Condominium Corporation No. 8310969 – Westmount Place

Auditor's Report and Financial Statements

December 31, 2016

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 statement of financial position as at December 31, 2016 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, 2016, 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.

Shahid Naqi Prof. Corp.

Calgary, Alberta
April 3, 2017

Chartered Accountant

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Condominium Corporation No. 8310969 – Westmount Place

Statement of Financial Position

December 31, 2016

	Operating Fund	Reserve Fund	2016 Total	2015 Total
Assets				
Current				
Cash	$401,010	$1,237,302	$1,638,312	$1,283,003
Investment, maturing within one year	-	79,145	79,145	-
Amounts due from owners	26,252	49,788	76,040	61,716
Other accounts receivable	1,253	-	1,253	5,477
Prepaid expenses	51,774	-	51,774	24,170
	480,289	**1,366,235**	**1,846,524**	**1,374,366**
Non-current				
Investments, maturing after one year	-	410,770	410,770	-
	$480,289	**$1,777,005**	**$2,257,294**	**$1,374,366**
Current liabilities				
Accounts payable and accrued liabilities	$86,082	$207,786	$293,868	$130,183
Security deposits	12,525	-	12,525	11,525
Condominium fees paid in advance	11,210	-	11,210	20,101
Goods and services tax payable	308	3,868	4,176	1,490
	110,125	**211,654**	**321,779**	**163,299**
Net assets				
Capital replacement reserve fund	-	1,565,351	1,565,351	941,496
Operating fund	370,164	-	370,164	269,571
	370,164	**1,565,351**	**1,935,515**	**1,211,067**
	$480,289	**$1,777,005**	**$2,257,294**	**$1,374,366**

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, 2016

	2016	Budget (Unaudited)	2015
Revenue			
Condominium fees			
residential	$1,827,290	$1,827,282	$1,799,807
commercial	325,290	325,290	320,399
	2,152,580	**2,152,572**	**2,120,206**
Rental, interest and other	25,086	32,000	34,569
	2,177,666	**2,184,572**	**2,154,775**
Expenses			
Administration			
Insurance and appraisal	101,081	101,361	101,185
Management fees	62,844	64,717	62,536
Professional fees	7,592	18,050	18,549
Office and bank charges	5,197	6,000	7,121
Operating			
Electricity	151,942	166,000	161,367
Water and sewer	139,460	175,000	132,734
Natural gas	117,725	151,000	126,037
Cable television	63,560	64,400	60,711
Waste removal and recycling	36,473	31,000	28,145
Telephone	2,907	3,000	2,829
Security guards	111,995	105,000	112,262
Concierges salaries and benefits	97,874	93,200	88,861
Janitorial and supplies	56,579	68,800	60,342
Elevator	27,251	24,503	23,217
Fire safety and security	25,492	16,500	17,452
Repairs and maintenance			
General	288,852	345,403	180,948
Plumbing, mechanical and electrical	134,157	104,550	136,969
	1,430,981	**1,538,484**	**1,321,265**
Excess of revenue over expenses	**746,685**	**646,088**	**833,510**
Operating fund, start of year	269,571	-	82,153
Transfer to capital replacement reserve fund	(646,092)	(646,088)	(646,092)
Operating fund, end of year	**$370,164**	**$ -**	**$269,571**

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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, 2016

	2016	2015
Revenue		
Special assessment, net of management fee of $2,542	$509,458	$ -
Interest	10,339	11,166
	519,797	**11,166**
Expenses		
Security surveillance system	203,319	-
Parkade membrane and deck drainage	149,727	14,651
Project management fees	51,068	43,092
Roofing for terrace	39,529	-
Gym renovation	34,300	-
Front entrance modernization	27,277	93,468
Post tension system	24,520	106,293
Pool and spa renovation	12,541	-
Building envelope	(247)	93,521
Mechanical repairs	-	59,909
Other	-	20,430
	542,034	**431,364**
Deficiency of revenue over expenses	**(22,237)**	**(420,198)**
Capital replacement reserve fund, start of year	941,496	715,602
Transfer from operating fund	646,092	646,092
Capital replacement reserve fund, end of year	**$1,565,351**	**$941,496**

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Condominium Corporation No. 8310969 – Westmount Place

Statement of Cash Flows

Year ended December 31, 2016

	2016	2015
Operating activities		
Condominium fees	$2,179,153	$2,158,934
Special assessment	462,212	-
Rental, interest and other	34,746	47,071
Security deposits received	1,000	-
Operating expenses	(1,479,553)	(1,222,146)
Reserve expenses	(352,961)	(556,988)
	844,597	**426,871**
Investing activities		
Investments redeemed	236,110	141,554
Investment placed	(725,398)	-
	(489,288)	**141,554**
Increase in cash	**355,309**	**568,425**
Cash, start of year	1,283,003	714,578
Cash, end of year	**$1,638,312**	**$1,283,003**

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1. Organization:

Westmount Place (the Corporation) is a not-for-profit organization incorporated with the registration of the condominium plan. The Corporation enters into contracts on behalf of the owners of the one hundred and twenty-three residential and eleven commercial units for the maintenance of common property and the provision of services to the owners.

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 investments:

Cash comprises daily interest bank accounts and cash held by a broker; investments comprise government bonds and deposit notes issued by Canadian banks.

2. **Significant accounting policies** (continued):

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.

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. Special assessments are recognized as income on the due date. 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, investments, 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.

Under the assumptions of the study, a December 31, 2016 reserve fund balance of $1,326,394 and a 2017 contribution of $829,890 would provide adequate funding. The actual reserve fund balance on December 31, 2016 was $1,565,351 and the budgeted 2017 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 and investments	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 $2,128,227 on December 31, 2016, $206,143 was insured by the Canada Deposit Insurance Corporation, $202,796 was invested in bonds issued by provincial government agencies, $287,118 was invested in deposit notes issued by Canadian banks and $2,549 was in cash held by a broker. The average rate of interest on the total cash and investments was 1.07% (2015 – 0.71% on cash of $1,283,003).

The future maturities of the investments are: 2017 - $79,145; 2018 - $131,687; 2019 - $103,614; 2020 - $124,925 and 2021 - $50,544.

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:

- electricity, until June 2018, at $0.06571 per kilowatt hour;
- cable television, until July 2019, at $65,198 annually; and
- elevator maintenance, until November 2021, at $22,968 annually.