

CONDOMINIUM CORPORATION NO. 1010603
(Operating as Frontier Place)
Financial Statements
Year Ended February 28, 2023

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(Operating as Frontier Place)
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INDEPENDENT AUDITOR'S REPORT

To the Owners of Condominium Corporation No. 1010603 operating as Frontier Place

Opinion

We have audited the financial statements of Condominium Corporation No. 1010603, operating as Frontier Place, (the Condominium Condominium), which comprise the statement of financial position as at February 28, 2023, and the statements of revenues and expenditures and 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 Condominium Condominium as at February 28, 2023, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO)

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 Condominium Condominium in accordance with 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.

Other Matter

We were engaged to conduct an audit, in accordance with Canadian generally accepted auditing standards, on the financial statements prepared by the Condominium Corporation's management in accordance with Canadian accounting standards for not-for-profit organizations. We were not engaged to, nor do we, provide any assurance as to whether the Condominium Corporation is in compliance with all aspects of The Condominium Act, (as proclaimed on January 1, 2020) and we were not engaged to, nor do we, provide any assurance as to the adequacy of the reserve fund to cover future major expenditures and replacements.

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 ASNPO, 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 Condominium Condominium'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 Condominium Condominium or to cease operations, or has no realistic alternative but to do so.

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

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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 Condominium Condominium'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 Condominium Condominium'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 Condominium Condominium 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 17, 2023

C&E LLP Chartered Professional Accountants

CONDOMINIUM CORPORATION NO. 1010603

(Operating as Frontier Place)

Statement of Financial Position

February 28, 2023

	Capital Replacement Reserve Fund	Operating Fund	Total	Total
	2023	2023	2023	2022
ASSETS				
CURRENT				
Cash	\$ 63,201	\$ 2,980	\$ 66,181	\$ 62,106
Accounts receivable	-	2,761	2,761	1,818
Prepaid expenses	-	1,898	1,898	1,678
TOTAL ASSETS	\$ 63,201	\$ 7,639	\$ 70,840	\$ 65,602
LIABILITIES				
CURRENT				
Accounts payable	\$ 2,070	\$ 8,233	\$ 10,303	\$ 6,946
Goods and services tax payable	-	115	115	1,763
Prepaid condominium fees	-	683	683	387
	2,070	9,031	11,101	9,096
NET ASSETS				
(DEFICIENCY) (Notes 2, 3)	61,130	(1,391)	59,739	56,506
TOTAL LIABILITIES AND NET ASSETS	\$ 63,200	\$ 7,640	\$ 70,840	\$ 65,602

ON BEHALF OF THE BOARD

Hans Eskesen (President of The Board) Director



Director

CONDOMINIUM CORPORATION NO. 1010603
(Operating as Frontier Place)
Statement of Revenues and Expenditures and Changes in Net Assets
Year Ended February 28, 2023

	Budget	Capital Replacement Reserve Fund	Operating Fund	Total	Total
	2023	2023	2023	2023	2022
REVENUE					
Condominium fees	\$ 51,799	\$ -	\$ 51,800	\$ 51,800	\$ 51,076
Water and sewer recoveries	29,924	-	32,388	32,388	25,655
Interest	-	607	-	607	112
Reserve contributions	(13,860)	13,860	(13,860)	-	-
	67,863	14,467	70,328	84,795	76,843
EXPENSES (Schedule 1)	67,863	10,287	71,275	81,562	64,810
NET EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	-	4,180	(947)	3,233	12,033
NET ASSETS (DEFICIENCY) - BEGINNING OF YEAR	-	56,950	(444)	56,506	44,473
NET ASSETS (DEFICIENCY) - END OF YEAR	\$ -	\$ 61,130	\$ (1,391)	\$ 59,739	\$ 56,506

CONDOMINIUM CORPORATION NO. 1010603
(Operating as Frontier Place)
Statement of Cash Flows
Year Ended February 28, 2023

	2023	2022
FUND ACTIVITIES		
Excess of revenue over expenses	\$ 3,233	\$ 12,033
Changes in non-cash working capital:		
Accounts receivable	(943)	1,707
Accounts payable	3,357	1,188
Prepaid condominium fees	296	(87)
Prepaid expenses	(220)	(47)
Goods and services tax payable	(1,648)	3,331
	842	6,092
INCREASE IN CASH FLOW	4,075	18,125
Cash - beginning of year	62,106	43,981
CASH - END OF YEAR	\$ 66,181	\$ 62,106

CONDOMINIUM CORPORATION NO. 1010603

(Operating as Frontier Place)

Notes to Financial Statements

Year Ended February 28, 2023

1. BASIS OF PRESENTATION

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Condominium Corporation is a non-profit organization and the common area assets of the condominium are owned proportionately by the owners of the units and as such are not reflected as assets in these financial statements. The purpose of the Condominium Corporation is to manage the common area assets and to maintain and provide services with respect to the day to day operations of the condominium.

The financial statements include only assets, liabilities, revenues and expenses relating to the operations of Condominium Corporation No. 1010603. The statements do not include the cost of land or buildings and the outstanding principal balances owing on mortgages, which are the responsibility of the owners.

The Condominium Corporation is a tax exempt organization for income tax purposes and has therefore made no provisions for income taxes on these financial statements.

Measurement uncertainty

When preparing financial statements according to Canadian accounting standards for not-for-profit organizations, management makes estimates and assumptions relating to:

- reported amounts of revenues and expenses
- reported amounts of assets and liabilities
- disclosure of contingent assets and liabilities.

Estimates are based on a number of factors including historical experience, current events and actions that the Condominium Corporation may undertake in the future, and other assumptions that management believes are reasonable under the circumstances. By their nature, these estimates are subject to measurement uncertainty and actual results could differ. In particular, estimates are used in accounting for certain items such as revenues, allowance for doubtful accounts and useful lives of capital assets.

Fund Accounting

The Condominium Corporation follows the restricted method of accounting for contributions.

The operating fund accounts for the condominium's operating and administrative activities.

The capital replacement reserve fund reports the fee assessments from unit owners that are to be set aside and used for future costs or major repairs or replacements.

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CONDOMINIUM CORPORATION NO. 1010603

(Operating as Frontier Place)

Notes to Financial Statements

Year Ended February 28, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Revenue Recognition

The Condominium Corporation recognizes condominium fee assessments related to general operations as revenue of the operating fund as billed to the owners. Billings for the condominium fees consist of estimates of monthly charges based on approved budgets. All expenses are recognized as they are incurred.

The condominium fees related to the Capital Replacement Reserve Fund are recognized as revenue of the Capital Replacement Reserve Fund.

Investment income earned on the Reserve Fund Investments are recognized as revenue of the Capital Replacement Reserve Fund.

Contributed Services and Materials

Volunteer services and materials contributed on behalf of the Condominium Corporation in carrying out its operating activities are not recognized in these financial statements due to the difficulty of determining their fair value.

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued, with the exception of any related party transactions that are measured at the carrying amount or exchange amount, as appropriate. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income of the appropriate fund. All other financial instruments are reported as amortized cost, and tested for impairment at each reporting date. Transaction costs are recognized as an expense in the period incurred for all financial instruments subsequently measured at fair value. Financial instruments that are subsequently measured at amortized cost are adjusted by the transaction costs and financing fees that are directly attributed to their organization, issuance or assumption.

All financial assets and financial liabilities are measured at amortized cost, unless noted.

Capital Replacement Reserve Fund

The Capital Replacement Reserve Fund is a fund required under the Condominium Property Act (Alberta) to be established and maintained for the repair or replacement of any real and personal property owned by the Condominium Corporation and the common property where such repair or replacement does not occur annually. When expenditures of a capital nature or for a major repair are incurred, they are charged against the reserve. The amount to be allocated to the Reserve Fund from operations is determined by the Board of Directors of the Condominium Corporation.

Budget

The budget figures that appear on the statement of operating income are those approved by the Board of Directors and are presented for comparison purposes only. They have not been audited or reviewed but they have been reclassified to conform to the presentation in these financial statements.

Capital assets

Capital assets are recorded as expenses in the year they are acquired.

CONDOMINIUM CORPORATION NO. 1010603
(Operating as Frontier Place)
Notes to Financial Statements
Year Ended February 28, 2023

3. ADEQUACY OF THE CAPITAL REPLACEMENT RESERVE FUND

These financial statements do not purport to show the adequacy of the capital replacement reserve fund. In determining the allocation to the Capital Replacement Reserve Fund and the adequacy of the fund balance the Board of Directors exercises judgment, principally, in the following areas:

- Obtaining an inventory of common property components that will require replacement;
- Determining the state of these components and their expected remaining useful life;
- Estimating the replacement cost at the expected time of replacement; and
- Forecasting the expected rate of return on the funds investments.

An independent reserve fund study was conducted in 2018. In the opinion of the professional reserve fund planners who completed the study, the Capital Replacement Reserve Fund should have a balance as summarized below.

	Balance Beginning of Year	Transfers from Operations	Interest Earned	Expenses Allocated to Reserve Fund	Balance End of Year
2023 Projected	\$ 91,627	\$ 12,583	\$ 1,833	\$ (8,000)	\$ 98,043
2023 Actual	\$ 56,950	\$ 13,860	\$ 607	\$ (10,287)	\$ 61,130
2023 Over(under)	\$ (34,677)	\$ 1,277	\$ (1,226)	\$ (2,287)	\$ (36,913)
2024 Projected	\$ 98,043	\$ 12,898	\$ 1,960	\$ (19,500)	\$ 93,401
2025 Projected	\$ 93,401	\$ 13,221	\$ 1,868	\$ (29,000)	\$ 79,490
2026 Projected	\$ 79,490	\$ 13,551	\$ 1,590	\$ (8,000)	\$ 86,631
2027 Projected	\$ 86,631	\$ 13,890	\$ 1,732	\$ -	\$ 102,253

The full study is available to the reader and should be examined to fully comprehend the purpose, the assumptions and the conclusions of the study.

4. FINANCIAL INSTRUMENTS

The Condominium Condominium is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Condominium Condominium's risk exposure and concentration as of February 28, 2023.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Condominium Condominium is exposed to this risk mainly in respect of its accounts payable.

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CONDOMINIUM CORPORATION NO. 1010603

(Operating as Frontier Place)

Notes to Financial Statements

Year Ended February 28, 2023

4. FINANCIAL INSTRUMENTS *(continued)*

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 rate risk, interest rate risk and other price risk. The Condominium Condominium is mainly exposed to interest rate risk.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Condominium Condominium manages exposure through its normal operating and financing activities. The Condominium Condominium is exposed to interest rate risk primarily through its reserve fund investments.

5. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

CONDOMINIUM CORPORATION NO. 1010603

(Operating as Frontier Place)

Expenses

(Schedule 1)

Year Ended February 28, 2023

	Budget	Capital Replacement Reserve Fund	Operating Fund	Total	Total
	2023	2023	2023	2023	2022
OPERATING EXPENSES					
Utilities	\$ 31,274	\$ -	\$ 31,434	\$ 31,434	\$ 30,130
Insurance	11,000	-	12,085	12,085	11,282
Landscaping and snow removal	8,800	-	11,405	11,405	8,779
Management fees	5,580	-	5,580	5,580	5,580
Security	3,735	-	3,531	3,531	3,609
Building repairs and maintenance	3,225	-	3,434	3,434	2,116
Legal and audit fees	2,000	-	1,495	1,495	1,423
Administration/miscellaneous	1,125	-	1,227	1,227	880
Lot fees	1,124	-	1,084	1,084	1,011
	67,863	-	71,275	71,275	64,810
CAPITAL REPLACEMENT RESERVE EXPENSES					
Fence repairs	-	7,120	-	7,120	-
Reserve fund study	-	2,070	-	2,070	-
Gates repair	-	1,097	-	1,097	-
	-	10,287	-	10,287	-
	\$ 67,863	\$ 10,287	\$ 71,275	\$ 81,562	\$ 64,810