting as well as evaluating the overall presentation of the financial statements.

I communicate with those charged with governance regarding 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.

Calgary, Alberta
September 6, 2019

Nancy Murdoch
Chartered Professional Accountant

1135215 ALBERTA SOCIETY
o/a ROCKY RIDGE RANCH HOMEOWNERS ASSOCIATION
STATEMENT OF FINANCIAL POSITION
Audited
As at December 31, 2018

	2018	2017
ASSETS		
Current assets		
Cash and cash equivalents, unrestricted	\$ 49,889	\$ 28,962
Cash and cash equivalents, internally restricted (Note 3)	104,823	39,732
Short term investments, internally restricted (Note 3)	350,000	489,732
Short term investments, unrestricted (Note 4)	1,596	26,596
Accounts receivable	8,626	47,412
Goods and Services Tax receivable	2,617	1,103
Prepaid expenses and deposits	10,880	3,679
	528,431	637,216
Capital assets (Note 5)	481,621	420,431
Long term investment, unrestricted (Note 4)	25,000	-
	\$ 1,035,052	\$ 1,057,647
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 46,378	\$ 39,476
Damage deposits held	11,000	7,539
Unearned revenue	1,200	976
	58,578	47,991
Deferred capital contributions (Note 6)	2,147	2,684
	60,725	50,675
Net assets		
Unrestricted	599,327	517,240
Capital reserve (Note 7)	375,000	489,732
	974,327	1,006,972
	\$ 1,035,052	\$ 1,057,647

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS

_____ Director

_____ Director

See Notes to the Financial Statements

1135215 ALBERTA SOCIETY
o/a ROCKY RIDGE RANCH HOMEOWNERS ASSOCIATION
STATEMENT OF CHANGES IN NET ASSETS
Audited

For the Year Ended December 31, 2018

	Unrestricted	Capital Reserve	2018 Totals	2017 Totals
Balance, beginning of the year	\$ 517,240	489,732	1,006,972	916,568
Excess of revenues over expenses	43,753	(76,398)	(32,645)	90,404
Net transfer between funds (Note 7)	38,334	(38,334)	-	-
Balances, end of the year	\$ 599,327	375,000	974,327	1,006,972

See Notes to the Financial Statements

1135215 ALBERTA SOCIETY
o/a ROCKY RIDGE RANCH HOMEOWNERS ASSOCIATION
STATEMENT OF OPERATIONS
Audited

For the Year Ended December 31, 2018

	<u>2018</u>	<u>2017</u>
Revenue		
Amortization of deferred capital contributions (Note 6)	\$ 537	\$ 671
Interest and other	20,069	26,155
Maintenance contract- City of Calgary	69,923	51,705
Membership fees	554,958	548,388
Program revenue	29,904	33,223
Gain on disposal of capital asset	-	1,557
Rental income	71,252	76,464
	<u>746,643</u>	<u>738,163</u>
Expenses		
Advertising and public relations	1,829	1,877
Amortization	82,814	78,026
Bad debts expense	39,247	-
Board expense	247	-
Electronic processing fees and bank charges	23,374	23,916
Insurance	10,356	11,945
Landscaping	27,497	23,643
Office supplies and administrative expense	29,730	30,045
Professional fees	25,410	20,705
Program expenses	17,510	19,373
Repairs and maintenance	48,682	36,418
Salaries and benefits	346,319	358,323
Security	9,775	9,716
Social events	5,910	4,522
Utilities	44,401	44,102
Vehicle	26,455	24,880
	<u>739,556</u>	<u>687,491</u>
Excess of revenue (expenses)	<u>\$ 7,087</u>	<u>\$ 50,672</u>

See Notes to the Financial Statements

1135215 ALBERTA SOCIETY
o/a ROCKY RIDGE RANCH HOMEOWNERS ASSOCIATION
STATEMENT OF CASH FLOWS
Audited

For the Year Ended December 31, 2018

	2018	2017
Cash flows from operating activities		
Excess of revenue (expenses)	\$ 7,087	\$ 50,672
Changes in non-cash working capital		
Amortization	82,814	78,026
Amortization of deferred capital contributions	(537)	(671)
Gain on disposal of capital asset	-	(1,557)
	89,364	126,470
Changes in non-cash operating working capital:		
Accounts receivable	38,786	25,241
Goods and Services Tax receivable	(1,514)	1,825
Prepaid expenses and deposits	(7,201)	(1,701)
Accounts payable and accrued liabilities	6,902	15,016
Damage deposits held	3,461	(7,049)
Unearned revenue	224	476
Net increase in working capital	130,022	160,278
Cash flows from investing activities		
Purchase of capital assets	(144,004)	(72,309)
Proceeds from disposal of capital assets	-	1,715
Patronage dividends reinvested in Co-op shares	-	(1,596)
Redemption of GICs	775,000	680,615
Purchase of GICs	(775,000)	(725,000)
	(144,004)	(116,575)
Increase (decrease) in cash and cash equivalents	(13,982)	43,703
Cash and cash equivalents, beginning of the year	68,694	24,991
Cash and cash equivalents, end of the year	\$ 54,712	\$ 68,694
Cash and cash equivalents consists of:		
Unrestricted cash and cash equivalents	\$ 49,889	\$ 28,962
Internally restricted cash and cash equivalents	104,823	39,732
	\$ 154,712	\$ 68,694

See Notes to the Financial Statements

1135215 ALBERTA SOCIETY
o/a ROCKY RIDGE RANCH HOMEOWNERS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

1. NATURE OF THE ORGANIZATION

1135215 Alberta Society o/a 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)(l) of the 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.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Basis of Accounting

Management has concluded that the going concern basis of accounting is appropriate for the Association.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, balances with banks and short term deposits with original maturities of three months or less.

Capital Assets

Capital assets are initially recorded at cost. Amortization is provided using the declining balance method at rates intended to amortize the cost of assets over their estimated useful lives as follows:

Automotive	30%
Computer equipment	45%
Computer software	100%
Facility equipment	20%
Furniture and fixtures	20%
Recreational facilities	20% and 4%
Trees	5%

1135215 ALBERTA SOCIETY
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NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

2. SIGNIFICANT ACCOUNTING POLICIES Continued

Revenue Recognition

The Association follows the deferral method of accounting for externally restricted assets where revenue is recorded when the related expense occurs. Membership fees are recognized as revenue over the term of the annual memberships. Rental revenues are recognized when services are provided. Unrestricted interest income is recognized as revenue when earned.

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 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. Accounts receivable are stated after evaluation as to their collectability and an allowance for doubtful accounts is provided for where considered necessary. Amortization is based on the estimated useful lives of property and equipment.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues and expenses in the periods in which they become known.

3. INTERNALLY RESTRICTED CASH RESERVE

Funds comprising the internally restricted capital reserve are held as follows:

	<u>2018</u>	<u>2017</u>
ATB T-Bill Savings bank account	\$ 4,823	\$ 39,732
ATB GIC, .55%, maturing March 2019, cashable	50,000	50,000
ATB GIC, .55%, maturing March 2019, cashable	50,000	50,000
ATB GIC, .55%, maturing December 2019, non-redeemable	250,000	250,000
ATB GIC, 1.8%, matures December 2019, non-redeemable	<u>100,000</u>	<u>100,000</u>
Total internally restricted reserve	454,823	489,732
Cash and cash equivalents, internally restricted	<u>(104,823)</u>	<u>(39,732)</u>
Short term GICs, internally restricted	<u>\$ 350,000</u>	<u>\$ 450,000</u>

1135215 ALBERTA SOCIETY
o/a ROCKY RIDGE RANCH HOMEOWNERS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

4. INVESTMENTS, UNRESTRICTED

The GIC is held by ATB Financial. The shares were earned from the Co-op by patronage.

	2018	2017
ATB Financial GIC, 2.71%, matures October 2020, held as collateral as security for the Association's credit cards, non-redeemable,	\$ 25,000	\$ 25,000
Calgary Co-operative Association Ltd.	1,596	1,596
	26,596	26,596
Less: Long term investment	(25,000)	-
Short term investments, unrestricted	\$ 1,596	\$ 26,596

5. CAPITAL ASSETS

	Cost	Accumulated Amortization	2018 Net Book Value	2017 Net Book Value
Automotive	\$ 42,281	38,718	3,563	5,091
Computer equipment	28,183	25,972	2,211	3,268
Computer software	20,226	20,226	-	-
Facility equipment	266,630	201,904	64,726	76,340
Furniture and fixtures	39,498	32,758	6,740	8,425
Recreational facilities	886,709	504,282	382,427	304,198
Trees	35,126	13,172	21,954	23,109
	\$ 1,318,653	837,032	481,621	420,431

6. DEFERRED CAPITAL CONTRIBUTIONS

In 2008, the Association received \$25,000 from Decker Management Ltd. This donation, in its entirety, was used to assist in the construction of recreational facilities for the Association. This amount is being recognized as revenue over the useful life of the corresponding assets. During the year, \$671 (2017 - \$839) was amortized to revenue.

7. CAPITAL RESERVE

A reserve has been set up for future capital expenditures expected to be made by the Association. Additions to or drawings from the reserve are at the discretion of the Board of Directors. During the year \$77,228 was transferred from the capital reserve (2017 - transfer to the capital reserve of \$50,000). The funds held in reserve earned interest of \$6,870 (2017 - \$5,651).

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NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

8. CONTRIBUTED SERVICES AND GOODS

Contributed services and donated items are recognized in the financial statements when fair value can be reasonably estimated, when the services or goods are used in the normal course of the Association's operations and when they would otherwise have been purchased. In the current year no contributed goods or services were recorded (2017- \$nil).

A number of volunteers have made significant contributions of their time to carry out the service delivery activities of the Association. The value of this contributed time is not reflected in these financial statements.

9. FINANCIAL INSTRUMENTS

Measurement of financial instruments

The Association initially measures its financial assets and financial liabilities at fair value. The Association subsequently measures all its financial assets and financial liabilities at cost or amortized cost. Changes in fair value of these financial instruments are recognized in net income.

Financial instruments measured at amortized cost include cash and cash equivalents, cash held in trust, accounts receivable, investments and accounts payable.

Risk

It is management's opinion that the Association is not exposed to significant interest, currency, price, market or credit risks arising from these financial instruments.

10. COMPARATIVE FIGURES

Some of the prior year figures have been reclassified to conform to the current year presentation.