Condominium Corporation No. 8310969 – Westmount Place

Auditor's Report and Financial Statements

December 31, 2013

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, 2013 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, 2013, 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 3, 2014

Shahid Naqi Inc.
Chartered Accountant

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Condominium Corporation No. 8310969 – Westmount Place

Balance Sheet

December 31, 2013

	Operating Fund	Reserve Fund	2013 Total	2012 Total
Current assets				
Cash	$173,691	$1,345,541	$1,519,232	$395,335
Assessments receivable	29,777	-	29,777	139,132
Other accounts receivable	1,638	-	1,638	2,109
Prepaid expenses	54,676	-	54,676	41,917
	259,782	**1,345,541**	**1,605,323**	**578,493**
Investments, maturing after one year	-	-	-	527,824
	$259,782	**$1,345,541**	**$1,605,323**	**$1,106,317**
Current liabilities				
Accounts payable and accrued liabilities	$157,375	$31,932	$189,307	$172,752
Security deposits	12,525	-	12,525	13,525
Goods and services tax payable	994	-	994	3,585
	170,894	**31,932**	**202,826**	**189,862**
Net assets				
Capital replacement reserve fund	-	1,313,609	1,313,609	908,708
Operating fund	88,888	-	88,888	7,747
	88,888	**1,313,609**	**1,402,497**	**916,455**
	$259,782	**$1,345,541**	**$1,605,323**	**$1,106,317**

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, 2013

	2013	Budget (Unaudited)	2012
Revenue			
Condominium fees			
residential	$1,737,857	$1,737,856	$1,172,911
Commercial	309,370	309,370	209,092
	2,047,227	**2,047,226**	**1,382,003**
Rental, interest and other income	37,144	23,400	22,743
Less adjustment due to change of unit factors	-	-	(7,106)
	2,084,371	**2,070,626**	**1,397,640**
Expenses			
Administration			
Management fees	57,310	59,000	39,957
Insurance and appraisal	44,538	64,600	61,160
Professional fees			
legal	11,431	5,000	7,951
audit	7,321	5,000	7,814
Office and bank charges	7,603	11,050	20,235
Telephone	4,135	4,000	3,870
Operating			
Electricity	176,712	165,000	179,302
Water and sewer	168,172	160,000	155,370
Natural gas	96,127	100,000	87,190
Cable television	51,973	53,100	51,931
Waste removal	21,793	18,000	16,972
Salaries and benefits	234,988	290,650	307,693
Janitorial and supplies	53,857	57,864	32,154
Elevator	23,041	35,000	24,168
Fire safety and security	17,774	15,684	7,787
Landscaping and snow removal	9,536	7,500	4,585
Repair and maintenance			
General repairs	196,434	185,585	73,926
Plumbing and mechanical	74,389	87,500	66,022
	1,257,134	**1,324,533**	**1,148,087**
Excess of revenue over expenses	**827,237**	**746,093**	**249,553**
Operating fund, start of year	7,747	-	(78,806)
Transfer to capital replacement reserve fund	(746,096)	(746,093)	(163,000)
Operating fund, end of year	**$88,888**	**$ -**	**$7,747**

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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, 2013

	2013	2012
Revenue		
Insurance recovery	$75,000	$ -
Interest	9,548	832
Special assessments	-	670,000
Unrealized loss on investments	-	(208)
	84,548	**670,624**
Expenses		
Building envelope	157,800	17,491
Roofing	136,288	-
Mechanical repairs	76,522	159,810
Project management fees	29,600	40,611
Elevator	25,533	24,778
Post tension study	-	15,991
Other	-	10,593
Reserve fund study	-	8,546
	425,743	**277,820**
Excess (deficiency) of revenue over expenses	**(341,195)**	**392,804**
Capital replacement reserve fund, start of year	908,708	352,904
Transfer from operating fund	746,096	163,000
Capital replacement reserve fund, end of year	**$1,313,609**	**$908,708**

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Condominium Corporation No. 8310969 – Westmount Place

Statement of Cash Flows

Year ended December 31, 2013

	2013	2012
Operating activities		
Condominium fees	$2,027,469	$1,372,228
Insurance recovery	75,000	-
Rental, interest and other income	32,690	14,879
Special assessments	129,113	540,887
Security deposit refunded	(1,000)	-
Operating expenses	(1,219,653)	(1,178,195)
Reserve expenses	(446,164)	(242,620)
	597,455	**507,179**
Investing activities		
Investments redeemed	526,442	-
Investments placed	-	(526,442)
	526,442	**(526,442)**
Increase (decrease) in cash	**1,123,897**	**(19,263)**
Cash, start of year	395,335	414,598
Cash, end of year	**$1,519,232**	**$395,335**

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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.

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:

Cash comprises daily interest bank accounts.

iii. Contributed services:

Volunteers carry out many activities for the Corporation. Due to the difficulty of determining their fair values, 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 2012.

The actual reserve fund balance on December 31, 2013 was $1,313,609 and the budgeted 2014 contribution is $766,142.

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

Financial asset or liability	Category	Measurement
Cash	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.

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
Accounts receivable	Credit risk
Accounts payable	Liquidity risk

Credit risk 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 $1,519,232 on December 31, 2013, $195,078 was insured by the Canada Deposit Insurance Corporation. The average rate of interest was 1.34% (2012 – 1.69% on cash and investments of $923,159).

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 the 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 elevator maintenance at $19,562 per annum until November 2021 and electricity at $0.06571 per kilowatt hour until June 2018.