**Condominium Corporation No. 8310969 – Westmount Place**

Auditor's Report and Financial Statements

December 31, 2015

**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, 2015 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, 2015, 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
March 4, 2016

Shahid Naqi
Chartered Accountant

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**Condominium Corporation No. 8310969 – Westmount Place**

Balance Sheet

December 31, 2015

| | Operating Fund | Reserve Fund | 2015 Total | 2014 Total |
|---|---|---|---|---|
| **Assets** | | | | |
| **Current** | | | | |
| Cash | $325,336 | $957,667 | $1,283,003 | $714,578 |
| Amounts due from owners | 61,716 | - | 61,716 | 96,339 |
| Other accounts receivable | 5,477 | - | 5,477 | 2,327 |
| Insurance claims receivable | - | - | - | 90,730 |
| Goods and services tax recoverable | - | - | - | 145 |
| Prepaid expenses | 24,170 | - | 24,170 | 59,171 |
| | **416,699** | **957,667** | **1,374,366** | **963,290** |
| **Non-current** | | | | |
| Investment, maturing after one year | - | - | - | 142,890 |
| | **$416,699** | **$957,667** | **$1,374,366** | **$1,106,180** |
| **Current liabilities** | | | | |
| Accounts payable and accrued liabilities | $114,012 | $16,171 | $130,183 | $280,904 |
| Condominium fees paid in advance | 20,101 | - | 20,101 | 15,996 |
| Security deposits | 11,525 | - | 11,525 | 11,525 |
| Goods and services tax payable | 1,490 | - | 1,490 | - |
| | **147,128** | **16,171** | **163,299** | **308,425** |
| **Net assets** | | | | |
| Capital replacement reserve fund | - | 941,496 | 941,496 | 715,602 |
| Operating fund | 269,571 | - | 269,571 | 82,153 |
| | **269,571** | **941,496** | **1,211,067** | **797,755** |
| | **$416,699** | **$957,667** | **$1,374,366** | **$1,106,180** |

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, 2015

| | 2015 | Budget (Unaudited) | 2014 |
|---|---|---|---|
| **Revenue** | | | |
| Condominium fees | | | |
| residential | $1,799,807 | $1,799,807 | $1,737,857 |
| commercial | 320,399 | 320,399 | 309,370 |
| | **2,120,206** | **2,120,206** | **2,047,227** |
| Rental, interest and other | 34,569 | 33,612 | 35,349 |
| | **2,154,775** | **2,153,818** | **2,082,576** |
| **Expenses** | | | |
| **Administration** | | | |
| Insurance and appraisal | 101,185 | 101,845 | 62,830 |
| Management fees | 62,536 | 62,300 | 60,877 |
| Professional fees | | | |
| legal | 11,550 | 20,000 | 13,486 |
| audit | 5,644 | 5,200 | 3,895 |
| engineer | 1,355 | 18,000 | - |
| Office and bank charges | 7,121 | 6,500 | 6,234 |
| **Operating** | | | |
| Electricity | 161,367 | 150,000 | 154,395 |
| Water and sewer | 132,734 | 189,000 | 174,577 |
| Natural gas | 126,037 | 175,000 | 170,979 |
| Cable television | 60,711 | 64,361 | 58,679 |
| Waste removal and recycling | 28,145 | 26,500 | 27,044 |
| Telephone | 2,829 | 3,700 | 3,613 |
| Salaries, benefits and security | 201,123 | 213,000 | 184,593 |
| Janitorial and supplies | 60,342 | 56,000 | 52,462 |
| Elevator | 23,217 | 22,750 | 21,959 |
| Fire safety and security | 17,452 | 16,300 | 26,398 |
| Snow removal | 188 | 2,000 | 313 |
| **Repairs and maintenance** | | | |
| General repairs | 180,760 | 319,174 | 215,769 |
| Plumbing, mechanical and electrical | 136,969 | 56,100 | 89,156 |
| | **1,321,265** | **1,507,730** | **1,327,259** |
| **Excess of revenue over expenses** | **833,510** | **646,088** | **755,317** |
| Operating fund, start of year | 82,153 | - | 88,888 |
| Transfer to capital replacement reserve fund | (646,092) | (646,088) | (762,052) |
| **Operating fund, end of year** | **$269,571** | **$ -** | **$82,153** |



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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, 2015

| | 2015 | 2014 |
|---|---|---|
| **Revenue** | | |
| Interest, net of management fees of $1,514 (2014 - $2,675) | $11,166 | $13,140 |
| Unrealized gain on investments | - | 316 |
| | **11,166** | **13,456** |
| **Expenses** | | |
| Post tension system | 106,293 | - |
| Building envelope | 93,521 | 1,245,307 |
| Front entrance modernization | 93,468 | - |
| Mechanical repairs | 59,909 | 58,551 |
| Project management fees | 43,092 | 57,757 |
| Other | 35,081 | 11,900 |
| | **431,364** | **1,373,515** |
| **Deficiency of revenue over expenses** | **(420,198)** | **(1,360,059)** |
| Capital replacement reserve fund, start of year | 715,602 | 1,313,609 |
| Transfer from operating fund | 646,092 | 762,052 |
| **Capital replacement reserve fund, end of year** | **$941,496** | **$715,602** |



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## Condominium Corporation No. 8310969 – Westmount Place

Statement of Cash Flows

Year ended December 31, 2015

| | 2015 | 2014 |
|---|---|---|
| **Operating activities** | | |
| Condominium fees | $2,158,934 | $1,996,661 |
| Rental, interest and other | 47,071 | 45,794 |
| Security deposit refunded | - | (1,000) |
| Operating expenses | (1,222,146) | (1,440,903) |
| Reserve expenses | (556,988) | (1,263,652) |
| | **426,871** | **(663,100)** |
| **Investing activities** | | |
| Investment redeemed | 141,554 | - |
| Investment placed | - | (141,554) |
| | **141,554** | **(141,554)** |
| **Increase (decrease) in cash** | **568,425** | **(804,654)** |
| Cash, start of year | 714,578 | 1,519,232 |
| **Cash, end of year** | **$1,283,003** | **$714,578** |



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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 and cash held by a broker.

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.

**v. Financial instruments:**
The Corporation initially measures its financial assets and financial liabilities at fair value. The Corporation subsequently measures cash at fair value and accounts receivable, accounts payable, and accrued liabilities at amortized cost.

**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 assumes a reserve fund balance of $766,211 at December 31, 2015 and a 2016 contribution of $808,072. The actual reserve fund balance on December 31, 2015 was $941,496 and the budgeted 2016 contribution is $646,088.

**4. Financial instrument risk management:**
The Corporation is exposed to various risks through its financial instruments and manages these risks with the objective of reducing volatility in its cash flows.

The principal risks are:

| | |
|---|---|
| Cash | Credit risk and interest rate risk |
| Accounts receivable | Credit risk |
| Accounts payable | Liquidity risk |

4. **Financial instrument risk management** (continued):

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

Of the Corporation's total cash of $1,283,003 on December 31, 2015, $112,045 was insured by the Canada Deposit Insurance Corporation and $54,957 was in cash held by a broker. The average rate of interest was 0.71% (2014 – 1.00% on cash and investment of $857,468).

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 $21,688 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 $63,300 per annum.