TUSCANY RESIDENTS ASSOCIATION

Financial Statements

Year Ended March 31, 2026

TUSCANY RESIDENTS ASSOCIATION
Index to Financial Statements
Year Ended March 31, 2026

C & E LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Derek M. Cremers Professional Corporation
J. Scott Chomistek Professional Corporation
Hans Peter Cremers Professional Corporation

INDEPENDENT AUDITOR'S REPORT

To the Owners of Tuscany Residents Association

Opinion

We have audited the financial statements of Tuscany Residents Association (the Association), which comprise the statement of financial position as at March 31, 2026, and the statements of revenues and expenses and 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 March 31, 2026, 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

We were engaged to conduct an audit, in accordance with Canadian generally accepted auditing standards, on the financial statements prepared by the Association’s management in accordance with Canadian accounting standards for not-for-profit organizations. We were not engaged to, nor do we, provide any assurance as to whether the Association is in compliance with all aspects of The Companies Act and we were not engaged to, nor do we, provide any assurance as to the adequacy of the reserve fund to cover future major expenditures and replacements.

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.

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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.

Calgary, Alberta
August 4, 2026

C&E LLP Chartered Professional Accountants

TUSCANY RESIDENTS ASSOCIATION

Statement of Financial Position

March 31, 2026

	Operating Fund 2026	Capital Replacement Reserve Fund 2026	Capital Asset Fund 2026	**Total 2026**	Total 2025
ASSETS					
CURRENT					
Cash and cash equivalents	$ 121,545	$ 726,171	$ -	**$ 847,716**	$ 74,944
Short term investments *(Note 3)*	-	249,729	-	**249,729**	386,678
Accounts receivable	62,633	-	-	**62,633**	241,249
Goods and services tax recoverable	8,254	-	-	**8,254**	5,170
Prepaid expenses and deposits	59,924	-	-	**59,924**	47,207
	252,356	975,900	-	**1,228,256**	755,248
CAPITAL ASSETS *(Note 5)*	-	-	5,649,054	**5,649,054**	5,668,923
LONG TERM INVESTMENTS *(Note 3)*	-	769,410	-	**769,410**	1,047,918
TOTAL ASSETS	$ 252,356	$ 1,745,310	$ 5,649,054	**$ 7,646,720**	$ 7,472,089
LIABILITIES					
CURRENT					
Accounts payable	$ 88,107	$ -	$ -	**$ 88,107**	$ 45,983
Prepaid membership fees	5,159	-	-	**5,159**	3,462
Deferred revenue	152,181	-	-	**152,181**	128,966
	245,447	-	-	**245,447**	178,411
DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS *(Note 7)*	-	-	458,364	**458,364**	495,768
TOTAL LIABILITIES	245,447	-	458,364	**703,811**	674,179
NET ASSETS *(Note 4)*	6,909	1,745,310	5,190,690	**6,942,909**	6,797,910
TOTAL LIABILITIES AND NET ASSETS	$ 252,356	$ 1,745,310	$ 5,649,054	**$ 7,646,720**	$ 7,472,089

ON BEHALF OF THE BOARD

D Schneider ______________ *Director*

______________ *Director*

See notes to financial statements

TUSCANY RESIDENTS ASSOCIATION
Statement of Revenues and Expenses and Changes in Net Assets
Year Ended March 31, 2026

	Operating Budget 2026	Operating Fund 2026	Capital Replacement Reserve Fund 2026	Capital Asset Fund 2026	Total 2026	Total 2025
REVENUES						
Membership fees	$ 1,634,508	$ 1,686,771	$ -	$ -	$ 1,686,771	$ 1,635,310
Programming	694,000	665,694	-	-	665,694	689,249
Interest and other income	95,500	134,994	-	-	134,994	101,388
Maintenance contracts	134,180	134,180	-	-	134,180	116,455
Facility rentals	41,200	28,330	-	-	28,330	34,436
Initiation fees	1,900	2,850	-	-	2,850	950
Amortization of deferred contributions	-	-	-	37,404	37,404	49,034
Transfers	(300,000)	(509,262)	307,807	201,455	-	-
	2,301,288	2,143,557	307,807	238,859	2,690,223	2,626,822
EXPENSES *(Schedule 1)*	2,601,288	2,361,875	-	221,325	2,583,200	2,409,325
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FROM OPERATIONS	(300,000)	(218,318)	307,807	17,534	107,023	217,497
OTHER INCOME						
Gain (loss) on disposal of capital assets	-	19,584	-	-	19,584	(3,360)
Gain on disposal of investments	-	18,392	-	-	18,392	69,367
	-	37,976	-	-	37,976	66,007
NET (DEFICIENCY) EXCESS OF REVENUE OVER EXPENSES	(300,000)	(180,342)	307,807	17,534	144,999	283,504
NET ASSETS - BEGINNING OF YEAR	-	187,251	1,437,503	5,173,156	6,797,910	6,514,406
NET ASSETS - END OF YEAR	$ (300,000)	$ 6,909	$ 1,745,310	$ 5,190,690	$ 6,942,909	$ 6,797,910

TUSCANY RESIDENTS ASSOCIATION
Statement of Cash Flows
Year Ended March 31, 2026

	2026	2025
FUND ACTIVITIES		
Excess of revenues over expenses	**$ 144,999**	$ 283,504
Items not affecting cash:		
Amortization of capital assets	**221,325**	206,509
Loss (gain) on disposal of capital assets	**(19,584)**	3,360
	346,740	493,373
Changes in non-cash working capital:		
Accounts receivable	**178,612**	(192,443)
Goods and services tax recoverable	**(3,084)**	1,611
Prepaid expenses	**(12,718)**	4,196
Accounts payable	**42,124**	(14,763)
Deferred revenue	**23,215**	(32,515)
Deferred contributions	**(37,404)**	(49,034)
Prepaid membership fees	**1,697**	1,326
	192,442	(281,622)
Cash flow from fund activities	**539,182**	211,751
INVESTING ACTIVITIES		
Purchase of capital assets	**(224,207)**	(334,121)
Proceeds on disposal of capital assets	**42,339**	34,250
Long term investment activity	**278,508**	95,575
Short term investment activity	**136,950**	(71,885)
Cash flow from (used by) investing activities	**233,590**	(276,181)
INCREASE IN CASH FLOW	**772,772**	(64,430)
Cash and cash equivalents- beginning of year	**74,944**	139,374
CASH AND CASH EQUIVALENTS - END OF YEAR	**$ 847,716**	$ 74,944

1. BASIS OF PRESENTATION

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Tuscany Residents Association (the "Association") is a non-profit organization and the common area assets of the association are owned proportionately by the owners of the units and as such are not reflected as assets in these financial statements. The purpose of the Association is to manage the common area assets and to maintain and provide services with respect to the day to day operations of the Association.

The financial statements include only assets, liabilities, revenues and expenditures relating to the operations of the Tuscany Residents Association. The statements do not include the cost of land or buildings and the outstanding principal balances owing on mortgages, which are the responsibility of the owners.

The Association is incorporated under the Companies Act of Alberta, R.S.A 1980 . As such, the Association is exempt from income tax under the Income Tax Act. The Association owns and operates amenities for the use of its members, the residents of Tuscany.

Measurement Uncertainty

When preparing financial statements according to Canadian accounting standards for not-for-profit organizations, management makes estimates and assumptions relating to:

- reported amounts of revenues and expenditures
- reported amounts of assets and liabilities
- disclosure of contingent assets and liabilities.

Estimates are based on a number of factors including historical experience, current events and actions that the Association may undertake in the future, and other assumptions that management believes are reasonable under the circumstances. By their nature, these estimates are subject to measurement uncertainty and actual results could differ. In particular, estimates are used in accounting for certain items such as revenues, allowance for doubtful accounts and useful lives of capital assets.

Cash and cash equivalents

Cash and cash equivalents includes cash and short-term investments with maturities of three months or less from their date of acquisition, which are readily convertible into a known amount of cash, and are subject to an insignificant risk for changes in their fair value.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Fund Accounting

The Association follows the restricted method of accounting for contributions.

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

The Capital Replacement Reserve Fund reports the fee assessments from unit owners that are to be set aside and used for future costs or major repairs or replacements.

Revenue Recognition

The Tuscany Residents Association uses the deferral method of accounting for contributions. Contributions of capital assets or 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 for the purchase of assets which are not subject to amortization are recorded as a direct increase to net assets.

Membership, program, rental, special event and maintenance fees are recognized as revenue in the year to which they relate. Interest and investment income is also recognized in the year to which it relates. Restricted contributions are recognized as revenue in the year in which related expenses are incurred. Unrestricted contributions, such as grants and donations not designated for a specific purpose, are recognized as revenue when received, or if the amount can be reasonable estimated and collection is reasonably assured.

Government assistance is recognized on a monthly basis when it is earned, when the amount is estimable and collection is reasonably assured.

Contributed Services and Materials

The Association recognizes contributions of materials and services when their fair value can be reasonably estimated, the materials and services are used in the normal course of operations, and they would otherwise have been purchased.

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

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued, with the exception of any related party transactions that are measured at the carrying amount or exchange amount, as appropriate. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income of the appropriate fund. All other financial instruments are reported as amortized cost, and tested for impairment at each reporting date. Transaction costs are recognized as an expense in the period incurred for all financial instruments subsequently measured at fair value. Financial instruments that are subsequently measured at amortized cost are adjusted by the transaction costs and financing fees that are directly attributed to their organization, issuance or assumption.

All financial assets and financial liabilities are measured at amortized cost, unless noted.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Use of Estimates

The preparation of the financial statements of the Association are in conformity with generally accepted accounting principles that requires management to make estimates and assumptions that affect the reported amounts of the financial statements. The most significant of these estimates are related to amortization and the estimated useful life of the capital assets and accrued liabilities. Actual results could differ from these estimates.

Financial instruments

The Association's financial instruments consist of cash and cash equivalents, accounts receivable, short term investments, long term investments, and accounts payable and accrued liabilities. All financial instruments are initially measured at fair value and subsequently measured at amortized cost, except for equities quoted on an active market which are required to be measured at fair value, and 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.

Capital Replacement Reserve Fund

The Capital Replacement Reserve Fund is a fund required under the By-laws of the Residents Association to be established and maintained for the repair or replacement of any real and personal property owned by the Residents Association and the common property where such repair or replacement does not occur annually. When expenditures of a capital nature or for a major repair are incurred, they are charged against the reserve. The amount to be allocated to the Reserve Fund from operations is determined by the Board of Directors of the Residents Association.

Impairment of long lived assets

Tangible capital assets are tested annually for impairment where impairment indicators are present. This would occur if an item no longer contributes to the Association's ability to provide services. Any excess of the item's carrying value, with no long-term service potential over its residual value is recognized as an expense of the period.

Budget

The budget figures that appear on the statement of revenues and expenses are those approved by the Board of Directors and are presented for comparison purposes only. They have not been audited or reviewed but they have been reclassified to conform to the presentation in these financial statements.

Capital Assets

Capital assets are stated at cost less accumulated amortization. Capital assets are amortized over their estimated useful lives at the following rates and methods:

Club House	40 years	straight-line method
Park Amenities	25 years	straight-line method
Entry Amenities	50 years	straight-line method
Vehicles	15 years	straight-line method
Furniture and Equipment	5 years	straight-line method

3. INVESTMENTS HELD, AT FAIR VALUE

The Association holds various investments managed by CIBC Wood Gundy. The investments include debentures and equities. The debentures are callable by the holder without penalty, bear interest ranging from 1.928% to 5.679% (2025 - 1.928% to 5.679%) with maturity dates between January 7, 2027, and August 2, 2033, (2025 - June 7, 2027 and August 2, 2033). These investments have been classified as short term or long term investments based on their maturity dates. As the equities have no fixed term they have been classified as short term.

	2026	2025
Short term investments		
Equities	**$ 155,581**	$ 197,824
High interest savings account	**94,148**	188,854
	$ 249,729	$ 386,678
Long term investments		
Fixed income	**$ 769,410**	$ 1,047,918

4. ADEQUACY OF THE CAPITAL REPLACEMENT RESERVE FUND

An independent reserve fund study was conducted in 2021. The Board of Directors has moved to accept the reserve fund study report and increase contributions to $300,000 per annum. Any repairs or capital replacement incurred in the period that are outlays's associated with those outlined within the Study will be deducted from the reserve fund.

The full study is available to the reader and should be examined to fully comprehend the purpose, the assumptions and the conclusions of the study.

5. CAPITAL ASSETS

	Cost	Accumulated amortization	**2026 Net book value**	2025 Net book value
Land	$ 1,877,006	$ -	**$ 1,877,006**	$ 1,877,006
Club House	3,472,383	1,660,450	**1,811,933**	1,815,463
Park Amenities	2,887,102	1,558,870	**1,328,232**	1,401,638
Entry Amenities	546,424	323,130	**223,294**	234,222
Equipment	288,334	209,287	**79,047**	89,280
Vehicles	423,366	93,824	**329,542**	251,314
	$ 9,494,615	$ 3,845,561	**$ 5,649,054**	$ 5,668,923

Land is not subject to amortization.

6. 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 March 31, 2026.

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 accounts payable and prepaid homeowners fees. The Association manages liquidity risk by preparing an annual budget in consideration of the results of its reserve fund study, and may increase association fees and assess special levies to ensure it has sufficient funds.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: currency rate risk, interest rate risk. The Association is mainly exposed to interest rate risk.

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 Association manages exposure through its normal operating and financing activities. The Association is exposed to interest rate risk primarily through its Reserve fund investments.

Risk management

The Association manages its credit, liquidity and cash flow risk by restricting investments to a diverse range of government and corporate fixed income securities, and corporate shares. As it is the Association's expectation to hold it's investments to maturity, it's cash flows are exposed to minimal interest rate and liquidity risk. The Association has the power to place caveats on titles which significantly mitigates credit risk.

7. DEFERRED CONTRIBUTIONS

Deferred contributions relate to capital assets contributed to the Association by Brookfield Residential (formerly Carma Developers), the original developer of Tuscany and a government grant received for the construction of a tennis court as well as concrete around the facility.

Contributions from Brookfield Residential amount to $1,698,856 (2025 - $1,698,856) less accumulated amortization of $1,414,397 (2025 - $1,399,905). The land contributed by Brookfield Residential in 2005 is not subject to amortization and therefore was recorded as a direct increase to net assets. Contributions related to the government grants amount to $383,715 (2025 - $383,715) less accumulated amortization of $209,810 (2025 - $186,898).

8. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation. The changes do not affect prior year excess (deficiency) of revenues over expenditures.

TUSCANY RESIDENTS ASSOCIATION

Expenses*(Schedule 1)*

Year Ended March 31, 2026

	Operating Budget 2026	Operating Fund 2026	Capital Replacement Reserve Fund 2026	Capital Asset Fund 2026	Total 2026	Total 2025
EXPENSES						
Salaries and wages	$ 1,322,318	$ 1,323,237	$ -	$ -	$ 1,323,237	$ 1,327,259
Maintenance contracts	285,500	245,484	-	-	245,484	192,589
Facility operations and maintenance	224,870	236,294	-	-	236,294	208,365
Programming expenses	205,500	192,151	-	-	192,151	191,137
Amenity maintenance	180,500	192,015	-	-	192,015	134,659
Administration	182,600	172,694	-	-	172,694	148,807
Amortization	200,000	-	-	221,325	221,325	206,509
	$ 2,601,288	$ 2,361,875	$ -	$ 221,325	$ 2,583,200	$ 2,409,325