Condominium Corporation No. 8310969 – Westmount Place

Auditor's Report and Financial Statements

December 31, 2010

Shahid Naqi
Chartered Accountant

SHAHID NAQI
Professional Corporation
Chartered Accountant

Independent Auditor's Report

To: Condominium Corporation No. 8310969 – Westmount Place

I have audited the accompanying financial statements of **Condominium Corporation No. 8310969 – Westmount Place**, which comprise the balance sheet as at December 31, 2010 and the statements of operations and change in operating fund, capital replacement reserve fund operations and change in capital replacement reserve fund, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of **Condominium Corporation No. 8310969 – Westmount Place** as at December 31, 2010, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Calgary, Alberta
July 22, 2011

Chartered Accountant

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Condominium Corporation No. 8310969 – Westmount Place

Balance Sheet

December 31, 2010

	Operating Fund	Reserve Fund	2010 Total	2009 Total
Current assets				
Cash	$27,730	$261,670	$289,400	$1,382,735
Investments, maturing within one year	-	302,794	302,794	-
Condominium fees receivable	29,774	-	29,774	45,530
Other accounts receivable	78,405	-	78,405	-
Prepaid expenses	6,432	-	6,432	5,267
	$142,341	**$564,464**	**$706,805**	**$1,433,532**
Current liabilities				
Accounts payable and accrued liabilities	$140,223	$246,636	$386,859	$418,998
Security deposits	13,000	-	13,000	13,000
Condominium fees paid in advance	43,870	-	43,870	-
	197,093	**246,636**	**443,729**	**431,998**
Net assets				
Capital replacement reserve fund	-	317,828	317,828	963,297
Operating fund	(54,752)	-	(54,752)	38,237
	(54,752)	**317,828**	**263,076**	**1,001,534**
	$142,341	**$564,464**	**$706,805**	**$1,433,532**

Approved by the Board:

_____, Director

_____, Director

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Chartered Accountant

Condominium Corporation No. 8310969 – Westmount Place

Statement of Operations and Change in Operating Fund

Year ended December 31, 2010

	2010	Budget (unaudited)	2009
Revenue			
Condominium fees			
residential	$1,542,274	$1,542,276	$1,319,189
commercial	273,177	273,180	233,645
	1,815,451	**1,815,456**	**1,552,834**
Interest and other income	19,820	15,000	16,910
	1,835,271	**1,830,456**	**1,569,744**
Expenses			
Administration			
Professional fees	16,225	58,370	13,739
Office and bank charges	46,383	14,540	28,905
Insurance and appraisal	81,949	85,000	68,731
Operating			
Natural gas	339,730	300,000	245,144
Electricity	136,833	158,500	183,301
Water and sewer	147,054	145,600	203,192
Waste removal	13,399	10,000	16,008
Cable television	44,661	44,500	40,807
Salaries, benefits and management	406,704	376,640	364,001
Repairs and maintenance			
General repairs	203,551	136,800	83,656
Plumbing, mechanical and electrical	85,851	57,500	52,396
Elevator	25,920	48,000	59,810
	1,548,260	**1,435,450**	**1,359,690**
Excess of revenue over expenses	**287,011**	**395,006**	**210,054**
Operating fund, start of year	38,237	-	(1,008)
Allocation to capital replacement reserve fund	(380,000)	(380,000)	(170,809)
Operating fund, end of year	**($54,752)**	**$15,006**	**$38,237**

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Condominium Corporation No. 8310969 – Westmount Place

Statement of Capital Replacement Reserve Fund Operations and Change in Capital Replacement Reserve Fund

Year ended December 31, 2010

	2010	2009
Revenue		
Interest	$6,410	$5,677
	6,410	**5,677**
Expenses		
Mechanical repairs	788,399	18,643
Projects engineering	84,496	-
Pool and spa tiles replacement	55,596	-
Lighting and electrical	50,574	-
Sump pump	26,534	-
Floor covering	9,366	-
Parkade restoration	6,256	337,682
Parkade door and control replacement	4,988	-
Storm drain pipe replacement	2,250	-
Window replacement	2,136	-
Tieback anchor system replacement	1,284	111,638
Locker rooms renovations	-	11,985
Reserve fund study	-	2,453
	1,031,879	**482,401**
Deficiency of revenue over expenses	**(1,025,469)**	**(476,724)**
Transfer from operating fund	380,000	170,809
Capital replacement reserve fund, start of year	963,297	1,269,212
Capital replacement reserve fund, end of year	**$317,828**	**$963,297**

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Condominium Corporation No. 8310969 – Westmount Place

Statement of Cash Flows

Year ended December 31, 2010

	2010	2009
Operating activities		
Condominium fees	$1,875,077	$1,575,335
Interest and other income	23,436	22,587
Operating expenses	(1,621,154)	(1,308,965)
Reserve expenses	(1,070,694)	(196,950)
	(793,335)	**92,007**
Investing activities		
Investments placed, net	(300,000)	-
	(300,000)	**-**
Increase (decrease) in cash	**(1,093,335)**	**92,007**
Cash, start of year	1,382,735	1,290,728
Cash, end of year	**$289,400**	**$1,382,735**

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1. Organization:

Westmount Place was incorporated as a non-profit organization with the registration of the condominium plan to manage and maintain the common property and to provide services to the one hundred and twenty-three residential and the eleven commercial units in the complex.

These financial statements include only the operating assets; the common property of land and buildings is owned jointly by the unit owners and is not recorded in these financial statements.

The Corporation is required to file an income tax return. However, as a non-profit organization, it is not taxed and no provision for income taxes has been made in these financial statements.

2. Significant accounting policies:

The Corporation has an elected Board of Directors who had these financial statements prepared in accordance with Canadian accounting standards for not-for-profit organizations within reasonable limits of materiality using the accounting policies summarized below.

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses disclosed during reporting periods. Actual amounts may differ from these estimates.

i Fund accounting:

Two separate funds are maintained:

Operating Fund:
Condominium fees and operating expenses are recorded in the general operating fund. An annual transfer is made to the capital replacement reserve fund.

Capital Replacement Reserve Fund:
Major repairs to and replacements of common property that are expected to arise at intervals of longer than one year are recorded in this fund together with investment income. The balance of this fund is restricted and may only be used for major repairs and replacements.

ii Cash and investments:

These comprise daily interest bank accounts and guaranteed investment certificates.

iii Contributed services:

Volunteers carry out many activities for the Corporation. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

2. Significant accounting policies (continued):

iv Revenue recognition:
Condominium fees are due in equal monthly installments on the first day of each month and recorded as income on that day. Rental income is recognized on the first day of each month and interest income is accrued daily.

3. Adequacy of the Capital Replacement Reserve Fund:
These financial statements do not attempt to show the adequacy of the Capital Replacement Reserve Fund. Determining the annual allocation to the fund and the adequacy of the fund balance requires judgment, principally, in the following areas:

- Obtaining an inventory of common property components that will require replacement;
- Determining the state of these components and their expected remaining useful life;
- Estimating the replacement cost at the expected time of replacement; and
- Forecasting the expected rate of return on the fund's investments.

Significant estimates and assumptions are involved and actual results may differ. A Capital Replacement Reserve Fund Study was completed in 2008. Under the assumptions of this study, a December 31, 2010 reserve fund balance of $744,922 and a 2011 contribution of $550,000 would provide adequate funding. The actual December 31, 2010 reserve fund balance was $317,828 and the budgeted contribution for 2011 is $550,000.

4. Financial instruments:
The financial instruments are categorized as follows:

Financial asset or liability	Category	Measurement
Cash	Held for trading	Fair value
Investments	Held for trading	Fair value
Accounts receivable	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost

Fair value:
The fair value of a financial instrument is the estimated amount that would be received or paid to settle a financial asset or liability as at the year-end date.

The fair values of the accounts receivable and accounts payable approximate their carrying values due to their capacity for prompt liquidation. The fair values of the investments are determined at cost plus accrued interest.

4. **Financial instruments** (continued):

Risk management:
Exposure to the risks associated with financial instruments is managed with the objective of reducing volatility in cash flows. The principal risks are:

Cash	Credit risk and interest rate risk
Investments	Credit risk and interest rate risk
Accounts receivable	Credit risk
Accounts payable	Liquidity risk

Credit risks and interest risk:
The exposure to credit risk arises from the possibility that counter parties may default on their financial obligations.

Of the Corporation's total deposits of $592,194 at December 31, 2010, $400,000 was insured by the Canada Deposit Insurance Corporation. The average rate of interest on the total cash and investments was 0.99% (2009 – 0.19% on cash of $1,382,735).

There is minimal credit risk exposure on condominium fees receivable since they are a charge against the individual unit. As most units are owner-occupied, there is no concentration of credit risk.

Liquidity risk:
Liquidity risk is the risk that the Corporation will not be able to meet its cash requirements as they come due or be able to liquidate its assets in a timely manner at reasonable prices.

Liquidity risk is managed by the preparation of annual budgets, raising fees sufficient to pay its annual expenses and to make the required reserve fund contribution on a timely basis and through the use of daily interest bank accounts earns a return while maintaining liquidity.

5. **Capital disclosures:**
The Corporation defines capital as the sum of the capital replacement fund and its operating fund.

As required by legislation, the Corporation benchmarks its reserve fund levels against a reserve fund study. The balance of the operating fund is maintained at levels sufficient to withstand unexpected financial events in order to maintain stability.

6. **Related party transaction:**
During the year, the Corporation paid $4,100 for repair and maintenance services provided by a unit owner.