

**CARRIAGE HILLS VACATION OWNERS' ASSOCIATION**  
**Financial Information**  
**December 31, 2021**

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## COMPILATION ENGAGEMENT REPORT

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To the Members of Carriage Hills Vacation Owners' Association

On the basis of information provided by the Receiver we have compiled the statement of financial position of Carriage Hills Vacation Owners' Association as at December 31, 2021, and the statements of operations and changes in fund balances for the year then ended, and Note 1, which describes the basis of accounting applied in the preparation of the compiled financial information ("financial information").

The Receiver is responsible for the accompanying financial information, including the accuracy and completeness of the underlying information used to compile it and the selection of the basis of accounting.

We performed this engagement in accordance with Canadian Standard on Related Services (CSRS) 4200, *Compilation Engagements*, which requires us to comply with relevant ethical requirements. Our responsibility is to assist the receiver in the preparation of the financial information.

We did not perform an audit engagement or a review engagement, nor were we required to perform procedures to verify the accuracy or completeness of the information provided by the receiver. Accordingly, we do not express an audit opinion or a review conclusion, or provide any form of assurance on the financial information.

Readers are cautioned that the financial information may not be appropriate for their purposes.



July 15, 2022

Chartered Professional Accountants  
Licensed Public Accountants

**CARRIAGE HILLS VACATION OWNERS' ASSOCIATION**  
**Statement of Financial Position**  
**December 31, 2021**

|  | 2021      | 2020      |
|--|-----------|-----------|
|  | \$        | \$        |
| <b>ASSETS</b>                                  |           |           |
| <b>CURRENT</b>                                 |           |           |
| Cash   | 161,101   | 227,124   |
| Accounts receivable                            | 932,357   | 2,230,028 |
| Government remittances receivable              | 155,341   | 49,099    |
| Due from Carriage Ridge Owners' Association    | -         | 253,624   |
| Prepaid expenses                               | -         | 237,721   |
|  | 1,248,799 | 2,997,596 |
| <b>REPLACEMENT FUND INVESTMENTS</b>            | -         | 1,468,962 |
|  | 1,248,799 | 4,466,558 |
| <b>LIABILITIES AND FUND BALANCES (DEFICIT)</b> |           |           |
| <b>CURRENT</b>                                 |           |           |
| Accounts payable and accrued liabilities       | 814,583   | 452,420   |
| Due to interval owners <i>(Note 2)</i>         | 350,000   | -         |
| Due to Carriage Hills Hospitality, Inc.        | 273,703   | 254,228   |
|  | 1,438,286 | 706,648   |
| <b>FUND BALANCES (DEFICIT)</b>                 |           |           |
| Operating fund (deficit)                       | (189,487) | 806,255   |
| Replacement fund                               | -         | 2,953,655 |
|  | (189,487) | 3,759,910 |
|  | 1,248,799 | 4,466,558 |

**APPROVED ON BEHALF OF THE BOARD**

\_\_\_\_\_ *Director*

\_\_\_\_\_ *Director*

**CARRIAGE HILLS VACATION OWNERS' ASSOCIATION**

**Statement of Operations**

**Year Ended December 31, 2021**

|  | Operating<br>Fund<br>2021 | Replacement<br>Fund<br>2021 | Total<br>2021      | Total<br>2020     |
|--|---------------------------|-----------------------------|--------------------|-------------------|
|  | \$                        | \$                          | \$                 | \$                |
| <b>REVENUES</b>  |                           |                             |                    |                   |
| Insurance refund   | 50,000                    | -                           | 50,000             | -                 |
| Sale of assets   | 16,000                    | -                           | 16,000             | -                 |
| Interest and other   | 2,804                     | -                           | 2,804              | 77,695            |
| Maintenance fees   | -                         | -                           | -                  | 11,620,706        |
| Late fees  | -                         | -                           | -                  | 411,930           |
| Room rentals and bonus time  | -                         | -                           | -                  | 275,732           |
|  | <u>68,804</u>             | <u>-</u>                    | <u>68,804</u>      | <u>12,386,063</u> |
| <b>EXPENSES</b>  |                           |                             |                    |                   |
| Restructuring fees   | 2,199,029                 | -                           | 2,199,029          | -                 |
| Resort management  | 476,131                   | -                           | 476,131            | 2,951,418         |
| Utilities  | 393,620                   | -                           | 393,620            | 769,155           |
| Selling expenses   | 225,438                   | -                           | 225,438            | -                 |
| Property tax   | 185,719                   | -                           | 185,719            | 438,426           |
| Grounds maintenance  | 172,427                   | -                           | 172,427            | 308,905           |
| Consultancy fees   | 156,554                   | -                           | 156,554            | -                 |
| Doubtful accounts receivable   | 136,643                   | -                           | 136,643            | 749,549           |
| Unrecoverable HST  | 45,111                    | -                           | 45,111             | -                 |
| Security   | 32,918                    | -                           | 32,918             | 64,713            |
| Telephone (recovery)   | (5,389)                   | -                           | (5,389)            | 74,959            |
| Housekeeping   | -                         | -                           | -                  | 1,294,286         |
| Maintenance  | -                         | -                           | -                  | 647,919           |
| Capital improvements   | -                         | -                           | -                  | 600,714           |
| Guest services   | -                         | -                           | -                  | 338,784           |
| Activities   | -                         | -                           | -                  | 295,849           |
| Laundry  | -                         | -                           | -                  | 190,031           |
| Accounting   | -                         | -                           | -                  | 79,942            |
|  | <u>4,018,201</u>          | <u>-</u>                    | <u>4,018,201</u>   | <u>8,804,650</u>  |
| <b>EXCESS (DEFICIENCY) OF<br/>REVENUES OVER<br/>EXPENSES FROM<br/>OPERATIONS</b> | <u>(3,949,397)</u>        | <u>-</u>                    | <u>(3,949,397)</u> | <u>3,581,413</u>  |
| <b>OTHER EXPENSES (INCOME)</b>   |                           |                             |                    |                   |
| Employee severance   | -                         | -                           | -                  | 529,679           |
| Government assistance  | -                         | -                           | -                  | (120,314)         |
|  | <u>-</u>                  | <u>-</u>                    | <u>-</u>           | <u>409,365</u>    |
| <b>EXCESS (DEFICIENCY) OF<br/>REVENUES OVER<br/>EXPENSES</b>                     | <u>(3,949,397)</u>        | <u>-</u>                    | <u>(3,949,397)</u> | <u>3,172,048</u>  |

See notes to financial information

**CARRIAGE HILLS VACATION OWNERS' ASSOCIATION**  
**Statement of Changes in Fund Balances**  
**Year Ended December 31, 2021**

|   | Operating<br>Fund<br>\$ | Replacement<br>Fund<br>\$ | 2021<br>\$  | 2020<br>\$ |
|---|-------------------------|---------------------------|-------------|------------|
| <b>FUND BALANCES - BEGINNING OF YEAR</b>      | 806,255                 | 2,953,655                 | 3,759,910   | 587,862    |
| Excess (deficiency) of revenues over expenses | (3,949,397)             | -                         | (3,949,397) | 3,172,048  |
| Interfund transfer                            | 2,953,655               | (2,953,655)               | -           | -          |
| <b>FUND BALANCES (DEFICIT) - END OF YEAR</b>  | (189,487)               | -                         | (189,487)   | 3,759,910  |

See notes to financial information

# CARRIAGE HILLS VACATION OWNERS' ASSOCIATION

## Notes to Financial Information

Year Ended December 31, 2021

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### 1. BASIS OF ACCOUNTING

The basis of accounting applied in the preparation of the statement of financial position of Carriage Hills Vacation Owner's Association (the "Association") as at December 31, 2021, and the statements of operations and fund balances for the year then ended is on the historical cost basis and reflects cash transactions with the addition of:

- accounts receivable and government remittances receivable
- accounts payable, accrued liabilities and due to other third parties

On January 6, 2021, BDO Canada Limited was appointed as receiver of the Association and its property (the "Receiver"). The Statement of Operations includes post-receivership activity of the Association and the Receiver's activities to realize on related resort assets. Certain receivership costs relating to both the Association's assets and the Interval Owner Property have been included in the statement of operations for the year-ended December 31, 2021.

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### 2. DUE TO INTERVAL OWNERS

Ownership of the real property and certain personal property assets are vested directly or indirectly in the interval owners, not in the Association (the "Interval Owner Property"). Accordingly, Interval Owner Property is not reflected as assets nor the sale proceeds therefrom in these financial statements. These financial statements do not include the Carriage Hills Resort Corporation (the "Developer") interest in the Association, nor any of the related mortgages, liabilities or contingent liabilities. The balance in due to interval owners reflects the amounts owing to interval owners for restructuring costs funded, in part, by the sale proceeds of Interval Owner Property.

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