

# Larch Homeowners Association

---

FINANCIAL STATEMENTS

DECEMBER 31, 2025

# Larch Homeowners Association

---

DECEMBER 31, 2025

CONTENTS

Independent Auditors' Report

Financial Statements	<u>Page</u>
Statement of Financial Position	1
Statement of Operations and Change in Fund Balance	
Operating Fund	2
Statement of Cash Flows	3
Notes to the Financial Statements	4 - 7



**Cass & Fraser**  
**Chartered Professional**  
**Accountants**

1260, 10665 Jasper Avenue  
Edmonton, Alberta  
T5J 3S9

Telephone: (780) 448-1941  
Facsimile: (780) 448-1868

admin@cassfraser.ca  
www.cassfraser.ca

## INDEPENDENT AUDITORS' REPORT

To the Owners of Larch Homeowners Association:

### **Opinion**

We have audited the accompanying financial statements of the Larch Homeowners Association, which comprise the statement of financial position as at December 31, 2025, and the statements of operations and changes in fund balance for the operating 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.



**Cass & Fraser**  
**Chartered Professional**  
**Accountants**

1260, 10665 Jasper Avenue  
Edmonton, Alberta  
T5J 3S9

Telephone: (780) 448-1941  
Facsimile: (780) 448-1868

admin@cassfraser.ca  
www.cassfraser.ca

- 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 Professional Accountants

Edmonton, Alberta  
March 4, 2026

# Larch Homeowners Association

## STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2025

	December 31, 2025	December 31, 2024
<b>Current Assets</b>		
Cash	\$ 60,738	\$ 34,896
Association fees receivable	560	1,297
Prepaid insurance	6,535	6,013
Short term investments <i>(note 5)</i>	172,703	138,517
<b>Capital Assets <i>(note 6)</i></b>	11,950	16,730
	\$ 252,486	\$ 197,453
<b>Current Liabilities</b>		
Accounts payable	\$ 5,327	\$ 4,835
GST payable (receivable)	(1,843)	(2,438)
Prepaid fees	83,160	44,888
	86,644	47,285
<b>Net Assets</b>		
Operating fund	165,842	150,168
	\$ 252,486	\$ 197,453

# Larch Homeowners Association

STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE  
OPERATING FUND

FOR THE YEAR ENDED DECEMBER 31, 2025

	2025 Budget	2025 Actual	2024 Actual
<b>Revenues</b>			
Association fees	\$ 143,933	\$ 145,958	\$ 143,708
Interest	-	5,473	5,499
Other	-	153	12,030
	143,933	151,584	161,237
<b>Administration</b>			
Bank charges	-	5,189	3,052
Amortization	-	4,780	4,780
Expenses related to the received grant in 2022	-	-	(375)
General and administrative	11,403	9,156	4,609
Professional fees	31,000	30,600	27,586
Website	2,500	2,286	2,595
<b>Utilities</b>			
Electric energy	1,200	1,106	1,103
<b>Maintenance</b>			
Entry feature repairs	-	-	1,515
Landscaping	-	63,332	47,720
<b>Other</b>			
Capital expenditures (seasonal lighting, signage, amenities)	4,075	1,925	1,115
Community event ( <i>note 7</i> )	10,000	10,957	9,223
Insurance	7,000	6,579	6,502
	120,458	135,910	109,425
Revenues over expenses	\$ 23,475	15,674	51,812
Operating fund balance at beginning of year		150,168	98,356
Operating fund balance at end of year		\$ 165,842	\$ 150,168

# Larch Homeowners Association

---

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2025

	2025	2024
Cash flows from operating activities		
Association fees	\$ 184,967	\$ 134,578
Interest and investment income	6,287	5,462
Other revenues	153	458
Cash paid to suppliers	(130,565)	(102,902)
Net cash provided by (used in) operating activities	60,842	37,596
Cash flows from investing activities		
Net redemption (purchase) of GICS	(35,000)	(35,000)
Increase (decrease) in cash	25,842	2,596
Cash, beginning of year	34,896	32,300
Cash, end of year	\$ 60,738	\$ 34,896
Cash and cash equivalents are comprised of:		
Cash	\$ 60,738	\$ 34,896

# Larch Homeowners Association

---

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025

## 1 Purpose and Income Tax Status

Larch Homeowners Association (The "Association") is a home owners' association registered under the Societies Act of Alberta on November 8, 2010. Operations of the Association commenced in 2018. Its function is to hold leases, easements and other rights in, to and over portions of the Subdivided Lots within the Larch Park Subdivision.

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.

There are currently no other funds.

### (b) Revenue Recognition

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 annual charge 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.

# Larch Homeowners Association

---

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025

(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. In particular, the value of capital assets, recorded as \$11,950, could change by a material amount in the near term.

3 Financial Instruments

(a) Financial Instrument Measurement

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

(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.

# Larch Homeowners Association

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025

### (e) Risk Management

The Association manages its credit, liquidity and cash flow risk by restricting investments to a diverse range of government and corporate fixed income securities, and corporate shares.. 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 Short Term Investments

The investments include four Guaranteed Investment Certificates (GICs) held with ATB, with principal total amount of \$170,000 along with accrued interest revenue of \$2,703 up to 2025.

<u>GIC #</u>	<u>Purchase Date</u>	<u>Principal</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Accrued Interests</u>
Amplify GIC	October 6, 2025	\$20,000	October 6, 2026	2.10%	\$99
Amplify GIC	October 6, 2025	\$10,000	October 6, 2026	2.10%	\$50
Non-redeemable GIC	April 23, 2025	\$120,000	April 23, 2026	2.75%	\$2,278
Amplify GIC	April 23, 2025	\$20,000	April 23, 2026	2.00%	\$276
<b>Total:</b>		<b>\$170,000</b>			<b>\$2,703</b>

### 6 Capital Assets

In 2023, the Association purchased waste receptacles for \$23,900. This will be amortized on a straight line basis over 5 years.

	2025 Net Book Value	2024 Net Book Value
Community waste receptacles	\$ 11,950	\$ 16,730

# Larch Homeowners Association

---

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025

7 Related Party Transactions

Cosgrave Consulting & Management Ltd. charged the Association \$2,500 plus GST for managing the community event.

These transactions occurred in the normal course of operations and were measured at the exchange amount, being the consideration established and agreed upon by the related parties.

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.