



SUNSET RIDGE HOMEOWNERS ASSOCIATION ANNUAL GENERAL MEETING 2022

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NOTICE OF THE SUNSET RIDGE HOMEOWNERS ASSOCIATION

2022 ANNUAL GENERAL MEETING OF MEMBERS

Please take notice that the 2022 Annual General Meeting of the Members of the **SUNSET RIDGE HOMEOWNERS ASSOCIATION** (the "Society"), will be held online via **Zoom Meeting** on **Tuesday, May 10, 2022 at 6:30 PM** (MST) for the following purposes:

- 1) To receive the Report of the President of the Company;
- 2) To receive the audited Financial Statements for the fiscal year ended December 31, 2020 and December 31, 2021;
- 3) To establish the number of Directors to hold office until the next Annual General Meeting and elect such Directors;
 - Members are asked to fix the number of directors to be elected at the Meeting at 7 and elect directors for the next year. Information respecting the election of directors may be found on the Information Circular.
- 4) To appoint an Auditor of the Company;
 - Members are asked to appoint Colby Steckly as the Society's auditors and remuneration to be fixed by the directors. Information respecting the appointment of Colby Steckly may be found under the heading "Appointment of Auditors" in the Circular.
- 5) To transact such other business as may properly come before the Meeting or any adjournment thereof.

THIS NOTICE SHOULD BE READ IN CONJUNCTION WITH THE INFORMATION CIRCULAR ACCOMPANYING THIS NOTICE.

Dated at Edmonton, Alberta this 8th day of April, 2022

BY ORDER OF THE BOARD OF DIRECTORS

A handwritten signature in black ink that reads "Alan Boucher". The signature is written in a cursive style.

ALAN BOUCHER, President

TO ALL MEMBERS:

PLEASE COMPLETE THE ACCOMPANYING PROXY FORM AND RETURN AS INDICATED IN THE INSTRUCTIONS FOR PROXY FORMS INCLUDED IN THIS PACKAGE.

PLEASE VOTE IN ADVANCE – THERE WILL BE NO VOTE AT THE AGM



S.R. HOMEOWNERS ASSOCIATION 2022 INFORMATION CIRCULAR
GENERAL INFORMATION & PROXY STATEMENT

SOLICITATION OF PROXIES

This Information Circular is furnished in connection with the solicitation of proxies by management of the S.R. HOMEOWNERS ASSOCIATION (the "Society") for use at the Annual General Meeting (the "Meeting") of Members of the Society to be held online via **Zoom Meeting, on Tuesday, May 10, 2022 at 6:30PM (SHARP)**. All expenses incurred in connection with the solicitation of proxies will be borne by the Society. Solicitation will be made primarily by mail, but proxies may also be solicited by Directors, officers and employees of the Company.

APPOINTMENT AND REVOCATION OF PROXIES

Each Member entitled to vote at the Meeting may, by means of a form of proxy in writing in advance of the Meeting, a form of proxy must be returned as indicated in the INSTRUCTIONS FOR PROXY FORMS included in this package. A Member may revoke a form of proxy previously given by returning another proper form of proxy bearing a later date than the previously given form of proxy as indicated in the INSTRUCTIONS FOR PROXY FORMS included in this package.

EXERCISE OF DISCRETION BY PROXY

Proxies will be voted or withheld from voting in accordance with the Member's instructions contained therein. The form of Proxy also confers authority on the persons named therein to vote with respect to any other matters which may properly be brought before the Meeting. At the date hereof, management knows of no other such matters.

VOTING BY MEMBERS

Only Members of record in good standing at the close of business on May 9, 2022 are entitled to vote, each Member being entitled to one (1) vote. Members are defined in the Articles of Association (the "Articles") of the Society as restricted to Commercial Owners, Homeowners and Rental Project Owners.

Where there is more than one owner of a property, there shall be only one Member who shall be the person designated as the Member by all the owners of the property. In the absence of such designation, the first person named as owner in the Certificate of Title or as Purchaser in an Agreement for Sale, shall be the Member.

As at the close of business on **March 31, 2022** the Society had **898** members in good standing. In addition, there are **8,000** votes in respect of lots registered in the name of Sunset Properties Inc.

ELECTION OF DIRECTORS

At the Meeting, it is proposed that the total number of Directors for the Society be established as no more than **seven (7)** until the next Annual General Meeting. Pursuant to the Articles of the Society, Melcor Developments Ltd. on behalf of Sunset Properties Inc. is entitled to appoint up to **three (3)** Directors with the remaining Resident Directors elected at the Meeting. The following persons are the current Directors of the Society:

NAME
Alan Boucher (Melcor)
Triona Cosgrave (Melcor)
Tanya Eklund (Melcor)
David Mans (Res. Director)
Samantha Nickerson (Res. Director)
Robert Martens (Res. Director)
Matthew Wiles (Res. Director)

It is proposed that four (4) resident Members be elected at the AGM in accordance with the Articles of Association.



**S.R. HOMEOWNERS ASSOCIATION 2022 INFORMATION CIRCULAR
GENERAL INFORMATION & PROXY STATEMENT**

Individuals should be aware of the fiduciary responsibilities of Director's generally, as well as the specific limitation of the power of Directors of the Society in respect of Melcor's management contract. Members interested in standing for election at the meeting are invited to contact Core Real Estate Group in advance of the meeting at info@coremanagement.ca

The term of office for each person is a one-year term and shall be from the date of the Meeting until the next Annual General Meeting of Members or until his/her successor is elected or appointed.

DIRECTORS COMPENSATION - Nil

PENSION PLAN - Nil

EXECUTIVE COMPENSATION AND PLANS - Nil

INCENTIVE SHARE OPTION PLAN FOR OFFICERS AND KEY EMPLOYEES - Nil

INTEREST OF INSIDERS IN MATERIAL TRANSACTIONS

The three (3) Melcor appointed Directors are employees of Melcor, who on behalf of Sunset Properties Inc. is the operator of the S.R. Amenities. As operator of the Amenities, Melcor Developments Ltd. approves the operating budget for their proper operation.

APPOINTMENT OF AUDITORS

Management proposes that BDO be appointed as Auditor of the Society and that the Directors be authorized to approve their remuneration.

CERTIFICATE

The foregoing contains no misstatement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

BY THE ORDER OF THE BOARD OF DIRECTORS

ALAN BOUCHER, PRESIDENT

The management of the Society knows of no amendment, variation or other matters to come before the Annual General Meeting of Members other than the matters referred to in the Notice of Meeting. However, if any other matter properly comes before the Meeting, the accompanying proxy will be voted on such matter in accordance with the best judgement of the person or persons voting such proxy.

BY THE ORDER OF THE BOARD OF DIRECTORS

ALAN BOUCHER, PRESIDENT



Sunset Ridge Homeowners Association
October 5th 2020 @ 6:00pm
Virtual Zoom Meeting
AGM Meeting Minutes

1. President of the Board of Directors, Alan Boucher stated due to the covid 19 pandemic Alberta Corporate Registries has confirmed that Non-Profit Organizations, of which homeowners associations fall under, has permission to hold a remote meeting due to COVID-19. The 2020 S.R HOA AGM format this year will be online only. There is no in person meeting and all voting was held in advance with Dave Mans & Samantha Nickerson acting as motioner and seconder.
2. President of the Board of Directors, Alan Boucher acted as Chairperson of the meeting and The Annual General Meeting was called to Order at 6:07 p.m.
3. The Chairperson stated Tanya Eklund will act as Secretary of the meeting.
4. The Chairperson stated Triona Cosgrave will act as Scrutineer for the meeting.
5. The Chairperson stated that unless otherwise specified, all issues and Resolutions to be approved by the Voting Members are by way of ordinary resolution, which requires the majority of the Voting Members present in person or by proxy, voting in favour.
6. The Chairperson asked for a motion dispensing with reading of the Notice calling the meeting. Dave Mans so moved. Samantha Nickerson seconded the motion. The Chairperson declared the motion carried.
7. The Secretary Tanya Eklund provided proper proof of mailing the Notice of the Meeting to the Members.
8. The Chairperson then stated that Pursuant to the Articles of Association of the Association, A quorum for the Annual General Meeting of the Association shall be the attendance of Five (5) or more persons collectively entitled to cast Five (5) or more votes. The Chairperson asked the Scrutineer for her report. The Scrutineer Triona Cosgrave reported that there were 7, 207 Voting Members at the meeting represented by proxy. Specifically, there were 7,200 votes, in respect of lots registered in the name of Sunset Properties Inc.. and 7 represented by proxy.
9. The Chairperson declared the meeting to be duly called and properly constituted for business.
10. The Chairman asked for a motion to dispense with reading of the Presidents' Report for the January 1st to December 31st 2020, also appended to the Notice of Meeting and Information Circular. Dave Mans moved that the reading of the Director's Report be dispensed with. Samantha Nickerson seconded the motion. The Chairperson declared the motion carried.
11. The Chairman asked for a motion to dispense with presentation of the financial statements for the period ending December 31, 2019 and related auditors report., also appended to the Notice of Meeting and Information Circular. Dave Mans moved that the presentation of the financial statements be dispensed with. Samantha Nickerson seconded the motion. The Chairperson declared the motion carried.
12. The Chairperson indicated that the next item of business was the election of Directors. The Chairperson stated that seven (7) Directors be elected and serve until the next Annual General Meeting of the Association. The Chairperson asked for a motion to this effect. Dave Mans moved that up to seven (7) Directors be elected to serve until the next Annual General Meeting of the Association. Samantha Nickerson seconded the motion. The Chairperson declared the motion carried.
13. The Chairperson stated that Sunset Properties Inc. will be using their votes to nominate three (3) Directors and wish to appoint Alan Boucher as President, Triona Cosgrave as Secretary and Tanya Eklund as Treasurer to the Company's Board of Directors to serve until the turnover of Management. The proxy has been cast in their favor.

14. The Chairperson stated that persons The Chairperson stated that the Following four (4) members put their names forward to be nominated to serve as Resident directors on the board of directors:
1. Dave Mans
 2. Robert Martens
 3. Samantha Nickerson
 4. Matthew Wiles
15. The Chairperson declared that We have received sufficient proxies to individually elect these nominees to serve as Directors on the S.R. Homeowners Association Board of Directors for a one-year term, or until their successors are elected or appointed are as follows:
1. David Mans
 2. Robert Martens
 3. Samantha Nickerson
 4. Matthew Wiles
16. The Chairperson then asked for a motion to elect as Directors, the persons nominated, to hold office for a one-year term or until their successors are elected or appointed. Dave Mans so moved. Samantha Nickerson seconded the motion. The Chairperson declared the motion carried.
17. The Chairperson then stated that the next item on the Agenda was the appointment of the Auditor. The Chairperson asked for a motion that the Board of Directors appoint BDO Canada as Auditor for the fiscal period ending December 31, 2020, and that the Directors be authorized to fix remuneration. David Mans so moved. Samantha Nickerson seconded the motion. The Chairperson declared the motion carried.
18. The Chairperson then asked if there was any further business to transact at the Annual General Meeting of the Association. There was none.
19. The Chairperson then asked for a motion to terminate the meeting.
20. At 6:15p.m. David Mans moved that the meeting be terminated. Samantha Nickerson seconded the motion. The Chairperson declared the motion carried, and the meeting adjourned.


TANYA EKLUND Secretary



**S.R. Homeowners Association
President's Report
Period of January 2021 - December 2021**

The S.R. Homeowners Association (SRHOA) was incorporated as a non-profit society in January 2012, registered under the Societies Act of Alberta.

The purpose of the Association is to own and maintain for the benefit of the members various subdivision features and amenities within the Sunset Ridge Development. The SRHOA is currently managed by Core Real Estate Group on behalf of Sunset Properties Inc. The Board of Directors currently consists of three (3) Melcor Developments appointed Directors, who hold officer positions, on behalf of Sunset Properties Inc. and four (4) resident members of the community. The Board meet quarterly to: ensure policies are properly set and Rules & Regulations are legislated; be the voice of their fellow residents for SRHOA-related issues.

Financial

The annual operating costs of the SRHOA - including the various subdivision features/amenities, are the responsibility of the Members through the payment of mandatory fees, pursuant to a Rent Charge Encumbrance registered on each lot title (the amount is exempt from GST) in Sunset Ridge. After careful review of the 2022 operating budget, the SRHOA Board of Directors approved the 2022 fees be set at \$147 per standard lot. Fees were invoiced in January 2022 for the 2022 Fiscal year. The Fiscal year is January 1st to December 31st.

The enclosed Audited Financial Statements are prepared up to December 31, 2020 and 2021.

Appointment of Auditor


The Board of Directors proposes to appoint Colby Steckly as Auditor for the 2022 Fiscal Year.

Summary

We would like to thank and acknowledge the governance and the commitment from our volunteer resident Directors during their recent term and look forward to working with the elected directors in developing the Sunset Ridge Community. As per Bill 53, a Society has permission to hold a remote meeting. The AGM format this year will be online only. Meeting Information & Materials can be viewed online at www.sunset-ridgehoa.com and Members with questions about access can contact Core Real Estate Group at: info@coremanagement.ca

Respectfully submitted March 31, 2022

ALAN BOUCHER President & Melcor Director	TRIONA COSGRAVE Vice President & Melcor Director	TANYA EKLUND Treasurer/Secretary & Melcor Director	DAVID MANS Resident Director
SAMANTHA NICKERSON Resident Director	ROBERT MARTENS Resident Director	MATTHEW WILES Resident Director	

Signed: 
Alan Boucher

S.R. Homeowners Association
Financial Statements
For the year ended December 31, 2020

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BDO Canada LLP
620, 903 8th Avenue
Calgary, Alberta
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Independent Auditor's Report

To the Board of Directors of S.R. Homeowners Association

Opinion

We have audited the financial statements of S.R. Homeowners Association (the "Association"), which comprise the statement of financial position as at December 31, 2020, and the statements of operations and net deficiency 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, 2020, and its results of operations and its 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 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 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 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:



Independent Auditor's Report

- ♦ 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.

BDO Canada LLP

Chartered Professional Accountants

Calgary, Alberta
March 25, 2021

**S.R. Homeowners Association
Statement of Financial Position**

December 31	2020	2019
Assets		
Current		
Cash	\$ 19,135	\$ 4,866
Accounts receivable (Note 2)	6,658	5,439
	<u>\$ 25,793</u>	<u>\$ 10,305</u>
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities (Note 4)	\$ 20,938	\$ 12,533
Operating loan - due to Melcor (Note 3)	46,750	46,750
	67,688	59,283
Unrestricted net deficiency	<u>(41,895)</u>	<u>(48,978)</u>
	<u>\$ 25,793</u>	<u>\$ 10,305</u>

Approved on behalf of the board:

Tommy E. O'Leary, Director

Paul G. ..., Director

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

**S.R. Homeowners Association
Statement of Operations and Net Deficiency**

For the year ended December 31	2020	2019
Membership fee revenue	\$ 110,518	\$ 77,820
Expenditures		
Administration fees (Note 4)	24,000	24,000
Advertising	361	1,654
Legal and audit fees	6,552	17,371
Merchant and bank charges	2,212	1,447
Office expenses	11,577	25,501
Repairs and maintenance	45,502	44,705
Seasonal lighting	6,989	6,985
Utilities	7,587	7,099
	104,780	128,762
Excess (deficiency) of revenue over expenditures before undernoted item	5,738	(50,942)
Other income	1,345	1,964
Excess (deficiency) of revenue over expenditures for the year	7,083	(48,978)
Net deficiency, beginning of year	(48,978)	-
Net deficiency, end of year	\$ (41,895)	\$ (48,978)

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

**S.R. Homeowners Association
Statement of Cash Flows**

For the year ended December 31	2020	2019
Cash flows from operating activities		
Excess of revenue over expenditures for the year	\$ 7,083	\$ (48,978)
Change in non-cash working capital items		
Accounts receivable	(1,219)	(5,439)
Accounts payable and accrued liabilities	8,405	12,533
	<u>14,269</u>	<u>(41,884)</u>
Cash flows from financing activity		
Advances from Melcor	-	46,750
Increase in cash during the year	14,269	4,866
Cash, beginning of year	4,866	-
Cash, end of year	\$ 19,135	\$ 4,866

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

S.R. Homeowners Association

Notes to the Financial Statements

December 31, 2020

1. Summary of significant accounting policies

Nature of operations

The S.R. Homeowners Association (the "Association") is a not-for-profit organization that owns and operates amenities for the use of its members, the residents of S.R.. The Association was incorporated as a not-for-profit organization on January 1, 2012 under the Canada Societies Act. As such, the Association is exempt from income tax under Section 149 of the Income Tax Act and, therefore, has made no provisions for income taxes in these financial statements. The community was developed by Sunset Properties Inc. (the "Developer"). The Association is managed by Melcor Developments Ltd. ("Melcor"), and is governed by a Board of Directors, constituted, appointed and elected pursuant to the By-Laws of the Association. The Association commenced operations in 2019.

Basis of accounting

These financial statements of the Association have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

Cash

Cash consists of balances held with financial institutions.

Use of estimates

The preparation of financial statements in accordance with ASNPO requires management to make estimates and assumptions that affect the reported amounts of 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 and may have an impact on future periods. Accounts specifically affected by estimates in these financial statements are accounts receivable and accounts payable and accrued liabilities.

Revenue recognition

The Association uses the deferral method of accounting for contributions. Contributions of capital assets, or funds for the purchase of capital assets, which are subject to amortization are deferred and amortized on the same basis as those capital assets. Contributions of capital assets, or funds for the purchase of capital assets, which are not subject to amortization are recorded as a direct increase to net assets.

Membership fees are recognized as revenue in the year to which they relate. Restricted contributions are recognized as revenue in the year in which related expenses are incurred. Unrestricted contributions are recognized as revenue when received if the amount can be reasonably estimated and collection is reasonably assured. Deferred revenue includes membership fees that arise from receipt of payments in advance of the period in which they will be earned.

S.R. Homeowners Association Notes to the Financial Statements

December 31, 2020

1. **Summary of significant accounting policies (continued)**

Financial instruments

All financial instruments are initially measured at fair value and subsequently measured at amortized cost, except for equities quoted on the active market which are required to be measured at fair value, and the financial instruments which are designated at fair value.

Financial assets are tested for impairment when changes in circumstances indicate that the asset could be impaired. Transaction costs on the acquisition and sale of financial instruments are expensed for those items re-measured at fair value at each balance sheet date and charged to the financial instrument for those measured at amortized cost.

2. **Accounts receivable**

Included in accounts receivable is \$2,502 (2019 - \$1,917) receivable from the government for Goods and Services Taxes.

3. **Operating loan**

A note payable due to Melcor Developments Ltd. was outstanding in the amount of \$46,750 (2019 - \$46,750). This loan is unsecured, non-interest bearing and is repayable when the Association is in the financial position to do so.

4. **Related party transactions**

The Management Agreement grants Melcor and the Developer control of the management of the Association and management of the community amenities until the Effective Date.

The Effective Date is defined as the later of (i) the date upon which the Developer have sold their last lands within the S.R. development, or (ii) the date upon which all amounts owing to the Developer have been repaid. The Developer may, at an earlier date and at their discretion, transfer portions of the amenities or certain aspects of management to the Association. After the Effective Date, the Association becomes independent from Melcor and the Developer and will no longer receive their financial support.

During the year, the following related party transactions occurred:

Administration fees of \$24,000 (2019 - \$24,000) were paid to Melcor, of which \$6,000 (2019 - \$6,000) remains in accounts payable and accrued liabilities at year end, as well as \$229 (2019 - \$33) of expense reimbursements due to Melcor.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

S.R. Homeowners Association Notes to the Financial Statements

December 31, 2020

5. Financial instruments

The Association, through its financial assets and liabilities, has exposure to the following risks from its use of financial instruments: credit risk and liquidity risk. The risks and related management strategies are discussed below:

(a) Credit risk

Credit risk arises from the potential that a counterparty will fail to perform its obligations. The Association's credit risk is primarily related to its accounts receivable and cash. The accounts receivable represents annual charges not collected from members. The risk is mitigated due to the fact that the Association takes legal action on overdue accounts and places a lien on the property of the member and will collect the annual charge upon sale of the home if the member chooses not to pay the annual charge. The Association also has a growing membership which reduces the concentration of credit risk. The credit risk on cash is limited because the counterparty is a major Canadian financial institution.

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with its financial obligations, including the risk the Association will not have sufficient funds to settle a transaction on the due date. The Association is exposed to this risk in respect of its accounts payable and accrued liabilities. This risk is mitigated by the Association having support from Melcor.

6. COVID-19 Pandemic

The outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", resulted in worldwide emergency measures which have caused disruptions to business globally resulting in an economic slowdown. The duration and impact of the COVID-19 outbreak is unknown at this time. It is not possible to reliably estimate the length or effects of these developments, including the impact on the financial results of the Association in future periods.

SUNSET RIDGE HOME OWNERS ASSOCIATION
Financial Statements
For the Year Ended December 31, 2021

SUNSET RIDGE HOME OWNERS ASSOCIATION

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For the Year Ended December 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Members of Sunset Ridge Home Owners Association

Opinion

We have audited the financial statements of Sunset Ridge Home Owners Association (the Association), which comprise the statement of financial position as at December 31, 2021, and the statements of revenues and expenditures, 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, 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 Association 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

The financial statements for the year ended December 31, 2020 were audited by another auditor who expressed an unmodified opinion on those financial statements on .

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 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.

(continues)

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 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.

Edmonton, Alberta
April 20, 2022


COLBY STECKLEY
CHARTERED PROFESSIONAL
ACCOUNTANTS


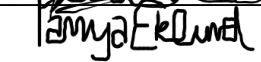
SUNSET RIDGE HOME OWNERS ASSOCIATION

Statement of Financial Position

As at December 31, 2021

	2021	2020
ASSETS		
CURRENT		
Cash	\$ 19,395	\$ 19,135
Accounts receivable	13,992	4,156
Goods and services tax recoverable	<u>3,566</u>	<u>2,502</u>
	\$ 36,953	\$ 25,793
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 17,741	\$ 20,938
Prepaid membership fees	10,731	-
Operating loan - due to Melcor (Note 4)	<u>21,000</u>	<u>46,750</u>
	49,472	67,688
NET ASSETS	<u>(12,519)</u>	<u>(41,895)</u>
	\$ 36,953	\$ 25,793

ON BEHALF OF THE BOARD


 _____ Director

 _____ Director

See notes to financial statements

SUNSET RIDGE HOME OWNERS ASSOCIATION
Statement of Revenues and Expenditures
For the Year Ended December 31, 2021

	2021	2020
REVENUE		
Convenience fees	\$ -	\$ 1,426
Membership fees	118,346	109,093
	<u>118,346</u>	<u>110,519</u>
EXPENSES		
Accounting fees	4,019	6,360
Administration/management fees	25,000	24,000
Advertising and promotion	-	361
Bank charges and merchant fees	3,257	2,213
Fence repairs	2,011	6,147
Land titles	590	1,380
Legal fees	846	192
Office supplies	7,549	10,196
Repairs and maintenance	35,800	39,355
Seasonal lighting	6,129	6,989
Utilities	5,820	7,587
	<u>91,021</u>	<u>104,780</u>
EXCESS OF REVENUE OVER EXPENSES FROM OPERATIONS	27,325	5,739
OTHER INCOME		
Interest income	2,051	1,344
EXCESS OF REVENUE OVER EXPENSES	\$ 29,376	\$ 7,083

Statement of Changes in Net Assets
For the Year Ended December 31, 2021

	2021	2020 <i>Restated</i>
NET ASSETS - BEGINNING OF YEAR	\$ (41,895)	\$ (48,978)
EXCESS OF REVENUE OVER EXPENSES	29,376	7,083
NET ASSETS - END OF YEAR	\$ (12,519)	\$ (41,895)

See notes to financial statements

SUNSET RIDGE HOME OWNERS ASSOCIATION**Statement of Cash Flows****For the Year Ended December 31, 2021**

	2021	2020
OPERATING ACTIVITIES		
Cash receipts from members	\$ 119,241	\$ 111,802
Cash paid to vendors	(94,217)	(96,375)
Interest received	2,051	1,344
Goods and services tax	(1,065)	(2,502)
	<u>26,010</u>	<u>14,269</u>
Cash flow from (used by) operating activities		
FINANCING ACTIVITY		
(Repayment) of operating loan	(25,750)	-
	<u>260</u>	<u>14,269</u>
INCREASE IN CASH FLOW		
Cash - beginning of year	19,135	4,866
CASH - END OF YEAR	<u>\$ 19,395</u>	<u>\$ 19,135</u>

See notes to financial statements

1. PURPOSE OF THE ASSOCIATION

Sunset Ridge Home Owners Association (the "Association") is a not-for-profit organization of Alberta. Management has determined that they are exempt from payment of income tax under Section 149(1) of the Income Tax Act.

The Association exists to maintain the community's features and amenities. The Association is managed by Melcor Developments Ltd. ("Melcor"), and is governed by a Board of Directors, constituted, appointed and elected pursuant to the By-Laws of the Association.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

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

Cash and cash equivalents

Cash consists of balances held in the financial institution.

Use of estimates

The preparation of financial statements in accordance with ASNPO requires management to make estimates and assumptions that affect the reported amounts of 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 and may have an impact on future periods. Accounts specifically affected by estimates in these financial statements are accounts receivable, accounts payable, and accrued liabilities.

Revenue recognition

Sunset Ridge Home Owners Association follows the deferral method of accounting for membership fees.

Unrestricted contributions and membership fees are recognized as revenue in the year they relate to. The amounts are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Convenience fees are recognized when they are earned which is at the time of payment of membership fees.

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 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. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

(continues)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Financial assets are tested for impairment when changes in circumstances indicate that the asset could be impaired.

When financial instruments that include both a debt and an equity component are issued, the proceeds are allocated firstly to the component for which the fair value is more readily determinable, and the residual is allocated to the other component.

3. FINANCIAL INSTRUMENTS

The Association 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 Association's risk exposure and concentration as of December 31, 2021.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Association is exposed to credit risk from customers. In order to reduce its credit risk, the Association has implemented a firm collections policy and contracts an arm's length third-party to collect on overdue accounts. Additionally, the Association places a lien on the property that is overdue to ensure collection upon sale of the home. The Association also has a growing membership which reduces the concentration of credit risk.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Association is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, callable debt in the form of notes payable, accounts payable, and accrued liabilities

Unless otherwise noted, it is management's opinion that the Association is not exposed to significant other price risks arising from these financial instruments.

4. RELATED PARTY NOTE PAYABLE

Under their former management agreement, Melcor Developments Ltd. provides funding to Sunset Ridge Homeowners Association in order to ensure they cover the budgeted expenses. This funding comes in the form of a loan that is repayable on demand and bears interest from time to time at the annual rate equal to Prime plus three percent, using the Prime Rate as charged by the Toronto-Dominion Bank. All interest was waived in the prior year and current year

	2021	2020
<u>Note Payable</u>		
Operating Loan	\$ 21,000	\$ 46,750

5. SUBSEQUENT EVENTS

The COVID-19 Pandemic in March 2020 has affected businesses, governments, and populations around the world. It is uncertain if it might affect the future membership fees and the overall operations of the Association until the Pandemic ends.

On January 25, 2022 the Associations funds were transferred from the ATB Community Spirit account to an account at National Bank of Canada overseen by the organization's management company at the direction of the Board.

6. COMPARATIVE FIGURES

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



SUNSET RIDGE HOMEOWNERS ASSOCIATION BOARD OF DIRECTORS ELECTION 2022

WHAT IS THE ROLE OF THE BOARD?

The Board is comprised of three (3) Melcor Directors that retain the Officer positions (President, Treasurer, Secretary), and up to four (4) Resident Directors. The Board resolves to uphold SRHOA's assets to a high standard for the long term use of SRHOA's member residents. Melcor is dedicated to providing expertise and support in mentoring the Board. Resident Directors obtain the knowledge and direction to be prepared for the responsibility of overseeing operations of the SRHOA On turnover.

WHAT IS THE ROLE OF A RESIDENT DIRECTOR?

The Resident Directors are the eyes and ears of the community. A Resident Director plays an important role by being kept up-to-date with what's going on in their community, and by gathering feedback from neighbours and SRHOA members regarding HOA issues. Resident Directors are required to attend Board Meetings, but do not have authority, responsibility, or liability for the development, operation, or management of the SRHOA assets, therefore, are not privy to detailed financial information, or managing the day-to-day business operations. Resident Directors, however, are instrumental in streamlining the company's Policies & Procedures, Rules & Regulations, governance and visioning, etc. Melcor, as Manager of SRHOA, retains the authority, responsibility, and holds all the liability to ensure that the SRHOA is developed as designed, and managed properly.

2022 NAME OF NOMINEES & SHORT BIO'S

1. Dave Mans

I have lived in Sunset for six years with my wife and three children. I am passionate about the outdoors and enjoy spending time outside in our wonderful community. I want Sunset to be a place that everyone in our community can enjoy. I am a professional geologist and have been working for the same oil and gas company in downtown Calgary for the past 12 years. I am responsible for managing the subsurface team for the Western Canada assets. This role includes financial and personnel decision along with the strategic vision of the team.

2. Samantha Nickerson

Samantha Nickerson is the Founder of UrbanCasual.ca, a Cochrane, Alberta community news and events website and digital marketing agency. She is a community inspired individual who is always looking for better ways to serve and connect the community, whether it be through the sharing of stories, volunteering or through organizing local events. Currently, Samantha is the Vice-Chair of the Cochrane Society for Housing Options (affordable housing in Cochrane) and is active within the Sunset Ridge neighbourhood as the President of the Sunset Ridge Residents Association.

3. Matthew Wiles

The last year has certainly been an adventure; dealing with so many challenges that have affected us both personally and professionally has been tiresome at times, as I'm sure it has been for so many of those reading this. But, welcoming a new son into the world during this time and getting to spend so much time with him has been the silver lining. And, to double down on the positivity, having such a great community to enjoy, and meeting so many of the residents out on walks has been a real pleasure. As a Chartered Accountant for 10 years, serving

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on the Board of the Sunset Ridge Home Owners Association has been a great learning curve. To name a few things: understanding the finances of the HOA, understanding the divisions between phases 1, 2 and 3; understanding the responsibilities between the Town of Cochrane and the HOA; understanding the role the developer plays in the HOA and understanding the varied views of our residents. As a whole, it has been fascinating. I would like nothing more than to take this experience and keep building on it by continuing to serve you for another year on the HOA board.

4. Wayne Hill

May marks the first complete year that my wife and I have lived in Sunset Ridge having moved into our new home on May 28, 2021. We are newly retired and have had an opportunity to use existing Sunset Ridge amenities and are eagerly anticipating the completion of many more planned features. As someone who has been on many community boards as well as having served as the President of a condominium association, I am more than familiar with the challenges of administering a not-for-profit community organization. I am an alumni volunteer instructor with Alberta Community Development's, Volunteer Instructor program where I facilitated board development training to not-for-profit boards throughout Alberta. I know how important it is for families, especially those with young children, to live in a safe community which provides for adequate recreation. Now as a new "senior" (to me, age is merely a number) I have new respect for ensuring those amenities are also provided for our older residents.

In my profession life, I retired from police work at the ripe old age of 44 years, with 25 years service. I recently retired from Government of Alberta, where I was a Senior Advisor in the government's information and privacy sector within Service Alberta. I hold a baccalaureate degree in criminal justice (with distinction) as well as several 1 year university certificate's.

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**S.R. HOMEOWNERS ASSOCIATION
2022 ANNUAL GENERAL MEETING OF MEMBERS
On Tuesday May 10, 2022 at 6:30 PM**

This form should be signed by the Member or his attorney, authorized in writing, and if the Member is a corporation, this form of proxy should be signed by a duly authorized officer under corporate seal.

RETURN PROXIES NO LATER THAN AT CLOSE OF BUSINESS (4:00 P.M.) ON MONDAY MAY 9, 2022

INSTRUCTIONS FOR PROXY FORMS

Appointment and Revocation of Proxies

The completed proxy should be submitted to the address indicated below in time to reach such address not less than twenty-four (24) hours (excluding Saturdays, Sundays and Holidays) before the time of the Meeting:

**Mail to: Core Real Estate Group
Suite 1250, 5555 – Calgary Trail, Edmonton, AB T6H 5P9
Attention: Sunset Ridge Homeowners Association**

or e-mail this completed form to info@coremanagement.ca

**All proxies must be in writing, signed by the Member and returned no later than at close of business
Monday, May 9, 2022.**

A Member who has given a proxy may revoke it any time before it is exercised. A proxy may be revoked by instrument in writing or, if the Member is a corporation, by an officer or attorney thereof duly authorized, and delivered as indicated above, at any time up to and including the last business day preceding the Meeting or any adjournment thereof, or with the Chairman of the Meeting on the day of the Meeting or any adjournment thereof, or in any other manner permitted by law.

Voting and Exercise of Discretion by Proxies

The persons named in the form of proxy will vote the Membership in respect of which they are appointed in accordance with the instructions indicated therein.

Meeting Information & Materials can be viewed online at www.sunset-ridgehoa.com and Members with questions about access can contact Core Real Estate Group at info@coremanagement.ca

Members interested in standing for election at the meeting are invited to contact Core Real Estate Group in advance of the meeting at info@coremanagement.ca

TO ALL MEMBERS:

PLEASE COMPLETE THE ACCOMPANYING PROXY FORM AND RETURN AS INDICATED IN THE INSTRUCTIONS

PLEASE VOTE IN ADVANCE – THERE WILL BE NO VOTE AT THE AGM



**S.R. HOMEOWNERS ASSOCIATION
2022 ANNUAL GENERAL MEETING OF MEMBERS
On Tuesday May 10, 2022 at 6:30 PM**

PROXY SOLICITED BY MANAGEMENT

The undersigned Member of the S.R. HOMEOWNERS ASSOCIATION (the "Society") hereby appoints **Alan Boucher** as proxy to attend and vote on behalf of the undersigned at the Annual General Meeting of Members and at any adjournment thereof and my proxy is instructed to vote:

1) **FOR** _____ **OR AGAINST** _____ (and if no specification is made, FOR)

The setting of the total number of Directors for the Company until the next Annual General Meeting at seven (7) composed of four (4) Resident Directors to be elected at this Meeting and three (3) Melcor appointees.

2) **FOR** _____ **OR AGAINST** _____ the election of the following resident(s) as Directors, for a one-year term, in accordance with their nomination: **Please mark a maximum of four (4) candidates.**

NAME OF NOMINEES	FOR	AGAINST
Dave Mans		
Samantha Nickerson		
Matthew Wiles		
Wayne Hill		

3) **FOR** _____ **OR AGAINST** _____ (and if no specification is made, FOR)

That Colby Steckly be appointed as Auditor of the Company for the 2022 fiscal year.

4) And in his/her discretion with respect to any amendments, variations or additions with respect to any of the matters noted above or with respect to any other matter which may properly be brought before the Meeting or any adjournment thereof.

DATED this _____ day of _____, 2022.

Member's Name (Please Print)

Member Signature

Member Address (*required)