

**NORTHSTAR RESIDENTS ASSOCIATION**

**FINANCIAL STATEMENTS**

**March 31, 2022**



Tel: 403-266-5608  
Fax: 403-233-7833  
Toll-free: 1-888-444-4840  
www.bdo.ca

BDO Canada LLP  
620, 903 - 8th Avenue SW  
Calgary AB T2P 0P7

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## Independent Auditor's Report

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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, 2022, 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, 2022, 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

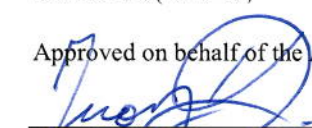
Calgary, Alberta  
July 11, 2022

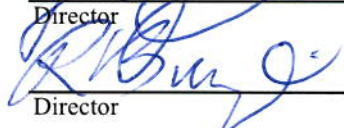
**NORTHSTAR RESIDENTS ASSOCIATION**  
**Statement of Financial Position**  
**As at March 31**

	<u>2022</u>	<u>2021</u>
<b>CURRENT ASSETS</b>		
Cash	\$ 476,145	\$ 569,615
Restricted cash	194,586	194,557
Short-term investment	1,786,446	1,479,000
Accounts receivable	20,466	43,835
Prepaid expenses and deposits	<u>27,344</u>	<u>9,403</u>
	2,504,987	2,296,410
<b>CAPITAL ASSETS (Note 4)</b>	<u>3,281,068</u>	<u>3,140,155</u>
	<b><u>\$ 5,786,055</u></b>	<b><u>\$ 5,436,565</u></b>
 <b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 5)	\$ 80,838	\$ 55,686
Deferred revenue	6,762	211,899
Customer credits	7,178	13,040
Due to Genstar (Note 2)	<u>-</u>	<u>24,613</u>
	94,778	305,238
 <b>DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS (Note 6)</b>	<u>1,483,666</u>	<u>1,539,656</u>
	1,578,444	1,844,894
 <b>NET ASSETS INVESTED IN CAPITAL ASSETS (Note 6)</b>	1,797,739	1,600,836
<b>INTERNALLY RESTRICTED RESERVE FUND (Note 3)</b>	981,155	681,155
<b>UNRESTRICTED NET ASSETS (Note 3)</b>	<u>1,428,717</u>	<u>1,309,680</u>
	<b><u>\$ 5,786,055</u></b>	<b><u>\$ 5,436,565</u></b>

Commitments (Note 7)  
COVID-19 (Note 10)

Approved on behalf of the Association:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

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

	<u>2022</u>	<u>2021</u>
<b>REVENUES</b>		
Membership fees	\$ 1,575,132	\$ 1,573,897
Programming (refunds)	46,622	(14,382)
Amortization of deferred contributions (Note 6)	55,990	86,054
Facility rental	22,026	3,683
Government Assistance (Note 9)	2,000	-
Grants	23,235	-
Interest and other	65,643	47,148
	<u>1,790,648</u>	<u>1,696,400</u>
<b>EXPENSES</b>		
Amortization:		
Purchased	58,275	43,073
Contributed	55,990	86,054
Bad debts	9,257	1,021
Insurance	16,861	9,855
Interest and bank charges	28,064	27,029
Accounting fees	22,508	22,737
Office and administration	161,335	159,378
Program	83,055	69,700
Repairs and maintenance	109,022	137,243
Salaries and wages	559,039	461,586
Utilities	71,302	65,861
	<u>1,174,708</u>	<u>1,083,537</u>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<u>\$ 615,940</u>	<u>\$ 612,863</u>

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

	<b>Unrestricted</b>	<b>Net assets invested in capital</b>	<b>Internally restricted reserve fund</b>	<b>2022</b>	<b>2021</b>
Net assets, beginning of year	\$ 1,309,680	\$ 1,600,836	\$ 681,155	\$ 3,591,671	\$ 2,978,808
Excess of revenues over expenses	674,215	(58,275)	-	615,940	612,863
Invested in capital assets	(255,178)	255,178	-	-	-
Transfer from unrestricted assets	(300,000)	-	300,000	-	-
Net assets, end of year	<b>\$ 1,428,717</b>	<b>\$ 1,797,739</b>	<b>\$ 981,155</b>	<b>\$ 4,207,611</b>	<b>\$ 3,591,671</b>

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

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES</b>		
Excess of revenues over expenses	\$ 615,940	\$ 612,863
Items not affecting cash:		
Amortization	114,265	129,127
Amortization of deferred contributions	(55,990)	(86,054)
Loss on disposal of capital assets	-	1,674
Debt forgiveness	(24,613)	-
Change in non-cash working capital items:		
Accounts receivable	23,369	40,732
Prepaid expenses and deposits	(17,941)	(4,902)
Accounts payable and accrued liabilities	19,290	(100,469)
Deferred revenue	(205,137)	211,899
Transfer from restricted cash	(31)	(32)
	<u>469,152</u>	<u>804,838</u>
<b>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES</b>		
Purchase of short-term investments	(1,786,446)	(29,000)
Redemption of short-term investments	1,479,000	-
Purchase of capital assets	(255,178)	(488,940)
Disposal of capital assets	-	5,000
	<u>(562,624)</u>	<u>(512,940)</u>
<b>CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES</b>		
Payments on capital lease	-	(12,348)
	<u>-</u>	<u>(12,348)</u>
<b>INCREASE (DECREASE) IN CASH</b>	(93,472)	279,550
<b>CASH, BEGINNING OF YEAR</b>	<u>569,615</u>	<u>290,065</u>
<b>CASH, END OF YEAR</b>	<u>\$ 476,145</u>	<u>\$ 569,615</u>

**NORTHSTAR RESIDENTS ASSOCIATION**  
**Notes to the Financial Statements**  
**March 31, 2022**

**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.

Government grants are recognized as revenue when received or receivable, if the amounts can be reasonably estimated and collection is reasonably assured.

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, 2022**

**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 28, 2023 and February 7, 2023 (2021 - January 1, 2022 and February 6, 2022) which earns interest at rates between 0.60% and 0.75% (2021 - 0.50%).

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.

**NORTHSTAR RESIDENTS ASSOCIATION**  
**Notes to the Financial Statements**  
**March 31, 2022**

**2. DUE TO GENSTAR**

The Association was incorporated on December 18, 2000, but did not carry on any active business until April 1, 2016, which was the turn-over date from the developer of the community, Genstar. The Association and Genstar entered into a turn-over agreement (the "agreement") which specified that at the effective date, which was April 1, 2016, Genstar would transfer title to the parcel of land on which the community building is located and also to the seventeen entrance parcels and six linear park parcels within the Panorama Hills community. As part of the agreement, the Association received a bill of sale to transfer the capital assets into its ownership. During the year, Genstar forgave \$24,613 of the remaining debt outstanding on account of certain construction deficiencies.

**3. NET ASSETS**

The Association may budget and set aside any of the accumulated excess of revenues over expenses to create a reserve fund for the purpose of replacing future assets, maintaining the property and meeting contingencies.

Each year a portion of the Association's assets are segregated into a restricted reserve fund which is consistent with the Life Cycle Study (the "Study") that was conducted on September 19, 2017. Any repairs or capital replacement incurred in the period that are outlays associated with those outlined within the Study will be deducted from the reserve fund. During the year, management determined that \$nil of revenue (2021 - \$nil) were related to funds set aside for cost in the reserve fund study and incurred expenses of \$nil (\$214,356) related to repairs and capital replacement costs. During the year, the Association has transferred \$300,000 (2021 - \$nil) from unrestricted net assets to the internally restricted reserve fund. The Association has also internally restricted its assets invested in capital assets.

**4. CAPITAL ASSETS**

			2022	2021
	Cost	Accumulated amortization	Net book value	Net book value
Building	\$ 1,476,366	\$ 175,419	\$ 1,300,947	\$ 1,194,278
Amenities	1,261,821	204,767	1,057,054	1,007,812
Equipment - 5 year	232,289	159,829	72,460	63,459
Equipment - 10 year	173,657	51,853	121,804	143,048
Computer equipment	23,674	17,871	5,803	8,558
	3,167,807	609,739	2,558,068	2,417,155
Land	723,000	-	723,000	\$ 723,000
	<u>\$ 3,890,807</u>	<u>\$ 609,739</u>	<u>\$ 3,281,068</u>	<u>\$ 3,140,155</u>

Included in Equipment - 10 year are assets under capital lease with a cost of \$54,500 (2021 - \$54,500) and accumulated amortization of \$13,625 (2021 - \$8,175).

Included in Building are assets not in use and under construction in the amount of \$159,776 (2021 - \$20,192)

**NORTHSTAR RESIDENTS ASSOCIATION**  
**Notes to the Financial Statements**  
**March 31, 2022**

**5. CREDIT FACILITY**

At March 31, 2022, the Association has credit by way of a connectFirst credit union Mastercard to a maximum of \$20,000 (2021 - \$20,000), of which \$8,513 (2021 - \$4,450) has been used at year end. The credit facility is paid in full each month-end, and is used to facilitate payments to vendors that do not offer account credit that adheres to the Associations monthly payables process.

**6. DEFERRED CONTRIBUTIONS**

Deferred contributions relate to capital assets contributed to the Association by Genstar (Note 2).

Contributions amount to \$1,969,926 (2021 - \$1,969,926) less accumulated amortization of \$486,260 (2021 - \$430,270). The land contributed by Genstar is not subject to amortization and has therefore been recorded as a direct increase to net assets.

**7. COMMITMENTS**

The Association has commitments for software and support services requiring minimum annual payments over the next five year is as follows:

2023	\$	18,000
2024	\$	15,000
2025	\$	15,000
2026	\$	15,000
2027	\$	10,000

**8. FINANCIAL INSTRUMENTS**

The Association, through its financial assets and liabilities, has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk and market risk. The Association manages its exposure to these risks by operating in a manner that minimizes its exposure to the extent practical. The risks and related management strategies are discussed below:

a) Credit risk

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

The Association's credit risk is primarily attributable to its accounts receivable. The accounts receivable represents annual charges not collected from members. 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 credit risk on cash is limited because the counterparty is a major Canadian financial institution.

**NORTHSTAR RESIDENTS ASSOCIATION**  
**Notes to the Financial Statements**  
**March 31, 2022**

**8. FINANCIAL INSTRUMENTS (CONTINUED)**

b) 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 accounts payable and accrued liabilities. This risk is mitigated as the Board reviews financial information monthly and ensures that they will have sufficient funds to meet all obligations.

c) 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 risk, interest rate risk and other price risk. The Association limits its risk by investing in GIC's with terms less than one year and with fixed rates.

**9. GOVERNMENT ASSISTANCE**

During the year, the Association received a grant for \$2,000 (2021 - \$nil) from the government of Alberta under the Restrictions Exemption Program.

**10. COVID-19**

The outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", resulted in worldwide emergency measures which have caused disruptions to businesses globally resulting in an economic slowdown. The duration and long-term impact of the COVID-19 outbreak is unknown at this time. It is not possible to reliably estimate the length or effects of these developments, including the impact on the financial results of the Association in future periods.