# Midnapore Lake Residents Association Ltd.
## Financial Statements
*December 31, 2024*

## Management's Responsibility

To the Members of Midnapore Lake Residents Association Ltd.:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed primarily of Directors who are neither management nor employees of the Association. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Association's external auditors.

MNP LLP is appointed by the Members to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

e-Signed by Garvin Clayton
2025-06-10 12:14:19:19 MDT

Garvin Clayton, Park Manager

To the Members of Midnapore Lake Residents Association Ltd.:

## Opinion

We have audited the financial statements of Midnapore Lake Residents Association Ltd. (the "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 Association 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 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 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 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.

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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 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 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 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

June 10, 2025

MNP LLP

Chartered Professional Accountants

# Midnapore Lake Residents Association Ltd.
## Statement of Financial Position
*As at December 31, 2024*

| | **2024** | 2023 |
|---|---|---|
| **Assets** | | |
| **Current** | | |
| Cash | **575,028** | 542,497 |
| Accounts receivable - members | **11,414** | 10,917 |
| Accrued interest *(Note 5)* | **55,333** | 21,662 |
| Prepaid expenses | **21,833** | 20,736 |
| Goods and services tax receivable | **6,455** | 1,851 |
| | **670,063** | 597,663 |
| **Capital assets** *(Note 4)* | **1,370,335** | 1,387,620 |
| **Marketable securities** *(Note 5)* | **1,027,274** | 924,719 |
| **Non-current accounts receivable - members** | **21,817** | 20,243 |
| | **3,089,489** | 2,930,245 |
| **Liabilities** | | |
| **Current** | | |
| Accounts payable and accruals | **21,575** | 16,725 |
| Deferred revenues *(Note 6)* | **472,929** | 347,506 |
| | **494,504** | 364,231 |
| **Deferred contributions related to capital assets** *(Note 7)* | **30,522** | 38,252 |
| | **525,026** | 402,483 |
| **Net Assets** | | |
| Unrestricted | **635,789** | 725,908 |
| Invested in capital assets | **1,339,813** | 1,349,368 |
| Internally restricted replacement reserve | **588,861** | 452,486 |
| | **2,564,463** | 2,527,762 |
| | **3,089,489** | 2,930,245 |

**Approved on behalf of the Board**

e-Signed by Jen Hawkins
2025-06-10 10:51:45:45 MDT
**Director**

e-Signed by Mike Gavan
2025-06-10 10:37:43:43 MDT
**Director**

*The accompanying notes are an integral part of these financial statements*

# Midnapore Lake Residents Association Ltd.
## Statement of Operations
*For the year ended December 31, 2024*

| | **2024** | 2023 |
|---|---|---|
| **Revenue** | | |
| Lake maintenance fees | **629,568** | 629,749 |
| Other revenue | **15,497** | 13,660 |
| Interest on late payments of lake maintenance fees | **11,799** | 10,637 |
| Amortization of deferred contributions *(Note 7)* | **7,730** | 9,563 |
| | **664,594** | 663,609 |
| **Expenses** | | |
| Wages and benefits | **372,120** | 404,169 |
| Amortization | **80,910** | 85,714 |
| Telephone and utilities | **62,386** | 69,664 |
| Repairs and maintenance | **31,658** | 52,818 |
| Insurance | **21,274** | 20,426 |
| Office supplies | **20,188** | 16,367 |
| Professional fees | **19,930** | 15,225 |
| Special events | **13,479** | 13,188 |
| Fish stocking | **12,181** | 18,397 |
| Computer | **5,951** | 5,601 |
| Bank charges and interest | **3,650** | 5,144 |
| | **643,727** | 706,713 |
| **Excess (deficiency) of revenue over expenses before other items** | **20,867** | (43,104) |
| **Other items** | | |
| Interest and investment income | **69,815** | 54,785 |
| Unrealized gain on marketable securities | **-** | 2,318 |
| Well exploration expense | **(53,981)** | - |
| | **15,834** | 57,103 |
| **Excess of revenue over expenses** | **36,701** | 13,999 |

*The accompanying notes are an integral part of these financial statements*

# Midnapore Lake Residents Association Ltd.
## Statement of Changes in Net Assets
*For the year ended December 31, 2024*

| | *Unrestricted* | *Invested in capital assets* | *Internally restricted replacement reserve* | ***2024*** | *2023* |
|---|---|---|---|---|---|
| **Net assets, beginning of year** | **725,908** | **1,349,368** | **452,486** | **2,527,762** | 2,513,763 |
| **Excess (deficiency) of revenue over expenses** | **109,881** | **(73,180)** | **-** | **36,701** | 13,999 |
| **Investment in capital assets** *(Note 8)* | **-** | **63,625** | **(63,625)** | **-** | - |
| **Interfund transfers** *(Note 8)* | **(200,000)** | **-** | **200,000** | **-** | - |
| **Net assets, end of year** | **635,789** | **1,339,813** | **588,861** | **2,564,463** | 2,527,762 |

*The accompanying notes are an integral part of these financial statements*

# Midnapore Lake Residents Association Ltd.
## Statement of Cash Flows
*For the year ended December 31, 2024*

| | **2024** | 2023 |
|---|---|---|
| **Cash provided by (used for) the following activities** | | |
| **Operating** | | |
| Cash received from community members | **768,527** | 593,899 |
| Cash paid to suppliers and employees | **(617,759)** | (616,847) |
| Interest received on lake fees | **11,799** | 10,637 |
| | **162,567** | (12,311) |
| **Investing** | | |
| Purchase of capital assets | **(63,625)** | (17,120) |
| Purchases of marketable securities | **(220,963)** | (236,395) |
| Proceeds on disposal of marketable securities | **118,408** | 322,375 |
| Interest and investment income received on marketable securities | **36,144** | 39,524 |
| | **(130,036)** | 108,384 |
| **Increase in cash resources** | **32,531** | 96,073 |
| **Cash resources, beginning of year** | **542,497** | 446,424 |
| **Cash resources, end of year** | **575,028** | 542,497 |

*The accompanying notes are an integral part of these financial statements*

## 1. Incorporation and nature of the organization

Midnapore Lake Residents Association Ltd. (the “Association”) was incorporated under The Companies Act of the Province of Alberta on December 22, 1976. The Association is a not-for-profit community organization which operates amenities exclusively for the use of its community members. The Association is exempt from income tax under section 149(1)(l) of the Income Tax Act.

## 2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada and include the following significant accounting policies:

***Cash and cash equivalents***

Cash and cash equivalents include balances with banks.

***Capital assets***

Capital assets are recorded at cost. The cost of contributed capital assets is considered to be fair value at the date of contribution.

Amortization is provided using the declining balance method at rates intended to amortize the cost of assets over their estimated useful lives.

| | Rate |
|---|---|
| Buildings | 4 % |
| Equipment | 20 - 30 % |
| Facilities | 4 % |
| Tennis courts and pavement | 8 % |
| Playground equipment and beach sand | 10 % |
| Boats, dock and recreational equipment | 15 % |

***Marketable securities***

Marketable securities consist of term deposits and fixed income funds, which are all traded in public markets. Marketable securities are recorded at fair value with changes to fair value recorded on the statement of operations.

***Non-current accounts receivable - members***

Non-current accounts receivable - members includes amounts due from members that have been outstanding in excess of one year. The outstanding lake fees are secured by an encumbrance on the relevant member's property and interest is accrued at a rate of 18% annually.

***Revenue recognition and deferred revenue***

Revenue is recognized on lake maintenance fees on a calendar basis. Any lake maintenance fees received that relate to the next fiscal year are recorded as deferred revenue.

Late payment interest, event revenue, and investment income are recognized as revenue when earned.

***Contributed materials and services***

Goods and services donated to the Association are recorded at their fair market value when received, as long as a fair value can be reasonably determined and they would have been otherwise purchased. Volunteer services provided by the members and other individuals have not been recorded in these financial statements because of the difficulty in determining their fair value.

***Government assistance***

Government assistance is recognized when there is reasonable assurance that the conditions attached to the government assistance will be met and that assistance will be received. Government assistance is recognized as income over the periods necessary to match it with the related costs that it is intended to compensate.

**2. Significant accounting policies** *(Continued from previous page)*

***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 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. Amortization is based on the estimated useful lives of capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in excess (deficiency) of revenues over expenses in the periods in which they become known.

***Financial instruments***

The Association recognizes financial instruments when the Association becomes party to the contractual provisions of the financial instrument.

**Arm's length financial instruments**

Financial instruments originated/acquired or issued/assumed in an arm’s length transaction (“arm’s length financial instruments”) are initially recorded at their fair value.

At initial recognition, the Association may irrevocably elect to subsequently measure any arm’s length financial instrument at fair value. The Association has made such an election during the year.

The Association subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. All other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

**Financial asset impairment**

The Association assesses impairment of all its financial assets measured at cost or amortized cost. The Association groups assets for impairment testing when no asset is individually significant. Management considers whether the issuer is having significant financial difficulty or whether there has been a breach in contract in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Association determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year.

The Association reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

Any impairment, which is not considered temporary, is included in current year excess (deficiency) of revenues over expenses.

The Association reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in excess (deficiency) of revenues over expenses in the year the reversal occurs.

**3. Going concern**

These financial statements have been prepared on a going concern basis, which presumes that the Association will continue in the operation for the foreseeable future and will be able to realize assets and discharge liabilities in the normal course of its operations.

## 4. Capital assets

| | Cost | Accumulated amortization | 2024 Net book value | 2023 Net book value |
|---|---|---|---|---|
| Buildings | **1,591,035** | **573,256** | **1,017,779** | 997,168 |
| Equipment | **237,753** | **178,565** | **59,188** | 72,117 |
| Facilities | **216,661** | **117,975** | **98,686** | 102,799 |
| Tennis courts and pavement | **180,582** | **117,111** | **63,471** | 68,990 |
| Playground equipment and beach sand | **233,300** | **113,630** | **119,670** | 132,967 |
| Boats, dock and recreational equipment | **106,603** | **95,062** | **11,541** | 13,579 |
| | **2,565,934** | **1,195,599** | **1,370,335** | 1,387,620 |

## 5. Marketable securities

| | 2024 Cost | 2024 Market Value | 2023 Cost | 2023 Market Value |
|---|---|---|---|---|
| Fixed income | **1,027,274** | **1,079,692** | 924,719 | 946,381 |

The difference between market value and cost is comprised of year-end accrued interest of $55,333 (2023 - $21,662) reported on the balance sheet, less an unrealized loss of $2,915 (2023 - $nil).

## 6. Deferred revenue

Deferred revenue is primarily comprised of lake maintenance fees received in advance from members that relate to future years. Included in this balance is GST payable of $22,283 (2023 - $16,402).

## 7. Deferred contributions related to capital assets

Deferred capital contributions consist of the unamortized portion of contributed capital assets. Recognition of these amounts as revenue is deferred to periods when the related capital assets are amortized.

Changes in deferred capital contributions are as follows:

| | 2024 | 2023 |
|---|---|---|
| Balance, beginning of year | **38,252** | 47,815 |
| Less: Amounts recognized as revenue during the year | **(7,730)** | (9,563) |
| Balance, end of year | **30,522** | 38,252 |

## 8. Internally restricted replacement reserve

The purpose of the reserve is for the replacement of, and major repairs to, the facilities and equipment acquired by the Association on January 1, 1983. According to a resolution made annually by the Board of Directors, allocations to the reserve are made from current operations. Based on long-term estimates of future replacement costs, the Board allocated $200,000 (2023 - $nil) to the reserve during the year.

During the year, the Association charged a net of $63,625 (2023 - $17,120) of capital expenditures net of disposals to the capital reserve.

## 9. Financial instruments

The Association, as part of its operations, carries a number of financial instruments. It is management's opinion that the Association is not exposed to significant interest rate, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

***Credit concentration***

Financial instruments that potentially subject the Association to concentrations of credit risk consist primarily of accounts receivable due from members. The maximum credit risk exposure is $33,232 (2023 - $31,160). However, the Association believes that there is minimal risk associated with the collection of these amounts due to the Association's large member base and because each property is secured by an encumbrance.