

Rosenthal Homeowners Association

Financial Statements

For the year Ended December 31, 2024

Rosenthal Homeowners Association

Financial Statements

December 31, 2024

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Independent Auditors' Report

To the board of directors of Rosenthal Homeowners Association

Opinion

We have audited the financial statements of Rosenthal Homeowners Association, which comprise the statement of financial position as at December 31, 2024, 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 organization as at December 31, 2024, and the results of its 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the organization 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 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 organization'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 organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization's financial reporting process.

Auditors' 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 auditors' 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:

Independent Auditors' Report (continued)

- ♦ 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 organization'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 organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the organization 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.

Edmonton, Canada
August 7, 2025

Chartered Professional Accountants

Rosenthal Homeowners Association

Statement of Operations

For the year ended December 31,	2024	2023 (restated)
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Revenues		
Membership fees	\$ 243,586	\$ 229,772
Late fees	1,542	-
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	245,128	229,772
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Expenditures		
Audit fee	4,000	4,000
Bank charges and merchant fees	6,026	4,847
Management fees	42,000	42,000
Office	8,279	21,734
AGM expense	6,418	5,119
Repairs and maintenance	114,476	131,169
Utilities	19,522	30,620
	<hr/>	<hr/>
	200,721	239,489
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Excess (deficiency) of revenues over expenditures before other items	44,407	(9,717)
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Other income		
Interest	891	751
Term deposit interest	5,708	3,102
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	6,599	3,853
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Excess (deficiency) of revenues over expenditures	\$ 51,006	\$ (5,864)

Rosenthal Homeowners Association

Statement of Changes in Net Assets

For the year ended December 31, 2024

	General	Reserve	Total 2024	Total 2023
Balance, beginning of year	\$ 124,836	\$ 18,586	\$ 143,422	\$ 149,286
Excess (deficiency) of revenues over expenditures	50,115	891	51,006	(5,864)
Reserve transfer	(4,800)	4,800	-	-
Balance, end of year	\$ 170,151	\$ 24,277	\$ 194,428	\$ 143,422

Rosenthal Homeowners Association

Statement of Financial Position

December 31,	2024	2023 (restated)
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Assets

Current

Cash		
Unrestricted	\$ 24,764	\$ 48,414
Restricted	24,277	18,586
Security provided (note 3)	80,600	22,600
Restricted term deposits (note 4)	125,200	117,797
Membership fees receivable (note 5)	1,540	1,278
GST receivable	19,077	12,631

	\$ 275,458	\$ 221,306
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Liabilities

Current

Accounts payable and accrued liabilities	\$ 29,468	\$ 7,044
Deferred membership fees	51,562	70,840

	81,030	77,884
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Net Assets

General	170,151	124,836
Reserve	24,277	18,586

	194,428	143,422
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	\$ 275,458	\$ 221,306
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Approved on behalf of the Board:

Triona Cosgrave

Member

Tanya Eklund

Member

Rosenthal Homeowners Association

Statement of Cash Flows

For the year ended December 31,	2024	2023
Operating activities		
Cash receipts from members	\$ 264,144	\$ 221,161
Cash paid to supplier and employees	(276,119)	(258,575)
Interest received	6,600	3,853
Goods and services tax	(5,181)	757
Decrease in cash	(10,556)	(32,804)
Cash, beginning of year	184,797	217,601
Cash, end of year	\$ 174,241	\$ 184,797
Cash consists of:		
Cash	\$ 24,764	\$ 48,414
Restricted cash	24,277	18,586
Restricted term deposits	125,200	117,797
	\$ 174,241	\$ 184,797

Rosenthal Homeowners Association

Notes to the Financial Statements

December 31, 2024

1. Nature of operations

Rosenthal Homeowners Association (the "association") operates in the West End of Edmonton, Alberta and is a not-for-profit organization. As a registered charity the association is exempt from the payment of income tax under Subsection 149(1) of the Income Tax Act.

The organization exists to maintain the community's features and amenities and is governed by a Board of Directors, constituted, appointed and elected pursuant to the By-Laws of the Association. The Association commenced operations in 2018.

2. Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are detailed as follows:

(a) Cash equivalents

Cash and cash equivalents consist of cash on hand and bank deposits.

(b) Revenue recognition

The organization follows the deferral method of accounting for contributions. Membership fees are recognized as revenue in the year they relate to. The amounts to be received can be reasonably estimated and collection is reasonably assured.

Reserve investment income is recognized as revenue in the year in which it is earned.

(c) 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 disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

Rosenthal Homeowners Association

Notes to the Financial Statements

December 31, 2024

2. Significant accounting policies (continued)

(d) Financial instruments

Initial measurement

Financial assets originated or acquired or financial liabilities issued or assumed in an arm's length transaction are initially measured at their fair value. In the case of a financial asset or financial liability not subsequently measured at its fair value, the initial fair value is adjusted for financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption. Such fees and costs in respect of financial assets and liabilities subsequently measured at fair value are expensed.

Financial assets or liabilities originated or exchanged in related party transactions except for those that involve parties whose sole relationship with the organization is in the capacity of management, are initially measured at cost. The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms. If the instrument does, the cost is determined using the instruments undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. Otherwise cost is determined using the consideration transferred or received by the organization in the transaction.

Transactions, with parties whose sole relationship with the organization is in the capacity of management, are accounted for as arm's length transactions.

Subsequent measurement

The organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in debt instruments, equity instruments and forward exchange contracts that are quoted in an active market, which are measured at fair value without any adjustment for transaction costs. Changes in fair value are recognized in net income in the period in which they occur.

Financial assets measured at amortized cost include accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Transaction costs

Transaction costs attributable to financial instruments subsequently measured at fair value and to those originated or exchanged in a related party transaction are recognized in income in the period incurred. Transaction cost for financial instruments originated or exchanged in an arm's length transaction that are subsequently measured at amortized cost are recognized in the original cost of the instrument and recognized in income over the life of the instrument using the straight-line method.

Rosenthal Homeowners Association

Notes to the Financial Statements

December 31, 2024

2. Significant accounting policies (continued)

Impairment

At the end of each reporting period, management assesses whether there are any indications that financial assets measured at cost or amortized cost may be impaired. If there is an indication of impairment, management determines whether a significant adverse change has occurred in the expected timing or the amount of future cash flows from the asset, in which case the asset's carrying amount is reduced to the highest expected value that is recoverable by either holding the asset, selling the asset or by exercising the right to any collateral. The carrying amount of the asset is reduced directly or through the use of an allowance account and the amount of the reduction is recognized as an impairment loss in operations. Previously recognized impairment losses may be reversed to the extent of any improvement. The amount of the reversal, to a maximum of the related accumulated impairment charges recorded in respect of the particular asset, is recognized in operations.

3. Security term deposit

The association holds deposits with City of Edmonton as security in the amount of \$80,600 (2023: \$22,600). The association and the City agreed the maintenance of the enhanced improvements in Rosenthal neighbourhood should be at the association's cost. The City holds the security in the event they have to take over the maintenance of enhanced improvement.

	2024	2023
Maintenance agreement - SA51117	\$ 58,000	\$ -
Maintenance agreement - SA52071	22,600	22,600
	\$ 80,600	\$ 22,600

4. Restricted term deposits

The association holds a letter of credit with the City of Edmonton in the amount of \$113,000 (2023: \$113,000) for the purposes of providing security for the amenities and structures that the association will be responsible for constructing. As at December 31, 2024 the credit has not been drawn upon. The letter of credit is secured by two GICs with ATB of \$76,230 and \$41,770 (2023: \$73,256 and \$40,140) that bear interest at 3.25% (2023: 4.05%). The GIC's mature on March 6, 2025.

	2024	2023
Redeemable GIC - interest at 3.25%, maturing March 6 2025	\$ 80,882	\$ -
Redeemable GIC - interest at 3.25%, maturing March 6 2025	44,318	-
Redeemable GIC - interest at 3.95%, matured March 3 2024	-	76,099
Redeemable GIC - interest at 3.95%, matured March 3 2024	-	41,698
	\$ 125,200	\$ 117,797

Rosenthal Homeowners Association

Notes to the Financial Statements

December 31, 2024

5. Membership fees receivable

Amounts receivable consist of Homeowners Association fees receivable from residents in the community.

	2024	2023
HOA fees receivable	\$ 1,540	\$ 1,278

6. Comparative figures

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.

7. Restatement

During the course of preparation of the 2024 financial statements, it was identified that the net assets reported in the 2023 audited financial statement did not align with the intended allocation between the general fund and reserve fund. Specifically, an amount previously reported in the reserve fund should have been classified under the general fund to reflect the designated balance tied to the reserve bank account. As a result, a reclassification has been made to the December 31, 2023 net assets as follows:

	2023 originally reported	Change	2023 restated
General net assets	\$ 78,009	\$ 46,826	\$ 124,835
Reserve net assets	65,412	(46,826)	18,586
	\$ 143,421	\$ -	\$ 143,421