River's Gate Homeowners Association

FINANCIAL STATEMENTS

DECEMBER 31, 2025

River's Gate Homeowners Association

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INDEPENDENT AUDITORS' REPORT

To the Owners of The River's Gate Homeowners Association:

Opinion
We have audited the accompanying financial statements of the The River's Gate Homeowners Association, which comprise the statement of financial position as at December 31, 2025, and the statements of operations and changes in fund balances for the operating fund and capital replacement reserve fund, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2025, 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.

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 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 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.

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- 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 Corporation'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 Corporation'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 Corporation 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.

Cass & Fraser

Cass & Fraser Chartered Accountants

Edmonton, Alberta
June 3, 2026

River's Gate Homeowners Association

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2025

	2025			2024
	Operating Fund	Reserve Fund	Total	Total
Current Assets				
Cash	$ 11,063	$ -	$ 11,063	$ 43,248
Association fees receivable	12,821	-	12,821	15,214
Insurance claim receivable *(note 5)*	6,680	-	6,680	-
Prepaid expenses	2,340	-	2,340	4,390
Short term investments *(note 6)*	20,249	-	20,249	-
	$ 53,153	$ -	$ 53,153	$ 62,852
Current Liabilities				
Accounts payable	$ 6,478	$ -	$ 6,478	$ 25,431
GST payable	156	-	156	296
	6,634	-	6,634	25,727
Net Assets				
Operating fund	46,519	-	46,519	37,125
	$ 53,153	$ -	$ 53,153	$ 62,852

River's Gate Homeowners Association

STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE

OPERATING FUND

FOR THE YEAR ENDED DECEMBER 31, 2025

	2025 Budget *(note 4)*	2025 Actual	2024 Actual
Revenues			
Association fees	$ 114,335	$ 114,335	$ 73,058
Credit from developer	-	10,000	48,245
Write off *(note 7)*	-	10,031	-
Late fees and investment interests	-	881	2,760
Other	-	597	143
	114,335	135,844	124,206
Administration			
Bank charges	-	190	308
Management fees	30,000	30,000	6,774
Miscellaneous	3,200	7,699	2,419
Professional fees	2,200	1,600	6,553
Utilities	8,000	6,864	7,763
Maintenance			
Repairs and maintenance	-	234	2,500
Fire feature and gate	3,450	1,684	11,675
Landscaping and snow removal	49,550	44,926	46,064
Mulch and shrubs	-	28,083	-
Other			
Insurance	2,730	2,670	2,606
Insurance deductible *(note 5)*	-	2,500	-
	99,130	126,450	86,662
Revenues over expenses	15,205	9,394	37,544
Transfer to reserve fund	$ (15,000)	-	-
Operating fund balance at beginning of period		37,125	(419)
Operating fund balance at end of period		$ 46,519	$ 37,125

River's Gate Homeowners Association

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2025

	2025			2024
	Operating Fund	Reserve Fund	Total	Total
Cash flows from operating activities				
Association fees	$ 118,723	$ -	$ 118,723	$ 76,927
Interest and investment income	390	-	390	-
Other revenues	839	-	839	51,148
Cash paid to suppliers	(132,137)	-	(132,137)	(175,809)
Net cash provided by (used in) operating activities	(12,185)	-	(12,185)	(47,734)
Cash flows from investing activities				
Net purchase of GICs	(20,000)	-	(20,000)	-
Increase (decrease) in cash	(32,185)	-	(32,185)	(47,734)
Cash, beginning of year	43,248	-	43,248	90,982
Cash, end of year	$ 11,063	$ -	$ 11,063	$ 43,248
Cash and cash equivalents are comprised of:				
Cash	$ 11,063	$ -	$ 11,063	$ 43,248

1 Purpose and Income Tax Status

The River's Gate Homeowners Association (The "Association") is a home owners' association registered under the Societies (or Companies) Act of Alberta. Its function is to regulate the use of the property and to provide repairs, maintenance and other services to the common housing areas, located in Edmonton, Alberta.

The Association is a not-for-profit corporation under the Income Tax Act, and is therefore exempt from income taxes.

2 Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. Significant accounting policies are described below.

(a) Fund Accounting

The Operating Fund accounts for the Association's operating and administrative activities.

The Capital Replacement Reserve Fund reports the amounts that are set aside and used for future costs of major repairs and replacements. The Association has not set up reserve fund.

(b) Revenue Recognition and Transfers to the Reserve Fund

Association fees related to general operations are recognized as revenue of the operating fund as billed to the owners by the Association. Billings consist of monthly charges based on the annual budget approved by the Board of Directors. All expenses are recognized as incurred.

(c) Contributed Services

Volunteer services contributed on behalf of the Association are not recognized in these financial statements due to the difficulty in determining their fair value.

(d) Capital Assets

Association units and real property directly associated with those units are not considered to be capital assets of the Association.

Capital assets purchased by the Association are amortized on a straight line basis over the useful life of the assets.

(e) Cash and Cash Equivalents on the Statement of Cash Flows

Cash and cash equivalents include bank balances and cash held. Short term money market funds are not included as these are considered to be investments.

(f) Use of Estimates

The preparation of financial statements in conformity with Canadian accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3 Financial Instruments and Risk Management

(a) Financial Instruments

The Association initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost, except for marketable securities quoted in an active market, which are measured at fair value.

The financial assets subsequently measured at amortized cost include cash, and accounts receivable. There were no financial assets subsequently measured at fair value. The financial liabilities measured at amortized cost include accounts payable.

(b) Credit Risk

The Association does not have a concentration of credit exposure with any one party. The Association does not consider that it is exposed to undue credit risk. Credit risk includes the risk that owners will fail to pay their fees.

(c) Interest Rate Risk

The investments of the Association are subject to interest rate risk because changing interest rates impact the market value of the fixed rate investments. The Association’s investments currently consist of redeemable guaranteed investment certificates. As these investments are redeemable at or near par and are intended to be held to redemption, the Association’s exposure to interest rate risk is limited.

(d) Liquidity Risk

Liquidity risk is the risk that the Association may not be able to meet its ongoing commitments to repair, replace and maintain the common property of the Association.

(e) Risk Management

The Association manages its credit, liquidity and cash flow risk by restricting investments to a diverse range of government and corporate preferred shares and fixed income securities.. As it is the Association's expectation to hold its investments to maturity, its cash flows are exposed to minimal interest rate and liquidity risk. The Association has the power to place caveats on titles which significantly mitigates credit risk. The Association manages liquidity risk by preparing an annual budget, and may increase fees and assess special levies to ensure it has sufficient funds.

4 Budget Amounts

The 2025 budget amounts are presented for information purposes only. They were approved by the board of directors and are unaudited.

5 Insurance Claim

During 2025, the Association incurred $9,180 in entry gate repair costs related to an insurance claim. Insurance proceeds of $6,680, representing the repair costs less the $2,500 deductible, were received subsequent to year-end on January 29, 2026.

6 Short Term Investments

Investments consist of a Guaranteed Investment Certificate (GIC) held with ATB Financial with a principal amount of $20,000 and accrued interest of $249 at year-end. The GIC earns interest at 2.1% and matures on May 29, 2026.

7 Write Off

In 2024, accounts payable included $18,036 relating to unidentified payments received. During 2025, after all reasonable efforts to identify the recipients and issue the refunds were unsuccessful, the liability was written off. Concurrently, accumulative of $8,005 prior year historical charges for fees and interests were reversed. The net impact of these transactions resulted in the recognition of write-off revenue of $10,031.

8 Comparative Figures

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

9 Approval of Financial Statements

These financial statements have been approved by the Board of Directors.