Condominium Corporation No. 8310969 – Westmount Place

Auditor's Report and Financial Statements

December 31, 2014

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, 2014 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, 2014, 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, 2015

Chartered Accountant

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Condominium Corporation No. 8310969 – Westmount Place

Balance Sheet

December 31, 2014

	Operating Fund	Reserve Fund	2014 Total	2013 Total
Current assets				
Cash	$71	$714,507	$714,578	$1,519,232
Amounts due from owners	80,343	-	80,343	29,777
Other accounts receivable	2,327	-	2,327	1,638
Insurance claims receivable	90,730	-	90,730	-
Goods and services tax recoverable	145	-	145	-
Prepaid expenses	59,171	-	59,171	54,676
	232,787	**714,507**	**947,294**	**1,605,323**
Investment, maturing after one year	-	142,890	142,890	-
	$232,787	**$857,397**	**$1,090,184**	**$1,605,323**
Current liabilities				
Accounts payable and accrued liabilities	$139,109	$141,795	$280,904	$189,307
Security deposits	11,525	-	11,525	12,525
Goods and services tax payable	-	-	-	994
	150,634	**141,795**	**292,429**	**202,826**
Net assets				
Capital replacement reserve fund	-	715,602	715,602	1,313,609
Operating fund	82,153	-	82,153	88,888
	82,153	**715,602**	**797,755**	**1,402,497**
	$232,787	**$857,397**	**$1,090,184**	**$1,605,323**

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, 2014

	2014	Budget (Unaudited)	2013
Revenue			
Condominium fees			
residential	$1,737,857	$1,737,856	$1,737,857
commercial	309,370	309,370	309,370
	2,047,227	**2,047,226**	**2,047,227**
Rental, interest and other	35,349	24,000	37,144
	2,082,576	**2,071,226**	**2,084,371**
Expenses			
Administration			
Insurance and appraisal	62,830	68,000	44,538
Management fees	60,877	61,312	57,310
Professional fees			
legal	13,486	5,000	11,431
audit	3,895	5,000	7,321
Office and bank charges	6,234	9,600	7,603
Telephone	3,613	5,000	4,135
Operating			
Water and sewer	174,577	166,000	168,172
Natural gas	170,979	110,000	96,127
Electricity	154,395	165,000	176,712
Cable television	58,679	56,340	51,973
Waste removal and recycling	27,044	20,000	21,793
Salaries, benefits and security	184,593	203,000	234,988
Janitorial and supplies	52,462	55,000	53,857
Fire safety and security	26,398	17,100	17,774
Elevator	21,959	30,000	23,041
Landscaping and snow removal	313	3,500	9,536
Repair and maintenance			
General repairs	215,769	271,100	196,434
Plumbing, mechanical and electrical	89,156	54,132	74,389
	1,327,259	**1,305,084**	**1,257,134**
Excess of revenue over expenses	**755,317**	**766,142**	**827,237**
Operating fund, start of year	88,888	-	7,747
Transfer to capital replacement reserve fund	(762,052)	(766,142)	(746,096)
Operating fund, end of year	**$82,153**	**$ -**	**$88,888**

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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, 2014

	2014	2013
Revenue		
Interest, net of management fees of $2,675 (2013 - $2,449)	$13,140	$9,548
Unrealized gain on investments	316	-
Insurance recovery	-	75,000
	13,456	**84,548**
Expenses		
Building envelope	1,245,307	157,800
Mechanical repairs	58,551	76,522
Project management fees	57,757	29,600
Rental suite renovations	11,900	-
Roofing	-	136,288
Elevator	-	25,533
	1,373,515	**425,743**
Deficiency of revenue over expenses	**(1,360,059)**	**(341,195)**
Capital replacement reserve fund, start of year	1,313,609	908,708
Transfer from operating fund	762,052	746,096
Capital replacement reserve fund, end of year	**$715,602**	**$1,313,609**

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Condominium Corporation No. 8310969 – Westmount Place

Statement of Cash Flows

Year ended December 31, 2014

	2014	2013
Operating activities		
Condominium fees	$1,996,661	$2,027,469
Rental, interest and other	45,794	32,690
Special assessments	-	129,113
Insurance recovery	-	75,000
Security deposit refunded	(1,000)	(1,000)
Operating expenses	(1,440,903)	(1,219,653)
Reserve expenses	(1,263,652)	(446,164)
	(663,100)	**597,455**
Investing activities		
Investments redeemed	-	526,442
Investment placed	(141,554)	-
	(141,554)	**526,442**
Increase (decrease) in cash	**(804,654)**	**1,123,897**
Cash, start of year	1,519,232	395,335
Cash, end of year	**$714,578**	**$1,519,232**

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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 and investment:

Cash comprises daily interest bank accounts; the investment comprises a corporate bond.

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, 2014 was $715,602 and the budgeted 2015 contribution is $646,088.

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

Financial asset or liability	Category	Measurement
Cash	Held for trading	Fair value
Investment	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 investment is recorded at market value and includes 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
Investment	Credit risk and interest rate risk
Accounts receivable	Credit risk
Accounts payable	Liquidity risk

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

Of the Corporation's total deposits of $857,468 on December 31, 2014, $206,248 was insured by the Canada Deposit Insurance Corporation, $142,890 was invested in a corporate bond and $65,409 was in cash held by a broker. The average rate of interest was 1.00% (2013 – 1.34% on cash of $1,519,232).

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, until November 2021, for $20,955 per annum;
- electricity, until June 2018, for $0.06571 per kilowatt hour;
- natural gas, until October 2017, for $4.26 per gigajoule; and
- cable television, until July 2019, for $61,456 per annum.