



October 29, 2020

Members of the Owners Association of Harmony  
Harmony, Rocky View County, Alberta

Dear Members of Owners Association of Harmony,

**RE: Notice of Annual General Meeting – 7:00PM, Tuesday, November 24, 2020**

The Owners Association of Harmony (OAH) is a non-profit organization under the Canada Not-for-Profit Corporations Act. Upon obtaining title to your home (subject to the bylaws regarding co-ownership) you automatically became a member of the Owners Association of Harmony (OAH). The OAH was established to own and operate recreational facilities in Harmony, to protect the value of the community's amenities, to ensure a high level of maintenance of these amenities in future years, and to provide community events for the residents to enjoy.

Enclosed please find the Notice of the Annual General Meeting (AGM) for the Owners Association of Harmony, an Information Circular, Agenda, a Proxy Form, Voter Designation Form and Draft Minutes from last year's AGM. You may also view this information on the OAH member's portal website at <http://liveinharmony.ca/connect/owners-association/>.

This Annual General Meeting is open to all Members of the OAH. Members whose accounts with the OAH are not in good standing are not eligible to attend or vote at the AGM. The AGM is being held at 7:00PM on **Tuesday, November 24, 2020 at the Launch Pad in Harmony** located at **34122 East Harmony Trail, Rocky View, Alberta**. Registration begins at 6:30PM; doors close at 7:15PM sharp! If you are unable to attend but are eligible and desire to vote, please date, sign and return the enclosed Proxy in accordance with the Proxy instructions. There will be a **limit of 50 persons** (including Board members) due to current COVID-19 restrictions imposed by Alberta Health Services (AHS) and we request that only one person per household attend the meeting to allow for a greater representation of the membership.

The OAH requires a Voter Designation Form for all properties which are owned by more than one person if the designated member desires to vote at the AGM. We ask that you fill out and return the Voter Designation Form no later than **Tuesday, November 17, 2020** if one has not already been provided or if you wish to change a previously provided Voter Designation Form. Forms may be scanned and emailed to [admin@harmonyowners.com](mailto:admin@harmonyowners.com). Due to the pandemic, OAH is taking the following precautions for the AGM to ensure that all requirements mandated by AHS are being met. The following safety measures will be in effect for this meeting:

1. We are strongly encouraging voting by proxy this year to help limit the number of persons physically present at the AGM.
2. The AGM will take place in the main lounge area, with chairs spaced appropriately apart to allow for requisite social distancing.
3. Only one person per household can attend the meeting to restrict the number of residents in the hall.
4. All attendees are required to sanitize before entering the building, and are required to wear a face mask in the building.
5. Seating will be physically spaced out to two meters apart and capacity will be limited to 50 members (including Board members), or possibly less if AHS requires less for gatherings in the coming weeks.



6. No socializing or congregating indoors will be permitted before the meeting; patrons will be asked to exit the building immediately after the meeting ends. There will be no refreshments or coffee available at the meeting.

All meeting attendees will need to fill out a Covid-19 screening form and have their temperatures taken before being allowed to enter the building.

In the event that more than 50 people arrive at the AGM, we will regrettably have to turn away people after we reach the 50 person maximum.

If you have any questions about the enclosed, please contact Ms. Nancy Farah at [nancy.farah@harmonyowners.com](mailto:nancy.farah@harmonyowners.com), or the OAH Admin Assistant – Owners Association of Harmony, via email at [admin@harmonyowners.com](mailto:admin@harmonyowners.com).

On behalf of your Board of Directors, we look forward to your participation.

Yours Truly,

**BOARD OF THE OWNERS ASSOCIATION OF HARMONY:**

**Chair and President – CLAUDIO PALUMBO**

**Vice President – THILO KAUFMANN**

**Executive Director – BIROL FISEKCI**

**Treasurer – BRIAN BROWN**

**CARY KIENITZ**

**KATHERINE MILANI**

**LOUISE CHALLES (resigned)**

**ELISE HARLICK (resigned)**

**RYAN MCKENZIE**

**WILLIAM GLOVER**

**JESSICA EREN**

**TO ALL MEMBERS IN GOOD STANDING: IF YOU ARE NOT ABLE TO BE PRESENT AT THE AGM AND ARE A MEMBER IN GOOD STANDING, PLEASE DATE, SIGN AND RETURN THE ACCOMPANYING PROXY FORM.**



**OWNERS ASSOCIATION OF HARMONY**  
**NOTICE OF ANNUAL GENERAL MEETING OF MEMBERS**  
**Tuesday, November 24, 2020**

TAKE NOTICE, that the Annual General Meeting of Members of the **OWNERS ASSOCIATION OF HARMONY** (the "Corporation") will be held at the **Launch Pad in Harmony** located at **34122 East Harmony Trail, Rocky View, Alberta** on **Tuesday, November 24, 2020 at 7:00 PM**. (Mountain Standard Time). **Doors open at 6:30 PM; doors close at 7:15 PM Sharp**; for the following purposes:

1. To approve the minutes from the AGM held on November 19, 2019.
2. To receive the Report from the Board of Directors for the OAH.
3. To receive the Financial Statements and Reports of the OAH for the fiscal year ending June 30, 2020.
4. To set the number of members for the Board until the next AGM and to elect Directors.
5. To appoint the Auditor for the OAH.
6. To transact such other business as may properly come before the Meeting or any adjournment thereof.

The Audited Financial Statements for the year ending 2019 and the independent Auditor's Report, Report of the Board of Directors, Draft Minutes of the AGM held on November 19, 2019 are all available on the member's portal of the OAH website at: <http://liveinharmony.ca/connect/owners-association/>

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

Dated at Calgary, Alberta, this 29<sup>th</sup> day of October 2020.

BY ORDER OF THE BOARD OF DIRECTORS

BRIAN BROWN - Treasurer



INFORMATION CIRCULAR  
GENERAL INFORMATION AND PROXY STATEMENTS

**SOLICITATION OF PROXIES**

This information circular is furnished in connection with the solicitation of proxies by management of the OWNERS ASSOCIATION OF HARMONY (the "OAH") for use at the Annual General Meeting (the "Meeting") of Members in Good Standing of the OAH to be held at **the Launch Pad, 34122 East Harmony Trail, Rocky View, Alberta, on Tuesday, November 24, 2020 at 7:00 PM** (Mountain Standard Time). All expenses incurred in connection with the solicitation of proxies will be borne by the OAH. Solicitation will be made primarily by mail, but proxies may also be solicited by directors, officers and employees of the OAH.

**APPOINTMENT AND REVOCATION OF PROXIES**

Each Member in Good Standing entitled to vote at the Meeting may, by means of a form of proxy in writing executed by the Member in Good Standing, appoint a proxy to attend and vote on his/her behalf at the Meeting. In order to be acted upon at the Meeting, a form of proxy must be returned as indicated in the INSTRUCTIONS FOR PROXY FORMS included in this package. A Member in Good Standing may revoke a form of proxy previously and appoint a substitute proxy by returning another 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 in Good Standing's instructions contained therein, if any. The form of Proxy also confers authority on the person 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 IN GOOD STANDING**

***Only Members in Good Standing of record at the close of business on November 23, 2020, are entitled to vote at the Meeting, each Regular Member in Good Standing being entitled to one (1) vote per household.***

Where there are multiple individuals who own a property, the Bylaws of the OAH provide that there may only be one Member for each property. In absence of a designation signed by all owners confirming the name of the Member for that property, the first person named as owner in the Certificate of Title for that property shall be the Member.

**ELECTION OF DIRECTORS**

According to the Articles of the OAH, the total number of Directors shall be no less than six (6) and no more than twelve (12). At the Meeting, it is proposed that the total number of Directors for the OAH be established as nine (9) until the next Annual General Meeting.

The following nominees of the Subscribers have consented to let their name stand for re-election:

**Thilo Kaufmann (2) year term**  
**Ryan McKenzie (2) year term**



**Katherine Milani (2) year term**

together with the following additional nominee who are residents and have consented to let their names stand for re-election:

**William Glover (2) year term**

**APPOINTMENT OF AUDITORS**

Management proposes that **BDO Canada LLP/BDO Canada Ltd.** be appointed as Auditor of the Company for the year ending June 30<sup>th</sup>, 2021 and that the Directors be authorized to fix the remuneration of the Auditor.

**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

BRIAN BROWN - Treasurer

The management of the OAH knows of no amendment, variation or other matters to come before the Meeting 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 judgment of the person voting such proxy.

DATED this 29th day of October 2020.

BY THE ORDER OF THE BOARD OF DIRECTORS

BRIAN BROWN – Treasurer



## INSTRUCTIONS FOR PROXY FORMS

### Appointment and Revocation of Proxies

A Member desiring to appoint a person (who, if a Member, must also be a qualified Member in Good Standing) to represent him/her at the Meeting may do so by inserting such person's name in the blank space provided. The completed proxy should be forwarded to:

**Owners Association of Harmony  
100, 5709 2 Street SE  
Calgary, Alberta T2H 2W4  
Or by facsimile to 403-255-5374 or email at: [admin@harmonyowners.com](mailto:admin@harmonyowners.com)  
Attention: OAH**

**All proxies must be in writing, signed by the Member and received at the OAH Office no later than 3:00 PM on Tuesday, November 17, 2020.**

A Member who has given a proxy may revoke it at any time before it is exercised. A proxy may be removed 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.

### Voting and Exercise of Discretion by Proxies

The person named in the form of proxy will vote the Membership in respect of which (s)he is appointed in accordance with the instructions therein, if any.

DATED this 29th day of October 2020.

BY THE ORDER OF THE BOARD OF DIRECTORS

BRIAN BROWN – Treasurer



**OAH ANNUAL GENERAL MEETING 2020**

**PROXY APPOINTMENT**

The bylaws of the Owners Association of Harmony (OAH) require that one or more members be in attendance who are entitled to cast ten percent (10%) or more of the votes at the meeting. If you are unable to attend the meeting noted below, please complete the form below to appoint someone to vote on your behalf. The person you appoint could be a trusted neighbor who is a Member in Good Standing and will be attending the meeting, or the Vice President of the Board, Thilo Kaufmann.

I/We, hereby make, constitute and appoint Thilo Kaufmann or failing him/her, \_\_\_\_\_ as my/our attorney to represent me/us with the full authority to act as my/our proxy at the Annual General Meeting to be held on Tuesday, November 24, 2020 at 7:00 PM.

The completed proxy should be forwarded NO LATER THAN 3:00 p.m. on November 17, 2020 to:

**Owners Association of Harmony  
100, 5709 2 Street SE  
Calgary, Alberta T2H 2W4  
Or by facsimile to 403-255-5374 or email at: [admin@harmonyowners.com](mailto:admin@harmonyowners.com)  
Attention: OAH**

Questions may be directed to Ms. Nancy Farah at [nancy.farah@harmonyowners.com](mailto:nancy.farah@harmonyowners.com) or to [admin@harmonyowners.com](mailto:admin@harmonyowners.com).

Limitations imposed on proxy holder if any: \_\_\_\_\_

Dated this \_\_\_\_ day of \_\_\_\_\_, 2020.

Address: \_\_\_\_\_

\_\_\_\_\_  
Owner's Name 1: (Printed)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Owner's Name 2: (Printed)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Owner's Name 3: (Printed)

\_\_\_\_\_  
Signature

*Please list additional Owners on Title and obtain signatures as required.*



**NOTICE OF DESIGNATION**

**RE: REGULAR MEMBER**

**TO: OWNERS ASSOCIATION OF HARMONY**

Pursuant to Bylaw 3.2 1. (i) of the Owners Association of Harmony, we

\_\_\_\_\_

*(All Titled Owners' Names)*

being all of the registered owners of the following property:

\_\_\_\_\_

*(Address)*

hereby designate the following registered owner: \_\_\_\_\_

*(insert only one person's name)*

to be the Regular Member until this notice is revoked or amended by subsequent written notice given by all of the registered owners of the said property.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

**TO BE SIGNED BY ALL REGISTERED OWNERS OF THE SAID PROPERTY:**

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_





**Notice**

of

**OWNERS ASSOCIATION OF HARMONY**

**ANNUAL GENERAL MEETING 2020**

**Tuesday, November 24, 7:00pm**

**Mickelson National's Launch Pad**

**34122 East Harmony Trail**

**Rocky View, Alberta**

**AGENDA**

<b>Agenda Item</b>	<b>Action</b>	<b>Lead</b>	<b>Time</b>
<b>1. Call to Order and Instructions</b>	-	Chair	5 mins
<b>2. Appointment of Recording Secretary and Scrutineer</b>	-	Chair	5 mins
<b>3. Notice for Meeting and Meeting Quorum</b>			-
<b>4. Adoption of Agenda</b>	Approval	Chair	-
<b>5. Approval of Minutes from last AGM</b>	Approval	Chair	
<b>6. Order of Business</b>			
i. Number of directors		Chair	-
ii. Election of Board of Directors	Approval	Chair	5 mins
iii. 2019 Fiscal Year Report of the Corporation	Approval	Treasurer	10 mins
iv. Treasurer's Report	Approval	Treasurer	10 mins
v. Appointment of Auditor		Chair	5 mins
<b>7. Other Business</b>	-	Chair	-
<b>8. Adjournment</b>	-	Chair	-





**OWNERS ASSOCIATION OF HARMONY  
Annual General Meeting  
Meeting Minutes  
Tuesday, November 19, 2019**

**BOARD MEMBERS**

**PRESENT:** Claudio Palumbo, OAH Director & President & Chair of meeting (Qualico)  
Thilo Kaufmann, OAH Director & Vice President (Qualico)  
Birol Fisekci, OAH Executive Director (Bordeaux Developments)

Brian Brown, OAH Director & Treasurer (Qualico)  
Ryan McKenzie, OAH Director (Qualico)  
Louise Challes, OAH Director (Challes Management)  
Katherine Milani, OAH Director (Borden Ladner Gervais LLP)

**MANAGEMENT:** Adrienne Angers (Qualico)  
Emily Smith (Qualico)

**REGRETS:** Cary Kienitz, OAH Director (Qualico)

**QUORUM:** Yes

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**1. Call to Order & Introductions**

The Chair called the meeting to order at 7:03 pm.  
The Chair welcomed staff and guests and then introduced the Board of Directors.

The Chair outlined the responsibilities of the Board of Directors, the purpose of this meeting, and then instructed attendees on the voting procedure for this meeting.

**2. Appointment of Recording Secretary, Scrutineer, Notices for Meeting, and Meeting Quorum**

**2.1 Recording Secretary**

The Chair called for consent to request Ms. E. Smith to act as the meeting's recording secretary. As there were no objections registered by the Members present, the Chair appointed Ms. Smith as Recording Secretary of the meeting.

**2.2 Meeting Scrutineer**

The Chair called for consent to request Ms. A. Angers to act as Scrutineer. As there were no objections registered by Members present, the Chair appointed Ms. Angers as Scrutineer of the meeting.

**2.3 Meeting Notice to Members of the Owners Association of Harmony**

**MOTION** put forth by Mr. B Fisekci that the reading of the Notice calling the Annual General Meeting of Members of the Owners Association of Harmony be dispensed with. Seconded by Mr. T. Kaufmann. Carried unanimously.

#### **2.4 Proof of Mailing of the Meeting Notice**

The Chair requested and received proof of mailing of the Notice of the Members from the Mr. T. Kaufmann, and requested that it be filed in the Minute Book along with the Meeting Minutes of this meeting.

#### **2.5 Meeting Quorum**

The Chair requested confirmation from the Scrutineer if one or more Members is present, and that member is entitled to cast 10% or more of the votes at this meeting. The Scrutineer confirmed that one member in attendance collectively holds more than 10% of the votes.

The Chair then confirmed that a meeting quorum is present and the Meeting has been duly called and is properly constituted for the business at hand.

### **3. Adoption of the Agenda**

**MOTION** put forth by Ms. L Challes that the Agenda be accepted as presented. Seconded by Ms. K Milani. Carried unanimously.

### **4. Approval of the Meeting Minutes from the last Annual General Meeting held November 28, 2018**

**MOTION** put forth by Ms. L. Challes to approve the Meeting Minutes of the last AGM held, November 28, 2018. Seconded by Ms. K. Milani. Carried unanimously.

### **5. Introductions**

This item was addressed in item 1. above.

### **6. Order of Business**

#### **6.1 Number of Directors**

**MOTION** put forth Ms. L. Challes that the Board size remain at ten (10) Directors, allowing for two (2) previous resignations and two (2) resident members. Seconded by Ms. K. Milani. Carried unanimously.

#### **6.2 Election of Directors**

Chair advised that there are currently seven (7) vacant positions on the Board.

The following people have consented to stand for re-election as Directors of the Association, to hold office for a **two (2) year term**, or until their successors are elected or appointed:

Mr. Claudio Palumbo  
Mr. Brian Brown  
Mr. Cary Kienitz  
Mr. Birol Fisekci

The following individual has consented to stand for election for a **one (1) year term** or until his successor is elected or appointed:

Mr. Ryan McKenzie

The Chair also advised that in addition to the above re-elections, Ms. Jessica Eren (Resident Member) has consented to stand for election as a Director of the Association, to hold office for a **two (2) year term** or until their successor is elected or appointed, and Mr. William Glover (Resident Member) has consented to stand for election as a Director of the Association, to hold office for a **one (1) year term** or until their successor is elected or appointed.

**MOTION** put forth by Mr. T. Kaufmann to nominate all of the afore-mentioned individuals as Directors of the Association, to hold office until the end of their term or their successor is elected or appointed. Seconded by Ms. L. Challes. Carried unanimously.

Chair called for further nominations from the floor stating that the Developer has advised they will not support any additional individuals being named to the Board this year because Harmony Developments Inc. currently manages and controls the Association and will continue to do so until such time as the Association can be self-sustaining and the community is substantially built out. Seeing none.

**MOTION** put forth by Mr. C. Kienitz that the nominations be closed. Seconded by Mr. B. Brown. Carried unanimously.

### **6.3 Fiscal Year Report of the Corporation**

The Chair advised that the 2018/2019 Fiscal Year Report of the Corporation was posted on the Harmony Owners Association website and made available to Members at this meeting.

**MOTION** put forth by Mr. B. Brown to dispense with the reading of the 2018/2019 Fiscal Year Report of the Corporation. Seconded by Mr. K. Milani. Carried unanimously.

### **6.4 Treasurer's Report**

Mr. B. Brown, Treasurer, presented the 2018/19 Audited Financial Statements of the Corporation. The Chair advised that copies of the financial statements were posted on the Harmony Owners website, and made available to Members at this meeting.

Mr. Brown advised that the audit for the Corporation was completed by BDO Canada LLP, who issued a clean audit opinion on October 22, 2019.

Questions were then directed to Mr. Brown from the membership on the financial statements.

### **6.5 Appointment of Auditor**

**MOTION** put forth by Mr. B. Brown to appoint BDO Canada LLP as the Auditor of the Owners Association of Harmony for the fiscal year ending June 30, 2020, and that the

Directors be authorized to fix their remuneration. Seconded by Mr. T. Kaufmann. Carried unanimously.

**7. Other Business and Meeting Adjournment**

Chair asked membership if any further business be transacted at this meeting. There was no other business to discuss.

Motion put forth by Ms. K. Milani to terminate the meeting. Seconded by Mr. C. Kienitz. Carried unanimously.

The Chair adjourned the meeting at 7:32pm.

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CLAUDIO PALUMBO, PRESIDENT & MEETING CHAIR

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THILO KAUFMANN, VICE PRESIDENT

Minutes of the meeting were recorded by Ms. E. Smith. Please report any errors or omissions.

DRAFT

**Owners Association of Harmony**

**Financial Statements**

**June 30, 2020**



Tel: 403 266 5608  
Fax: 403 233 7833  
www.bdo.ca

BDO Canada LLP  
903 - 8<sup>th</sup> Avenue SW, Suite 620  
Calgary AB T2P 0P7  
Canada

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## Independent Auditor's Report

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To the Board of Directors of Owners Association of Harmony  
**Opinion**

We have audited the financial statements of Owners Association of Harmony (the "Association"), which comprise the statement of financial position as at June 30, 2020, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at June 30, 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.

### **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 these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.





As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 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  
October 21, 2020*

**OWNERS ASSOCIATION OF HARMONY**  
**Statement of Financial Position**  
**As at June 30**

	<u>2020</u>	<u>2019</u>
<b>CURRENT ASSETS</b>		
Cash	\$ 132,231	\$ 101,470
Accounts Receivable	2,337	15
Goods and Services Tax Receivable	14,845	2,173
Prepaid Expenses	13,844	4,696
	<u>163,257</u>	<u>108,354</u>
<b>RESTRICTED CASH – SPECIAL AMENITIES (Note 5)</b>	1,071,721	972,000
<b>RESTRICTED CASH – RESERVE FUND (Note 2)</b>	10,000	-
<b>CAPITAL ASSETS (Note 3)</b>	<u>2,097,905</u>	<u>1,243,308</u>
	<u>\$ 3,342,883</u>	<u>\$ 2,323,662</u>
<b>CURRENT LIABILITIES</b>		
Accounts Payable and Accrued Liabilities (Note 4)	\$ 90,626	\$ 14,558
Due To Developer (Note 4)	36,464	185,302
Deferred Revenue	-	20,400
	<u>127,090</u>	<u>220,260</u>
<b>DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS (Note 6)</b>	891,400	36,803
<b>DEFERRED CONTRIBUTIONS</b>	<u>1,228,000</u>	<u>972,000</u>
	<u>2,246,490</u>	<u>1,229,063</u>
<b>NET ASSETS (Note 2)</b>		
Unrestricted	(120,112)	(111,906)
Restricted	10,000	-
Net Assets Invested In Capital Assets	1,206,505	1,206,505
	<u>\$ 3,342,883</u>	<u>\$ 2,323,662</u>

Approved on behalf of the Association:

  
 \_\_\_\_\_ Director

  
 \_\_\_\_\_ Director

**OWNERS ASSOCIATION OF HARMONY**  
**Statement of Operations**  
**For the Year Ended June 30**

	<u>2020</u>	<u>2019</u>
<b>REVENUE</b>		
Membership Fees	\$ 283,731	\$ 213,323
Amortization of Deferred Contribution (Note 6)	10,807	10,807
Other Income	1,582	576
	<u>296,120</u>	<u>224,706</u>
<b>EXPENSES</b>		
Administration		
Audit	13,200	12,000
Communication	2,738	4,834
Community Events	3,659	1,727
Insurance	14,438	7,839
Management Fees (Note 4)	22,020	16,680
Office Expenses	9,733	3,300
Other	4,593	4,923
Professional Fees	47,977	22,302
	<u>118,358</u>	<u>73,605</u>
Amortization of Capital Assets - Contributed	10,807	10,807
Operations		
General	470	2,059
Lake	18,845	4,686
South Beach	59,507	9,539
	<u>78,822</u>	<u>16,284</u>
Maintenance		
Landscaping	54,450	73,803
Snow Removal	31,889	13,275
	<u>86,339</u>	<u>87,078</u>
	<u>294,326</u>	<u>187,774</u>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<u>\$ 1,794</u>	<u>\$ 36,932</u>

**OWNERS ASSOCIATION OF HARMONY**  
**Statement of Changes in Net Assets**  
**For the Year Ended June 30**

	<u>Invested in Capital Assets</u>	<u>Restricted</u>	<u>Unrestricted</u>	<u>2020</u>	<u>2019</u>
Net Assets, Beginning of Year	\$ 1,206,505	\$ -	\$ (111,906)	\$ 1,094,599	\$ 1,057,667
Excess of Revenue Over Expenses	-	-	1,794	1,794	36,932
Transfer From Unrestricted Assets	-	10,000	(10,000)	-	-
Net Assets, End of Year	<u>\$ 1,206,505</u>	<u>\$ 10,000</u>	<u>\$ (120,112)</u>	<u>\$ 1,096,393</u>	<u>\$ 1,094,599</u>

**OWNERS ASSOCIATION OF HARMONY**  
**Statement of Cash Flows**  
**For the Year Ended June 30**

	<u>2020</u>	<u>2019</u>
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES</b>		
<b>OPERATING ACTIVITIES</b>		
Excess of Revenue over Expenses	\$ 1,794	\$ 36,932
Items not Affecting Cash:		
Amortization	10,807	10,807
Amortization of Deferred Contributions	(10,807)	(10,807)
Changes in Non-cash Working Capital Items:		
Accounts Receivable	(2,322)	1,197
Government Refund Receivable	(5,231)	(2,173)
Prepaid Expenses	(9,148)	(211)
Accounts Payable and Accrued Liabilities	76,068	(25,781)
Deferred Revenue	(20,400)	6,840
<b>TOTAL CASH FLOW FROM OPERATING ACTIVITIES</b>	<u>40,761</u>	<u>16,804</u>
<b>INVESTING ACTIVITIES</b>		
Deferred Contributions	256,000	180,200
Restricted Cash	(256,000)	(180,200)
<b>TOTAL CASH FLOW FROM INVESTING ACTIVITIES</b>	<u>-</u>	<u>-</u>
<b>FINANCING ACTIVITIES</b>		
Transfer to Reserve Fund	(10,000)	-
<b>NET CASH FLOW</b>	30,761	16,804
<b>CASH, BEGINNING OF YEAR</b>	<u>101,470</u>	<u>84,666</u>
<b>CASH, END OF YEAR</b>	<u>\$ 132,231</u>	<u>\$ 101,470</u>

**OWNERS ASSOCIATION OF HARMONY**  
**Notes to the Financial Statements**  
**June 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

a) Purpose

The Owners Association of Harmony (the "Association") was incorporated as a not-for-profit organization on March 3, 2016 under the Canada Not-For-Profit Corporations Act. As such, the Association is exempt from income tax under Section 149 of the Income Tax Act and has made no provisions for income taxes in these financial statements. The Association owns and operates amenities for the use of its members, the residents of Harmony. The Association is managed by Harmony Developments Inc. (the "Developer") and governed by a Board of Directors, constituted, appointed and elected pursuant to the By-Laws of the Association.

b) Basis of Accounting

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

c) 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.

The Association recognizes monthly membership fees 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, such as grants and donations not designated for a specific purpose, 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 would be earned.

d) Use of Estimates

In accordance with ASNPO, estimates and assumptions are made by management in the preparation of these financial statements. These estimates may impact the amounts included in the financial statements. The most significant of these estimates are related to amortization and the estimated useful life of capital assets and accrued liabilities. Actual results could differ from these estimates.

**OWNERS ASSOCIATION OF HARMONY**  
**Notes to the Financial Statements**  
**June 30, 2020**

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

e) Cash and Restricted Cash

Cash consists of balances held at financial institutions. Restricted cash consists of balances held at financial institutions that have been restricted for use in future maintenance of amenities.

f) Capital Assets

Capital assets purchased by the Association are recorded at cost. Capital assets contributed to the Association are recorded at fair value on the date of the contribution.

Amortization is based on estimated useful life calculated on a straight line basis as follows:

Equipment	5 years
Park amenities	40 years

Land and work in progress are not subject to amortization.

g) Impairment of Long-lived Assets

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, when no long-term service potential exists, over its residual value is recognized as an expense of the period.

h) Contributed Services

Volunteer services contributed (if any) 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.

i) Financial Instruments

The Association's financial instruments consist of cash, accounts receivable, restricted cash 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 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.

**OWNERS ASSOCIATION OF HARMONY**  
**Notes to the Financial Statements**  
**June 30, 2020**

**2. NET ASSETS**

The Association may budget and set aside any of the accumulated excess of revenues over expenses to create a reserve fund for the purpose of replacing future assets, maintaining the property and meeting contingencies. Currently, the Association has internally restricted net assets invested in capital assets of \$1,206,505 (2019 - \$1,206,505). During the year an additional \$10,000 (2019 - \$nil) was restricted by the Association to establish a reserve fund.

**3. CAPITAL ASSETS**

	June 30, 2020		
	Cost	Accumulated Amortization	Net Book Value
Land	\$ 1,057,667	\$ -	\$ 1,057,667
Work in progress	148,838	-	148,838
Equipment	54,035	28,039	25,996
Park amenities	865,404	-	865,404
	<u>\$ 2,125,944</u>	<u>\$ 28,039</u>	<u>\$ 2,097,905</u>

  

	June 30, 2019		
	Cost	Accumulated Amortization	Net Book Value
Land	\$ 1,057,667	\$ -	\$ 1,057,667
Work in progress	148,838	-	148,838
Equipment	54,035	17,232	36,803
	<u>\$ 1,260,540</u>	<u>\$ 17,232</u>	<u>\$ 1,243,308</u>

In 2020, the Developer contributed park amenities to the Association with a fair value of \$865,404 (Note 6). Work in progress relates to the beach club project. This amount was paid for by the Developer on behalf of the Association, and is included in deferred contributions related to capital assets. The Adventure Zone and South Beach amenities will be contributed to the Association when they are fully complete.

**4. RELATED PARTY TRANSACTIONS AND BALANCES**

During the year the following related party transactions occurred:

- a) Administration fees of \$22,020 (2019 - \$16,680) were paid to the Developer, which are included in Administration Expenses;
- b) Included in Accounts Payable is \$2,239 (2019 - \$nil) owing to the Developer; and
- c) Included in Due to Developer at year end are amounts due to the Developer of \$172,378 (2019 - \$321,216) and amounts receivable from the Developer of \$135,914 (2019 - \$135,914). The amounts are unsecured, non-interest bearing and have no specific terms of repayment.

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.



**OWNERS ASSOCIATION OF HARMONY**  
**Notes to the Financial Statements**  
**June 30, 2020**

**5. DEFERRED CONTRIBUTIONS**

Deferred contributions relate to special amenity fees received by the Association. The Developer collects the special amenity fees from the Builder on behalf of the Association. The Builder may recover these fees from the customer upon receipt of final payment for the customer's new home. This contribution is restricted for specific expenses and as such has been deferred until the year in which the related expenses are incurred. Management has set aside the cash received to date of \$1,071,721 (2019 - \$972,000) as restricted cash in relation to these deferred contributions.

**6. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS**

Deferred contributions relate to capital assets and cash for the purchases of capital assets contributed to the Association by the Developer.

Contributions amount to \$919,439 (2019 – \$54,035) less accumulated amortization of \$28,039 (2019 – \$17,232). The land contributed by the Developer in 2017 is not subject to amortization and was therefore recorded as a direct increase to net assets.

**7. TRUST ACCOUNTS**

Annual membership fees collected from residents include a social membership component as part of an agreement with the Mickelson National Golf Club of Canada ("MNGCC"). These fees are due to MNGCC and will be paid to MNGCC once the privileges associated with the social membership of MNGCC are confirmed. At this time, the Association holds the cash received in trust until MNGCC is ready to collect it resulting in a trust liability account. The Association has no beneficial interest in these trust accounts. These accounts are not recorded in the financial statements of the Association as trust assets, nor are the corresponding obligations recorded as trust liabilities. The balances of these trust assets and liabilities as at June 30, 2020 amounted to \$68,925 (2019 - \$35,835).

**8. ECONOMIC DEPENDENCE**

The Developer is responsible for both the management of the Association plus the construction and management of most of the Association's amenities until such time as the amenities are turned over to the Association. Amenities are turned over to the Association as they are completed by the Developer. A management turnover date from the Developer to the Association has not been set at this time. In the start-up period, the Association is dependent upon the Developer to cover any operating shortfalls.

## **9. 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. Management has a comprehensive risk management framework to monitor, evaluate and manage these risks. 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. 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 Developer covering any operating shortfalls incurred. The payable with the Developer is non-interest bearing, there is no security pledged, and there is no specific repayment terms.

## **10. RECLASSIFICATION OF PRIOR YEAR FIGURES**

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year. There has been no impact on excess of revenues over expenses.

## **11. COVID-19**

In March 2020, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", had resulted in worldwide emergency measures to combat the spread of the virus. These measures, which include self-quarantine periods, have caused disruption to businesses globally, which are resulting in an economic slowdown. Specific impacts to the Association relate to increased social distancing measures, and sanitation practices. The duration and impact of the COVID-19 outbreak is unknown at this time.