

SUMMERSIDE RESIDENTS ASSOCIATION

FINANCIAL STATEMENTS

December 31, 2023

SUMMERSIDE RESIDENTS ASSOCIATION
Statement of Financial Position
As at December 31

	2023	2022
CURRENT ASSETS		
Cash	\$ 1,228,441	\$ 1,695,143
Accounts receivable	4,245	9,323
Prepaid expenses	22,294	23,000
Short term investments (Note 2)	500,000	-
	<u>1,754,980</u>	<u>1,727,466</u>
CAPITAL ASSETS (Note 3)	<u>2,467,538</u>	<u>2,523,016</u>
	\$ 4,222,518	\$ 4,250,482
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 82,972	\$ 145,669
Goods and services tax payable	20,023	22,260
Demand loan payable (Note 4)	1,579,939	1,723,044
Deferred revenue	468,258	649,404
	<u>2,151,192</u>	<u>2,540,377</u>
NET ASSETS (Note 6)		
Net assets invested in capital assets	2,467,538	2,523,016
Unrestricted net deficiency	(396,212)	(812,911)
	<u>2,071,326</u>	<u>1,710,105</u>
	\$ 4,222,518	\$ 4,250,482

Commitments (Note 7)

Approved on behalf of the Association:

_____, Director

_____, Director

The accompanying notes are an integral part of these financial statements.

SUMMERSIDE RESIDENTS ASSOCIATION
Statement of Operations
For the year ended December 31

	<u>2023</u>	<u>2022</u>
REVENUE		
Membership fees	\$ 1,912,114	\$ 1,802,086
Program income	136,399	130,504
Beach club rental	77,906	79,050
Interest and other	50,597	39,224
Government assistance	-	23,879
	<u>2,177,016</u>	<u>2,074,743</u>
EXPENSES		
Salaries and benefits	756,282	792,884
Utilities	157,643	79,579
Administration	150,330	181,274
Programs	139,619	129,463
Beach club maintenance	128,857	155,036
Loan interest	123,655	82,192
Property tax	120,480	112,716
Amortization of capital assets	103,975	109,186
Repairs and maintenance	55,341	44,537
Professional fees	33,860	34,110
Security	23,250	27,917
Insurance	21,982	21,788
Advertising and promotion	521	238
	<u>1,815,795</u>	<u>1,770,920</u>
EXCESS OF REVENUE OVER EXPENSES	<u><u>\$ 361,221</u></u>	<u><u>\$ 303,823</u></u>

SUMMERSIDE RESIDENTS ASSOCIATION
Statement of Changes in Net Assets
For the year ended December 31

	Invested in Capital Assets	Unrestricted	2023	2022
BALANCE, BEGINNING OF YEAR	\$ 2,523,016	\$ (812,911)	\$ 1,710,105	\$ 1,406,282
Acquisition of capital assets	48,497	(48,497)	-	-
Excess of revenue over expenses	-	361,221	361,221	303,823
Amortization of capital assets	(103,975)	103,975	-	-
BALANCE, END OF YEAR	\$ 2,467,538	\$ (396,212)	\$ 2,071,326	\$ 1,710,105

SUMMERSIDE RESIDENTS ASSOCIATION
Statement of Cash Flows
For the year ended December 31

	<u>2023</u>	<u>2022</u>
NET INFLOW OF CASH RELATED TO:		
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 361,221	\$ 303,823
Items not affecting cash and cash equivalents		
Amortization of capital assets	103,975	109,186
CEBA loan forgiveness	-	(20,000)
	<u>465,196</u>	<u>393,009</u>
Changes in non-cash working capital items		
Accounts receivable	5,078	(2,538)
Prepaid expenses	706	(1,522)
Accounts payable and accrued liabilities	(62,697)	43,876
Goods and services tax	(2,237)	(5,916)
Deferred revenue	(181,146)	(66,514)
	<u>224,900</u>	<u>360,395</u>
INVESTING ACTIVITIES		
Acquisition of capital assets	(48,497)	(72,799)
Purchase of short-term investments	(500,000)	-
	<u>(548,497)</u>	<u>(72,799)</u>
FINANCING ACTIVITIES		
Repayments of demand loan payable	(143,105)	(184,567)
Repayment of loan payable	-	(40,000)
	<u>(143,105)</u>	<u>(224,567)</u>
NET CASH INFLOW	(466,702)	63,029
CASH, BEGINNING OF YEAR	<u>1,695,143</u>	<u>1,632,114</u>
CASH, END OF YEAR	<u><u>\$ 1,228,441</u></u>	<u><u>\$ 1,695,143</u></u>

SUMMERSIDE RESIDENTS ASSOCIATION
Notes to the Financial Statements
December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES

a) Purpose

The Summerside Residents Association (the "Association") was incorporated as a not-for-profit corporation on July 31, 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 Section 149 of the Income Tax Act. The Association owns and operates amenities for the use of its members, the residents of Summerside. On August 30, 2000, a turn-over agreement was entered into with Brookfield Residential (Alberta) LP ("Brookfield Residential"). The turn-over agreement specified that on the effective date, Brookfield Residential will deliver to the Association: land titles to the private parcels, a bill of sale for all the chattels owned by Brookfield Residential 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 September 24, 2020.

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) Cash

Cash consists of cash held at financial institution.

d) 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 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 receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Deferred revenues includes membership fees that arise from receipt of payments in advance of the period in which they were earned.

Program revenues, rental revenues, and interest are recorded on an accrual basis and recognized when amounts are known and collection is reasonably assured.

Grants and government assistance are recognized as revenue when received or receivable, if the amount can be reasonably estimated and collection is reasonable assured.

SUMMERSIDE RESIDENTS ASSOCIATION
Notes to the Financial Statements
December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) 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.

f) Capital Assets

Purchased tangible capital assets are stated at cost less accumulated amortization. Contributed tangible capital assets are recorded at fair value at the date of contribution, unless fair value is not determinable in which case contributed tangible capital assets are recorded at nominal value at the date of contribution. Contributed tangible capital assets are subsequently amortized. Expenditures for repairs and maintenance are expensed as incurred. Betterments that extend the useful life of the tangible capital asset are capitalized.

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

Buildings and vehicles	5-15 years
Boats and docks	5-10 years
Equipment, office equipment and maintenance equipment	5-12 years
Computer equipment	1-5 years
Park amenities	2-25 years

g) Impairment of Long-Lived Assets

Tangible 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 of the period.

h) Financial Instruments

(i) Measurement of financial instruments

The Association initially measures its financial assets and liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate. The Association subsequently measures all its financial assets and financial liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income in the period incurred. Financial assets measured at amortized cost on a straight-line basis include cash and cash equivalents, and accounts receivable. Financial liabilities measured at amortized cost on a straight-line basis include accounts payable and accrued liabilities, and demand loan payable.

SUMMERSIDE RESIDENTS ASSOCIATION
Notes to the Financial Statements
December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h) Financial Instruments (Continued)

(ii) Impairment

For financial assets measured at cost or amortized cost, the Association determines whether there are indications of possible impairment. When there is an indication of impairment, and the Association determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be 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.

(iii) Transaction costs

Transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in net income in the period incurred. Transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability and recognized in net income over the life of the instrument using the straight-line method.

2. SHORT TERM INVESTMENTS

Included in short term investments is a guaranteed investment certificate (GIC) totaling \$500,000 (2022 - \$nil), which will mature on February 22, 2024 and carries an interest rate of 4.80%.

SUMMERSIDE RESIDENTS ASSOCIATION
Notes to the Financial Statements
December 31, 2023

3. CAPITAL ASSETS

	2023			2022
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Buildings	\$ 1,301,619	\$ 1,177,423	\$ 124,196	\$ 151,011
Vehicles	74,190	53,501	20,689	17,359
Boats	102,827	91,317	11,510	11,940
Docks	53,130	44,825	8,305	11,613
Equipment	280,858	194,827	86,031	87,325
Office equipment	69,751	65,501	4,250	6,424
Maintenance equipment	105,178	103,266	1,912	3,375
Computer equipment	38,736	29,442	9,294	6,515
Park amenities	514,333	327,982	186,351	212,454
	2,540,622	2,088,084	452,538	508,016
Land	2,015,000	-	2,015,000	2,015,000
	\$ 4,555,622	\$ 2,088,084	\$ 2,467,538	\$ 2,523,016

4. DEMAND LOAN

Alberta Treasury Branch ("ATB") provided the Association with a reducing credit facility with a maximum amount of \$1,650,289 (2022 - \$1,789,351). This loan bears interest at the ATB prime rate plus 0.53% (2022 - ATB prime rate plus 0.53%) per annum, is due on demand, and is payable in monthly blended payments of \$22,230 (2022 - \$22,230). The loan is secured by a general security agreement covering the Association's present and after acquired property and floating charge on land, a first mortgage agreement registered against the property in the amount of \$3,300,00 (2022 - \$3,300,000).

The loan is expected to be renewed each year. The principal payment estimated to be required in each of the next five years and thereafter are as follows:

2024	\$ 156,369
2025	169,419
2026	182,082
2027	195,692
2028	210,138
Thereafter	666,239
	\$ 1,579,939

SUMMERSIDE RESIDENTS ASSOCIATION
Notes to the Financial Statements
December 31, 2023

5. FINANCIAL INSTRUMENTS

The Association, through its financial assets and liabilities, has exposure to the following risks from its use of financial instruments; interest rate risk, credit risk, and liquidity risk. There have been no significant changes in the risk since prior year. The risks and related management strategies are discussed below:

a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Association is exposed to interest rate cash flow risk as a result of the demand loan from ATB, whereby the cash flows required to service the debt will fluctuate with changes in market rates.

b) Credit risk

The Association is exposed to credit risk through its cash and cash equivalents and accounts receivable.

Credit risk arises from the potential that a counterparty will fail to perform its obligations. The Association's credit risk is primarily attributable to its accounts receivable. The accounts receivable represents annual charges not collected from members and government subsidies. The risk is mitigated due to the fact that the Association takes legal action on overdue accounts and places a lien on the property of the member and will collect the annual charge upon sale of the home if the member chooses not to pay the annual charge. The Association also has a number of members which minimizes the concentration of credit risk.

c) Liquidity risk

Liquidity risk is the risk that the Association would encounter difficulty in meeting obligations with financial liabilities.

Liquidity risk includes the risk that the Association will not have sufficient funds to settle a transaction on the due date. Liquidity risk arises from the accounts payable and accrued liabilities, goods and service tax payable, and demand loan payables.

There have not been any changes in the risks from the prior year.

SUMMERSIDE RESIDENTS ASSOCIATION
Notes to the Financial Statements
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6. NET ASSETS

The Association may budget and set aside any of the accumulated excess of revenues over expenditures to create a reserve fund for the purpose of replacing future assets, maintaining the property, and meeting contingencies. Currently, the Association has an unrestricted net deficiency of \$396,212 (2022 - \$812,911) and has internally restricted the net assets invested in capital assets \$2,467,538 (2022 - \$2,523,016).

7. COMMITMENTS

The Association has commitments related to operating leases for office equipment and software. Payments expected over the remaining term of the leases are as follows:

2024	\$ 12,467
2025	6,409
2026	3,317
	<u>\$ 22,193</u>