Condominium Corporation No. 8310969 – Westmount Place

Auditor's Report and Financial Statements

December 31, 2017

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, 2017 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, 2017, 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

Calgary, Alberta
April 11, 2018

Chartered Accountant

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Condominium Corporation No. 8310969 – Westmount Place

Statement of Financial Position

December 31, 2017

	Operating Fund	Reserve Fund	2017 Total	2016 Total
Assets				
Current				
Cash	$293,764	$879,322	$1,173,086	$1,638,312
Investment, maturing within one year	-	-	-	79,145
Amounts due from owners	28,397	2,183	30,580	76,040
Insurance claims receivable	24,380	-	24,380	-
Goods and Services Tax receivable	7,500	-	7,500	-
Other accounts receivable	-	-	-	1,253
Prepaid expenses	53,911	-	53,911	51,774
	407,952	**881,505**	**1,289,457**	**1,846,524**
Non-current				
Investments, maturing after one year	-	478,988	478,988	410,770
	$407,952	**$1,360,493**	**$1,768,445**	**$2,257,294**
Current liabilities				
Accounts payable and accrued liabilities	$58,073	$221,449	$279,522	$293,868
Security deposits	12,525	-	12,525	12,525
Condominium fees paid in advance	9,806	-	9,806	11,210
Goods and services tax payable	-	-	-	4,176
	80,404	**221,449**	**301,853**	**321,779**
Net assets				
Capital replacement reserve fund	-	1,139,044	1,139,044	1,665,351
Operating fund	327,548	-	327,548	270,164
	327,548	**1,139,044**	**1,466,592**	**1,935,515**
	$407,952	**$1,360,493**	**$1,768,445**	**$2,257,294**

Approved by the Board:

R. Mussen, Director, Treasurer 4/12/2018

Bob Byl, Director 4/11/2018

Westmount Place Board Secretary

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Chartered Accountant

Condominium Corporation No. 8310969 – Westmount Place

Statement of Operations and Change in Operating Fund

Year ended December 31, 2017

	2017	Budget (Unaudited)	2016
Revenue			
Condominium fees			
residential	$1,868,102	$1,868,136	$1,827,290
commercial	332,562	332,562	325,290
	2,200,664	**2,200,698**	**2,152,580**
Rental, interest and other	31,660	42,500	25,086
	2,232,324	**2,243,198**	**2,177,666**
Expenses			
Administration			
Insurance and appraisal	95,586	99,300	101,081
Management fees	62,844	63,300	62,844
Professional fees	23,415	13,500	7,592
Office and bank charges	8,471	6,100	5,197
Operating			
Electricity	162,949	184,000	151,942
Water and sewer	158,789	165,000	139,460
Natural gas	151,543	170,500	117,725
Cable television	65,460	66,350	63,560
Waste removal, recycling and composting	44,754	36,000	36,473
Telephone	2,625	3,000	2,907
Security guards	114,854	105,000	111,995
Concierges salaries and benefits	91,466	92,500	97,874
Janitorial and supplies	60,811	67,500	56,579
Elevator	25,933	27,770	27,251
Fire safety and security	11,793	17,940	25,492
Repairs and maintenance			
General	216,211	381,400	288,852
Plumbing, mechanical and electrical	131,344	97,950	134,157
	1,428,848	**1,597,110**	**1,430,981**
Excess of revenue over expenses	**803,476**	**646,088**	**746,685**
Operating fund, start of year	270,164	-	269,571
Transfer to capital replacement reserve fund			
budgeted	(646,092)	(646,088)	(646,092)
additional	(100,000)	-	(100,000)
Operating fund, end of year	**$327,548**	**$ -**	**$270,164**

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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, 2017

	2017	2016
Revenue		
Interest, net of management fee of $2,656	$15,840	$10,339
Special assessment, net of management fee of $2,542	-	509,458
	15,840	**519,797**
Expenses		
Pool and spa renovation	428,765	12,541
Elevator modernization	315,765	-
Fire and security system	310,726	203,072
Drywall	101,036	-
Project management fees	65,315	51,068
LED retrofit project	33,660	-
Post tension system	15,116	24,520
Mat replacement	12,904	-
Reserve fund study	4,952	-
Parkade membrane and deck drainage	-	149,727
Roofing for terrace	-	39,529
Gym renovation	-	34,300
Front entrance modernization	-	27,277
	1,288,239	**542,034**
Deficiency of revenue over expenses	**(1,272,399)**	**(22,237)**
Capital replacement reserve fund, start of year	1,665,351	941,496
Transfer from operating fund	746,092	746,092
Capital replacement reserve fund, end of year	**$1,139,044**	**$1,665,351**

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Condominium Corporation No. 8310969 – Westmount Place

Statement of Cash Flows

Year ended December 31, 2017

	2017	2016
Operating activities		
Condominium fees	$2,197,115	$2,179,153
Special assessment	47,605	462,212
Rental, interest and other	49,988	34,746
Security deposits received	500	1,000
Security deposit refunded	(500)	-
Operating expenses	(1,493,797)	(1,479,553)
Reserve expenses	(1,274,576)	(352,961)
	(473,665)	**844,597**
Investing activities		
Investments redeemed	282,420	236,110
Investments placed	(273,981)	(725,398)
	8,439	**(489,288)**
Increase (decrease) in cash	**(465,226)**	**355,309**
Cash, start of year	1,638,312	1,283,003
Cash, end of year	**$1,173,086**	**$1,638,312**

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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 unit 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 provincial government bonds, deposit notes issued by Canadian banks and 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.

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 2017.

Under the assumptions of the study, a December 31, 2017 reserve fund balance of $1,244,659 (after adjusting for expenditures scheduled but not spent) and a 2018 contribution of $650,000 would provide adequate funding. The actual reserve fund balance on December 31, 2017 was $1,139,044 and the budgeted 2018 contribution is $700,000.

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

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

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 $1,652,074 on December 31, 2017, $206,144 was insured by the Canada Deposit Insurance Corporation, $237,454 was invested in provincial government bonds, $167,342 was in deposit notes issued by Canadian banks, $74,192 was in a corporate bond and $52,109 was in cash held by a broker. The average rate of interest on the total cash and investments was 1.20% (2016 – 1.07% on $2,128,227).

The future maturities of the bonds and deposit notes are: 2019 - $99,594; 2020 - $123,102; 2021 - $165,986 and 2022 - $90,307.

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, earning 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:

- cable television, until July 2019, at $67,485 per annum;
- elevator maintenance, until November 2021, at $22,968 per annum; and
- natural gas, until October 2022, at $2.57 per gigajoule.

7. Legal action:

The Corporation is a defendant in an action brought by an owner for water damage remediation of the unit. No liability has been accrued for the amounts, if any, that may be payable.

8. Comparative figures:

The comparative figures for 2016 have been restated; the capital replacement reserve fund at December 31, 2016 is higher by $100,000 and the operating fund for the year then ended is lower by the same amount.