

RENAISSANCE PLACE
(The Owners: Condominium Plan No. 942-3146)
Financial Statements
For the Year Ended March 31, 2021



Donnelly & Co. LLP
Chartered Professional Accountants



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INDEPENDENT AUDITOR'S REPORT

To the Directors of Renaissance Place (The Owners: Condominium Plan No. 942-3146)

Opinion

We have audited the financial statements of Renaissance Place (The Owners: Condominium Plan No. 942-3146) (the Corporation), which comprise the statement of financial position as at March 31, 2021, and the statements of changes in net assets, operations 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 Corporation as at March 31, 2021, 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 Corporation 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.

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

Those charged with governance are responsible for overseeing the Corporation'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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Independent Auditor's Report to the Directors of Renaissance Place *(continued)*

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 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.


Edmonton, Alberta
September 14, 2021



Chartered Professional Accountants

RENAISSANCE PLACE
(The Owners: Condominium Plan No. 942-3146)
Statement of Financial Position
As at March 31, 2021

	General 2021	Capital Replacement Reserve 2021	Total 2021	Total 2020
Assets				
Current				
Cash and cash equivalents	\$ 335,426	\$ 878,653	\$ 1,214,079	\$ 933,357
Investments (Note 4)	-	475,816	475,816	463,724
Due from owners	22,124	-	22,124	12,175
Accounts receivable - other	3,329	-	3,329	3,329
Interest receivable	-	6,715	6,715	7,037
Prepaid expenses	33,977	-	33,977	27,322
	394,856	1,361,184	1,756,040	1,446,944
Tangible capital assets (Note 5)	1	-	1	1
	<u>\$ 394,857</u>	<u>\$ 1,361,184</u>	<u>\$ 1,756,041</u>	<u>\$ 1,446,945</u>
Liabilities				
Current				
Accounts payable and accrued liabilities	\$ 101,538	\$ -	\$ 101,538	\$ 56,032
Fees received in advance	3,319	-	3,319	4,369
Key deposits (Note 6)	25,581	-	25,581	24,180
	130,438	-	130,438	84,581
Commitments (Note 7)				
Net assets (Note 8)	264,419	1,361,184	1,625,603	1,362,364
	<u>\$ 394,857</u>	<u>\$ 1,361,184</u>	<u>\$ 1,756,041</u>	<u>\$ 1,446,945</u>

Approved by the Board

 Director

 Director

RENAISSANCE PLACE
(The Owners: Condominium Plan No. 942-3146)
Statement of Changes in Net Assets
For the Year Ended March 31, 2021

	General	Capital Replacement Reserve	2021	2020
Net assets - beginning of year	\$ 228,712	\$ 1,133,652	\$ 1,362,364	\$ 1,097,263
Excess (deficiency) of revenue over expenses	315,707	(52,468)	263,239	265,101
Interfund transfers (Note 9)	(280,000)	280,000	-	-
Net assets - end of year	<u>\$ 264,419</u>	<u>\$ 1,361,184</u>	<u>\$ 1,625,603</u>	<u>\$ 1,362,364</u>

RENAISSANCE PLACE
(The Owners: Condominium Plan No. 942-3146)
Statement of Operations
For the Year Ended March 31, 2021

	General 2021	General 2020	Capital Replacement Reserve 2021	Capital Replacement Reserve 2020	Total 2021	Total 2020
Revenue						
Condominium fees	\$ 1,154,792	\$ 1,143,354	\$ -	\$ -	\$ 1,154,792	\$ 1,143,354
Guest suite rental	7,035	10,275	-	-	7,035	10,275
Interest income	1,490	5,311	17,344	22,718	18,834	28,029
Laundry income	25,745	27,935	-	-	25,745	27,935
Other income	2,866	8,753	-	-	2,866	8,753
	1,191,928	1,195,628	17,344	22,718	1,209,272	1,218,346
Administrative expenses						
Administration and meetings	4,072	7,321	4	11	4,076	7,333
Management fees	57,758	56,555	-	-	57,758	56,555
Professional fees	15,158	11,574	2,993	-	18,150	11,574
	76,988	75,450	2,997	11	79,984	75,462
Expenses						
Administrative and housekeeping wages	146,410	138,935	-	-	146,410	138,935
Building maintenance (Schedule 1)	33,034	32,081	-	-	33,034	32,081
Common property maintenance (Schedule 1)	304,066	302,171	66,815	123,891	370,881	426,062
Flood repairs	-	1,453	-	-	-	1,453
Insurance	62,769	50,694	-	-	62,769	50,694
Utilities (Schedule 1)	252,954	228,558	-	-	252,954	228,558
	799,233	753,892	66,815	123,891	866,048	877,783
Excess (deficiency) of revenue over expenses	\$ 315,707	\$ 366,286	\$ (52,468)	\$ (101,184)	\$ 263,240	\$ 265,101

RENAISSANCE PLACE
(The Owners: Condominium Plan No. 942-3146)
Statement of Cash Flows
For the Year Ended March 31, 2021

	2021	2020
Operating activities		
Cash receipts from owners and others	\$ 1,180,840	\$ 1,191,209
Cash paid to suppliers and employees	(907,182)	(973,745)
Interest received	19,156	28,821
	<u>292,814</u>	<u>246,285</u>
Investing activity		
Transfer from (to) investments, net	<u>(12,092)</u>	104,744
	<u>(12,092)</u>	104,744
Increase in cash and cash equivalents	280,722	351,029
Cash and cash equivalents - beginning of year	<u>933,357</u>	<u>582,328</u>
Cash and cash equivalents - end of year	<u>\$ 1,214,079</u>	<u>\$ 933,357</u>
 Cash and cash equivalents consist of:		
Cash and cash equivalents - general	\$ 335,426	\$ 270,466
Cash and cash equivalents - Capital Replacement Reserve	<u>878,653</u>	<u>662,891</u>
	<u>\$ 1,214,079</u>	<u>\$ 933,357</u>

RENAISSANCE PLACE
(The Owners: Condominium Plan No. 942-3146)
Notes to Financial Statements
Year Ended March 31, 2021

1. Description of operations

The Corporation is a Condominium Corporation registered under the Condominium Property Act of Alberta. Its function is to regulate the use of the property and to provide repairs, maintenance and other services to the common areas. There is no share capital. The Capital Replacement Reserve and general expenditures are met by members' contributions.

The Corporation qualifies as a non-profit organization which is exempt from income taxes under the Income Tax Act.

2. Summary of significant accounting policies

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations.

Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the period in which they become known.

Fund accounting

The Corporation follows the restricted method of accounting for contributions. The general fund accounts for the Corporation's operating and administrative activities.

The Capital Replacement Reserve Fund accounts for contributions that are internally restricted and set aside for future costs of major repairs and replacements.

Cash and cash equivalents

Cash and cash equivalents are comprised of cash and short term investments with original maturities of three months or less.

Investments

Investments, which consist of fixed income securities are carried at amortized cost except when it is established that their value is impaired. Impairment losses, or reversal of previously recognized impairment losses, are reported as part of excess revenue over expenses.

Tangible capital assets

Tangible capital assets over \$5,000 are recorded at cost and amortized over their estimated useful lives. The Corporation writes off the purchase of tangible capital assets below \$5,000 in the year incurred.

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RENAISSANCE PLACE
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Notes to Financial Statements
Year Ended March 31, 2021

2. Summary of significant accounting policies (continued)

Capital Replacement Reserve

The Corporation maintains a capital replacement reserve to provide for the periodic repairs and replacement of the Corporation's common property. Capital replacement reserve funds are to be held in segregated interest bearing investments and any interest earned remains in the reserve.

All transfers to and from the reserve are approved by the executive of the Corporation.

Revenue recognition

The Corporation recognized condominium fee assessments related to general operations as revenue of the general fund as billed to the owners. Billings for the condominium fees consists of estimates of monthly charges based on approved budgets.

Interest and other income are recognized over the term of the contract.

Contributed services

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

Income taxes

A Condominium Corporation formed under Canadian provincial legislation is a not-for-profit organization and is therefore exempt from tax under paragraph 149(1)(l) of the Income Tax Act.

Provided that substantially all of the Corporation's gross revenue (other than interest) is derived from dealing with members, Canada Revenue Agency is prepared to regard the excess of revenue over expenses as an amount required for the operations of the condominium property and not as income of the Corporation or its members. Consequently, no provision for income taxes has been made.

Goods and Service Tax

The Corporation's expenses include the related Goods and Services Tax. The current rate is five percent.

3. Financial instruments

The Corporation 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 Corporation's risk exposure and concentration as of March 31, 2021.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Corporation is exposed to credit risk from owners. In order to reduce its credit risk, the Board of Directors has adopted a comprehensive collection policy.

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RENAISSANCE PLACE
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Notes to Financial Statements
Year Ended March 31, 2021

3. Financial instruments (continued)

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Corporation is exposed to this risk mainly in respect of its receipt of funds from its owners and other related sources and accounts payable.

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 Corporation manages exposure through its normal operating activities. The Corporation is exposed to interest rate risk primarily through its investments in fixed income securities. The Corporation is managing its risk by staggering maturity dates.

4. Investments

	<u>2021</u>	<u>2020</u>
Guranteed Investment Certificates bearing interest from 1.10% to 3.12% (2020 - 1.95% to 3.12%) due July 2021 to November 2025 (2020- November 2020 to April 2023)	\$ 475,816	\$ 463,724

5. Tangible capital assets

A nominal value of \$1 is recorded to account for guest suite and two parking stalls owned by the Corporation. These assets were previously contributed by the Developer.

6. Key deposits

Key deposits are collected from occupants to secure keys issued for access to amenities. Key deposits are refunded upon return of keys. No interest is paid on the refund of any deposits.

RENAISSANCE PLACE
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Notes to Financial Statements
Year Ended March 31, 2021

7. Commitments

The Corporation has entered into a leasing contract for the use of laundry equipment for the residents commencing March 1, 2013 for 9 years. The Corporation is entitled to 78% of the revenue collected, net of third party processing and transaction fees. The leasing company will collect the revenue and is entitled to a minimum compensation of \$0.98 per machine per day adjusted annually for increases in the Consumer Price Index.

The Corporation has entered into the following contracts:

- a) Management agreement – three year agreement commencing on April 1, 2021 with a monthly rate of \$24 per unit per month plus Goods and Services Tax. The monthly rate will increase annually by \$0.50 per unit per month. After expiry of three years, the contract will be on a month-to-month basis and can be terminated by either party by giving 60 days written notice.
- b) Maintenance agreement - 10 year elevator maintenance agreement until June 30, 2029 with quarterly rate adjusted annually for increase or decrease in labour rate. Current quarterly rate is \$4,642 plus Goods and Services Tax.
- c) Electricity consumption agreement - agreement with Enmax for a fixed rate of electricity per kWh at minimum consumption levels. The agreement is set at load prices of \$0.05723/kWh, commencing March 1, 2018 and terminating on February 28, 2023.

The following minimum payments are required under agreements a and b:

2022	\$	77,256
2023		78,459
2024		79,663
2025		19,498
2026		19,498
Thereafter		63,367

8. Capital Replacement Reserve

The most recent reserve fund study dated January 2021 was prepared by Ergil Bains and Associates Ltd. Based on this study, the recommended balance of the reserve at year end was \$1,356,577 compared to net assets held for Capital Replacement Reserve of \$1,361,184.

9. Interfund transfers

Under the bylaws of the Corporation, amounts are allocated, out of fee assessment levied, toward a reserve fund to cover future costs. This allocation is based on the annual budget approved by the Board of Directors. The current year budgeted allocation was \$280,000 (2020 - \$280,000).

10. Other

The COVID-19 pandemic has caused governments throughout the world to restrict their population's mobility which is having a profound impact on the local, national and international economies. These restrictions will have a prolonged impact. The Board is monitoring its impact including the risks identified in Note 3.

RENAISSANCE PLACE
(The Owners: Condominium Plan No. 942-3146)

Schedule of Expenses
Year Ended March 31, 2021

(Schedule 1)

	General 2021	General 2020	Capital Replacement Reserve 2021	Capital Replacement Reserve 2020
Building Maintenance				
Elevator maintenance	\$ 26,813	\$ 22,908	\$ -	\$ -
Safety inspection costs	6,221	9,173	-	-
	\$ 33,034	\$ 32,081	\$ -	\$ -
Common Property Maintenance				
General common				
property maintenance	\$ 86,635	\$ 105,302	\$ -	\$ -
Mechanical maintenance	87,721	67,134	-	-
Garbage removal	69,741	70,887	-	-
Janitorial	50,184	49,812	-	-
Grounds maintenance	9,784	9,035	-	-
Concrete repair	-	-	60,653	56,806
Storm and sanitary lines				
repair	-	-	6,162	12,267
Hot tube upgrade	-	-	-	36,083
Pipe replacement	-	-	-	10,966
Sauna upgrade	-	-	-	3,907
Exercise equipment				
replacement	-	-	-	3,862
	\$ 304,065	\$ 302,170	\$ 66,815	\$ 123,891
Utilities				
Gas	\$ 105,743	\$ 87,345	\$ -	\$ -
Water and sewer	76,729	71,254	-	-
Electricity	60,999	60,774	-	-
Telephone	9,483	9,185	-	-
	\$ 252,954	\$ 228,558	\$ -	\$ -