

Apes Hill Club Homeowners Association Inc.

Financial Statements

December 31, 2023

(expressed in Barbados dollars)



Independent auditor's report

To the members of Apes Hill Club Homeowners Association Inc.

Disclaimer of opinion

We do not express an opinion on the financial statements of Apes Hill Club Homeowners Association Inc. (the Association). Because of the significance of the matters described in the *Basis for disclaimer of opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

We were engaged to audit the financial statements of the Company, which comprise:

- the balance sheet as at December 31, 2023;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for disclaimer of opinion

We were unable to confirm or verify by alternative means, homeowners accounts receivable balances of \$1,208,663 included in the balance sheet as at December 31, 2023. In addition, while the Association has security over these balances through a covenant on the acquisition of the property by the homeowner, management has been unable to determine the present value impact on the accounts receivable balances outstanding due to the uncertainty over the timing of settlement of the balances.

Homeowners accounts receivable of \$498,021 arose from the recording of membership dues in the current year, however, due to the uncertainty over the existence through the lack of settlement of these balances and the present value issue as noted above, we have not been able to conclude on the Association's ability to recognise \$498,021 as part of the income in the statement of comprehensive income of \$1,527,228 in accordance with the IFRS for SMEs Accounting Standard.

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 the IFRS for SMEs Accounting Standard, and for such internal control as management determines is necessary to enable the preparation of the 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 responsibility is to conduct an audit of the Association's financial statements in accordance with International Standards on Auditing and to issue an auditor's report. However, because of the matter described in the *Basis for disclaimer of opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Independence

We are independent of the Association in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Other matter

This report is made solely to the Association's members, as a body, in accordance with Section 147 of the Companies Act of Barbados. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members, as a body, for our audit work, for this report, or for the disclaimer of opinion we have formed.

A handwritten signature in black ink that reads 'PricewaterhouseCoopers SRL'. The signature is written in a cursive, flowing style.

Bridgetown, Barbados
July 30, 2024

Apes Hill Club Homeowners Association Inc.

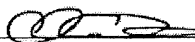
Balance Sheet

As of December 31, 2023

(expressed in Barbados dollars)

	2023 \$	2022 \$
Assets		
Current assets		
Cash and cash equivalents (note 4)	227,464	237,513
Restricted cash (note 4)	360,000	180,000
Trade and other receivables (note 5)	1,311,891	915,906
Total assets	1,899,355	1,333,419
Non-current assets		
Furniture	1,149	-
Total assets	1,900,504	1,333,419
Liabilities and equity		
Current liabilities		
Trade and other payables (note 6)	124,960	112,293
Due to Apes Hill (Barbados) Inc. (note 7)	139,141	139,141
Advanced deposits (note 8)	64,687	-
Total liabilities	328,788	251,434
Equity		
Surplus	616,716	306,985
Reserve fund (note 9)	955,000	775,000
Total equity	1,571,716	1,081,985
Total liabilities and equity	1,900,504	1,333,419

Approved by the Board of Directors on July 25, 2024



Director



Director

Apes Hill Club Homeowners Association Inc.

Statement of Changes in Equity

For the year ended December 31, 2023

(expressed in Barbados dollars)

	Surplus \$	Reserve fund \$	Total \$
Balance at December 31, 2021	280,118	595,000	875,118
Contributions for the year	–	180,000	180,000
Net income for the year	26,867	–	26,867
Balance at December 31, 2022	306,985	775,000	1,081,985
Contributions for the year	–	180,000	180,000
Net income for the year	309,731	–	309,731
Balance at December 31, 2023	616,716	955,000	1,571,716

Apes Hill Club Homeowners Association Inc.

Statement of Comprehensive Income

For the year ended December 31, 2023

(expressed in Barbados dollars)

	2023	2022
	\$	\$
Income		
Members dues	1,527,228	1,017,751
Other income/(expenses)		
Other expenses	–	(11,555)
Finance charges	–	55,931
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Total income	1,527,228	1,062,127
General and administrative expenses		
Repairs and maintenance	567,644	455,578
Security	444,632	285,014
Property management	104,200	105,008
Professional fees	92,688	42,769
Utilities	34,678	55,996
Bank charges	1,631	1,166
Bad debts (recovery)/expense	(27,976)	89,729
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Total expenses	1,217,497	1,035,260
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Net income for the year	309,731	26,867
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Apes Hill Club Homeowners Association Inc.

Statement of Cash Flows

For the year ended December 31, 2023

(expressed in Barbados dollars)

	2023	2022
	\$	\$
Cash from operating activities		
Operating income before working capital changes	309,731	26,867
(Increase)/decrease in accounts receivable	(395,985)	45,427
Increase in trade and other payables	12,667	217,112
Increase in advanced deposits	64,687	-
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Net cash generated from/(used in) operating activities	(8,900)	289,406
Cash from investing activities		
Purchase of furniture	(1,149)	-
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Cash from financing activities		
Contributions to the reserve fund	180,000	-
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Net increase in cash	169,951	289,406
Cash and cash equivalents - beginning of year	417,513	128,107
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Cash and cash equivalents - end of year (note 4)	587,464	417,513
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Apes Hill Club Homeowners Association Inc.

Notes to Financial Statements

December 31, 2023

(expressed in Barbados dollars)

1 Incorporation and principal activity

Apes Hill Club Homeowners Association Inc. (the “Association”) is a private limited company incorporated under the Companies Act of Barbados on February 22, 2006 and is controlled by the homeowners within the Apes Hill Club Development.

The Association’s principal activity is the not-for-profit administration and maintenance of the common areas within the Apes Hill Club development. Its principal place of business is located at “Spring House”, St. James, Barbados.

The developer of the Apes Hill Club development is Apes Hill (Barbados) Inc. (the Company). On the acquisition of the Apes Hill Club development by the Company on February 3, 2020, certain developer rights and reservations were transferred from the previous developer, Apes Hill Development SRL, to Apes Hill (Barbados) Inc. via a Deed of Assignment of Developer Rights, Title and Interests for Apes Hill Club development which was duly registered with the Land Registry Department on February 12, 2020. The developer rights include but are not limited to, the appointment of directors to the Association.

The financial statements were authorised for issue by the Board of Directors on July 25, 2024.

2 Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

a) Basis of preparation

The financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities (the IFRS for SMEs) under the historical cost convention. The preparation of financial statements in conformity with the IFRS for SMEs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Association’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

b) Cash and cash equivalents

Cash and cash equivalents include cash on hand and cash held at call with banks.

c) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. A provision for impairment of trade receivables is established when there is objective evidence that the Association will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor and default or delinquency in payments are considered indicators that the trade receivable is impaired.

The amount of the provision is recognised in the statement of comprehensive income within general and administrative expenses.

All trade receivables are deemed to be collectable.

Apes Hill Club Homeowners Association Inc.

Notes to Financial Statements

December 31, 2023

(expressed in Barbados dollars)

2 Significant accounting policies ...continued

d) Trade payables

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

e) Revenue recognition

Members due and finance charges are recognised on an accrual basis.

f) Foreign exchange

i) *Functional and presentation currency*

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Barbados dollars, which is the Association's functional and presentation currency.

ii) *Transactions and balances*

Assets and liabilities expressed in foreign currencies are translated into Barbados dollars at the rates of exchange ruling at the balance sheet date. Transactions arising during the year involving foreign currencies are translated and recorded at the rates of exchange prevailing on the dates of the transactions. Differences arising from fluctuations in exchange rates are included in the statement of comprehensive income.

Apes Hill Club Homeowners Association Inc.

Notes to Financial Statements

December 31, 2023

(expressed in Barbados dollars)

3 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Association makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Going concern

The Association assesses the ability to continue as a going concern on a continual basis. At year end, while there is some uncertainty with regards to the timing of the settlement of receivables, the Company has sufficient cash to meet its liabilities at December 31, 2023 Yea. Further, the Company has financing arrangements in place with Apes Hill (Barbados) Inc. in order to meet cash demand should there be a shortfall.

Accounts receivable

The Association is due \$1,286,083 in membership dues recoverable (note 5). The timing of settlement of these balances and recoverability are uncertain. No provision or discounting for the time value for the uncertainty of timing of settlement of these balances have been recorded in these financial statements. Management however believes the balances are recoverable, based on clauses included in covenants with the homeowners.

4 Cash and cash equivalents

	2023	2022
	\$	\$
Cash at bank	<u>587,464</u>	417,513

Cash at bank includes \$360,000 (2022 - \$180,000) reserved to cover unforeseeable emergency expenditures (note 8).

5 Trade and other receivables

	2023	2022
	\$	\$
Trade receivables	1,208,663	765,001
VAT receivable	98,728	146,405
Prepaid expenses	<u>4,500</u>	4,500
	<u>1,311,891</u>	915,906

Trade receivables are secured.

As at December 31, 2023, no trade receivables (2022 - \$Nil) were written off as uncollectible.

Apes Hill Club Homeowners Association Inc.

Notes to Financial Statements

December 31, 2023

(expressed in Barbados dollars)

6 Trade and other payables

The breakdown of trade and other payables is as follows:

	2023	2022
	\$	\$
Trade payables	51,936	89,364
Accruals and other liabilities	73,024	22,929
	<u>124,960</u>	<u>112,293</u>

7 Due to Apes Hill (Barbados) Inc.

The amount due to Apes Hill (Barbados) Inc. represents actual expenditures incurred by the property developer which are recharged to the homeowners.

8 Advanced deposits

Advanced deposits represent prepayments of assessments by homeowners.

9 Reserve fund

In 2018, the Board of Directors determined that capital contributions of \$595,000 be made to establish a reserve fund to provide the Association with available funds to cover unforeseeable emergency expenditure and allow for the ongoing operation of the Association. As at December 31, 2023 those contributions remain outstanding from the homeowners. During the year, in light of large receivables and the continuing non/late payment from some homeowners, the Board of Directors approved funds of \$180,000 (2022 - \$180,000) to be transferred from the operating account into the reserve fund.

Amounts paid into the Fund are non-refundable and will be restricted for the specific purposes noted above and will not be available for the settlement of the Association's ongoing operating and maintenance activities. Any appropriations from the Reserve Fund must be approved by the Board of Directors.

10 Contingent matter

During the financial year the Association received correspondence from the legal counsel representing certain property owners within the Apes Hill Club Development. The owners, through legal counsel have raised concerns over various matters regarding the current operations at the development. The outcome of those ongoing discussions is pending at the date of the audit report.

11 Non-compliance with the Companies Act

At December 31, 2023, the Association had an outstanding filing associated with its Notice of Change in Directors form. Upon identifying the issue, the Association engaged the Ministry of Finance, Economic Affairs and Investment to request a waiver of the penalty and interest. At the date of the audit report the request was not yet granted.