

SETON HOMEOWNERS ASSOCIATION
Financial Statements
Year Ended March 31, 2020

SETON HOMEOWNERS ASSOCIATION

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Year Ended March 31, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Members of Seton Homeowners Association

Opinion

We have audited the financial statements of Seton Homeowners Association (the Homeowners Association), which comprise the statement of financial position as at March 31, 2020, and the statements of revenues and expenditures 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 Homeowners Association as at March 31, 2020, 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Homeowners 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 those 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 Homeowners Association's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Homeowners Association or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

(continues)

Independent Auditor's Report to the Members of Seton Homeowners Association *(continued)*

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 Homeowners 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 Homeowners 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 Homeowners 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.

Calgary, Alberta
July 28, 2020



C&E LLP Chartered Professional Accountants

SETON HOMEOWNERS ASSOCIATION
Statement of Financial Position
March 31, 2020

	2020	2019
ASSETS		
CURRENT		
Cash	\$ 1	\$ -
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 1	\$ -
COMMITMENTS		

Director

Director

SETON HOMEOWNERS ASSOCIATION
Statement of Revenues and Expenditures
Year Ended March 31, 2020

	2020	2019
REVENUES	\$ 1	\$ -
EXPENSES		
Accounting fees	1	-
(DEFICIENCY) OF REVENUES OVER EXPENSES	\$ -	\$ -

SETON HOMEOWNERS ASSOCIATION
Statement of Cash Flows
Year Ended March 31, 2020

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
(Deficiency) of revenues over expenses	\$ -	\$ -
Change in non-cash working capital:		
Accounts payable	1	-
INCREASE IN CASH FLOW	1	-
Cash - beginning of year	-	-
CASH - END OF YEAR	\$ 1	\$ -
CASH CONSISTS OF:		
Cash	\$ 1	\$ -

SETON HOMEOWNERS ASSOCIATION

Notes to Financial Statements

Year Ended March 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Purpose

The Seton Homeowners Association (the "Association") was incorporated as a not-for-profit corporation 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 Livingston. The operations of the Association are governed by the Seton Management Agreement (the "Management Agreement") between the Association and Brookfield Residential (Alberta) LP ("Brookfield Residential")

Basis of Accounting

The financial statements of the Association have been prepared by the management in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

Revenue Recognition

The Association uses the deferral method of accounting for contributions. Contributions of capital assets or 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 for the purchase of capital assets which are not subject to amortization, are recorded as a direct increase to net assets.

Membership, program, facility rental and maintenance 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.

Deferred revenue includes membership, rental and program fees arise from receipt of payments in advance of the period in which they will be earned.

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 estimate is related to accounts payable and accrued liabilities. Actual results could differ from these estimates.

Cash

Cash consists of balances with financial institutions.

Financial Instruments

The Association's financial instruments consist of cash, accounts receivable and accounts payable and accrued liabilities, holdbacks payable, and due to Brookfield Residential. 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.

SETON HOMEOWNERS ASSOCIATION
Notes to Financial Statements
Year Ended March 31, 2020

2. FINANCIAL INSTRUMENTS

The Homeowners Association is exposed to various risks through its financial instruments and has a risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Homeowners Association's risk exposure and concentration as of March 31, 2020.

Credit risk

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

Credit risk from the potential that a counter party will fail to perform its obligations. The Association's credit risk is primarily attributable to its accounts receivable. The accounts receivable represents reimbursement of utility bills not yet received from Brookfield. The risk is mitigated due to the fact that the Association is supported by Brookfield Residential as described in Note 5.

Liquidity risk

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

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 and due to Brookfield Residential. This risk is mitigated due to the fact that the Association is supported by Brookfield as described in Note 5.

Interest rate risk

The Association is exposed to the rate cash flow risk as a result of its floating debt disclosed in Note 5, whereby the cash flows required to service the debt will fluctuate with changes in market rates. The risk is mitigated due to the fact that the Association is supported by Brookfield Residential as described in Note 5.
