Condominium Corporation No. 8310969 – Westmount Place

Auditor's Report and Financial Statements

December 31, 2012

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, 2012 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, 2012, 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
April 10, 2013

Chartered Accountant

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Condominium Corporation No. 8310969 – Westmount Place

Balance Sheet

December 31, 2012

	December 31,				January 1,
	Operating Fund	Reserve Fund	2012 Total	2011 Total	2011 Total
Current assets					
Cash	$28	$395,307	$395,335	$414,598	$592,194
Assessments receivable	10,019	129,113	139,132	4,467	29,774
Other accounts receivable	2,109	-	2,109	-	78,405
Prepaid expenses	41,917	-	41,917	8,824	6,432
Goods and services tax receivable	-	-	-	2,645	3,311
	54,073	**524,420**	**578,493**	**430,534**	**710,116**
Investments, maturing after one year	91,183	436,641	527,824	-	-
	$145,256	**$961,061**	**$1,106,317**	**$430,534**	**$710,116**
Current liabilities					
Accounts payable and accrued liabilities	$120,399	$52,353	$172,752	$138,688	$390,170
Security deposits	13,525	-	13,525	13,525	13,000
Goods and services tax payable	3,585	-	3,585	-	-
Condominium fees paid in advance	-	-	-	4,223	43,870
	137,509	**52,353**	**189,862**	**156,436**	**447,040**
Net assets					
Capital replacement reserve fund	-	908,708	908,708	352,904	317,828
Operating fund	7,747	-	7,747	(78,806)	(54,752)
	7,747	**908,708**	**916,455**	**274,098**	**263,076**
	$145,256	**$961,061**	**$1,106,317**	**$430,534**	**$710,116**

Approved by the Board:

_____ , Director

_____ , Director

Shahid Naqi
Chartered Accountant

Condominium Corporation No. 8310969 – Westmount Place

Statement of Operations and Change in Operating Fund

Year ended December 31, 2012

	2012	Budget (Unaudited)	2011
Revenue			
Condominium fees			
residential	$1,172,911	$1,188,430	$1,705,426
commercial	209,092	195,716	302,076
	1,382,003	**1,384,146**	**2,007,502**
Rental, interest and other income	22,743	-	23,429
Less adjustment due to change of unit factors	(7,106)	-	-
	1,397,640	**1,384,146**	**2,030,931**
Expenses			
Administration			
Insurance and appraisal	61,160	59,950	67,808
Management fees	39,957	3,000	-
Office and bank charges	20,235	15,657	24,573
Professional fees			
legal	7,951	16,000	10,586
audit	7,814	3,000	12,532
Telephone	3,870	2,784	3,822
Condominium fees deemed uncollectible	-	-	13,994
Operating			
Salaries and benefits	307,693	407,000	397,898
Electricity	179,302	130,000	169,600
Water and sewer	155,370	180,600	161,594
Natural gas	87,190	245,000	248,320
Cable television	51,931	49,865	48,165
Janitorial and supplies	32,154	8,085	8,197
Elevator	24,168	45,150	38,508
Waste removal	16,972	16,104	14,437
Fire safety and security	7,787	12,684	27,044
Landscaping and snow removal	4,585	3,000	334
Repair and maintenance			
General repairs	73,926	152,147	167,049
Plumbing and mechanical	66,022	27,200	58,461
	1,148,087	**1,377,226**	**1,472,922**
Excess of revenue over expenses	**249,553**	**6,920**	**558,009**
Operating fund, start of year	(78,806)	-	(54,752)
Transfer to capital replacement reserve fund	(163,000)	-	(582,063)
Operating fund, end of year	**$7,747**	**$6,920**	**$(78,806)**

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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, 2012

	2012	2011
Revenue		
Special assessments	$670,000	$ -
Interest	832	2,786
Unrealized loss on investments	(208)	-
	670,624	**2,786**
Expenses		
Mechanical repairs, including engineering fees	200,421	455,760
Elevator	24,778	-
Masonry	17,491	-
Post tension study	15,991	7,164
Other	10,593	37,900
Reserve fund study	8,546	-
Plumbing	-	48,949
	277,820	**549,773**
Excess (deficiency) of revenue over expenses	**392,804**	**(546,987)**
Capital replacement reserve fund, start of year	352,904	317,828
Transfer from operating fund	163,000	582,063
Capital replacement reserve fund, end of year	**$908,708**	**$352,904**

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Condominium Corporation No. 8310969 – Westmount Place

Statement of Cash Flows

Year ended December 31, 2012

	2012	2011
Operating activities		
Condominium fees	$1,372,228	$1,993,162
Special assessments	540,887	-
Rental, interest and other income	14,879	26,215
Security deposits received	-	525
Operating expenses	(1,178,195)	(1,418,242)
Reserve expenses	(242,620)	(779,256)
	507,179	**(177,596)**
Investing activities		
Investments placed	(526,442)	-
	(526,442)	**-**
Decrease in cash	**(19,263)**	**(177,596)**
Cash, start of year	414,598	592,194
Cash, end of year	**$395,335**	**$414,598**

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1. Organization:

Westmount Place was incorporated as a not-for-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 units and 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 not-for-profit organization, it is not taxed and no provision for income taxes has been made in these financial statements.

These are the first financial statements prepared in accordance with Part III of the Canadian Institute of Chartered Accountants Handbook – accounting standards for not-for-profit organizations (Part III). Westmount Place issued annual financial statements under the previous Canadian generally accepted accounting principles to December 31 of each year up to and including December 31, 2011.

The date of transition to Part III was January 1, 2011; the balance sheet at that date 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 years ending December 31, 2011 and December 31, 2012 have been prepared in accordance with Part III. There were no material differences arising from the adoption of Part III when compared with the amounts previously reported.

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:

Cash comprises daily interest bank accounts; investments comprise corporate bonds.

2. Significant accounting policies (continued):

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.

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. Special assessments are recorded as income on the earlier of the due date and the date paid.

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 2012.

Guided by this study, the Board adopted a reserve fund plan which requires a December 31, 2012 reserve fund balance of $1,000,000 and a 2013 contribution of $746,000. The actual reserve fund balance on December 31, 2012 was $908,708 and the budgeted 2013 contribution is $746,093.

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 face values of the investments are recorded at market value 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 rate 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 $923,159 on December 31, 2012, $148,738 was insured by the Canada Deposit Insurance Corporation, $527,824 was invested in corporate bonds, and $1,278 was cash held by a broker. The average rate of interest on the total cash and investments was 1.69% (2011 – 0.48% on $414,598).

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 earn 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. Commitments:
The Corporation has contracted for:

a) elevator maintenance for $18,736 per annum until November 2021;
b) electricity for $0.07151 per kilowatt hour until June 2014;
c) cable TV for $55,623 until July 2013 and $58,935 until July 2014.