Condominium Corporation No. 8310969 – Westmount Place

Auditor's Report and Financial Statements

December 31, 2011

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, 2011 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 generally accepted accounting principles, 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, 2011, and the results of its operations and its cash flows for the year then ended are in accordance with Canadian generally accepted accounting principles.

Calgary, Alberta
March 30, 2012

Chartered Accountant

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Condominium Corporation No. 8310969 – Westmount Place

Balance Sheet

December 31, 2011

	Operating Fund	Reserve Fund	2011 Total	2010 Total
Current assets				
Cash	$44,541	$370,057	$414,598	$592,194
Condominium fees receivable	4,467	-	4,467	29,774
Other accounts receivable	-	-	-	78,405
Prepaid expenses	8,824	-	8,824	6,432
	$57,832	**$370,057**	**$427,889**	**$706,805**
Current liabilities				
Accounts payable and accrued liabilities	$118,890	$17,153	$136,043	$386,859
Security deposits	13,525	-	13,525	13,000
Condominium fees paid in advance	4,223	-	4,223	43,870
	136,638	**17,153**	**153,791**	**443,729**
Net assets				
Capital replacement reserve fund	-	352,904	352,904	317,828
Operating fund	(78,806)	-	(78,806)	(54,752)
	(78,806)	**352,904**	**274,098**	**263,076**
	$57,832	**$370,057**	**$427,889**	**$706,805**

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, 2011

	2011	Budget (Unaudited)	2010
Revenue			
Condominium fees			
Residential	$1,705,426	$1,705,424	$1,542,274
commercial	302,076	302,076	273,177
	2,007,502	**2,007,500**	**1,815,451**
Rental and other income	23,429	27,550	19,820
	2,030,931	**2,035,050**	**1,835,271**
Expenses			
Administration			
Insurance and appraisal	67,808	62,000	81,949
Office and bank charges	28,395	23,000	46,383
Professional fees	23,118	10,000	16,225
Condominium fees deemed uncollectible	13,994	-	-
Operating			
Natural gas	248,320	305,000	339,730
Electricity	169,600	161,000	136,833
Water and sewer	161,594	150,000	147,054
Waste removal	14,437	12,000	13,399
Salaries, benefits and management	397,898	403,000	406,704
Cable television	48,165	48,000	44,661
Repair and maintenance			
General repairs	202,624	181,000	203,551
Plumbing, mechanical and electrical	58,461	77,500	85,851
Elevator	38,508	25,000	25,920
	1,472,922	**1,457,500**	**1,548,260**
Excess of revenue over expenses	**558,009**	**577,550**	**287,011**
Operating fund, start of year	(54,752)	-	38,237
Transfer to capital replacement reserve fund	(582,063)	(413,400)	(380,000)
Operating fund, end of year	**($78,806)**	**$164,150**	**($54,752)**

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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, 2011

	2011	2010
Revenue		
Interest	$2,786	$6,410
	2,786	**6,410**
Expenses		
Mechanical repairs, including engineering fees	455,760	872,895
Water booster	38,021	-
Post tension and water proofing	20,444	-
Water line replacement	10,928	-
Other	24,620	15,036
Pool and tiles replacement	-	55,596
Lighting and electrical	-	50,574
Sump pump	-	26,534
Parkade restoration	-	11,244
	549,773	**1,031,879**
Deficiency of revenue over expenses	**(546,987)**	**(1,025,469)**
Transfer from operating fund	582,063	380,000
Capital replacement reserve fund, start of year	317,828	963,297
Capital replacement reserve fund, end of year	**$352,904**	**$317,828**

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Condominium Corporation No. 8310969 – Westmount Place

Statement of Cash Flows

Year ended December 31, 2011

	2011	2010
Operating activities		
Condominium fees	$1,993,162	$1,875,077
Rental, interest and other income	26,215	26,230
Security deposits received	525	-
Operating expenses	(1,418,242)	(1,621,154)
Reserve expenses	(779,256)	(1,070,694)
Decrease in cash	**(177,596)**	**(790,541)**
Cash, start of year	592,194	1,382,735
Cash, end of year	**$414,598**	**$592,194**

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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 and the 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 generally accepted accounting principles within reasonable limits of materiality using the accounting policies summarized below.

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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:

This comprises daily interest bank accounts and guaranteed investment certificates with a maturity of 30 days.

iii Contributed services:

Volunteers carry out many activities for the Corporation. Due to the difficulty of determining their fair value, 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 2008. Under the assumptions of this study, a December 31, 2011 reserve fund balance of $377,764 and a 2012 contribution of $649,050 would provide adequate funding. The actual December 31, 2011 reserve fund balance was $352,904.

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 risks and interest 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 $414,598 at December 31, 2011, $100,000 was insured by the Canada Deposit Insurance Corporation. The average rate of interest on the total cash and investments was 0.48% (2010 – 0.99% on $592,194).

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 earns 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 a 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. Contingency:
Subsequent to the year-end, a contractor initiated legal action against the Corporation for $62,277 of unpaid work. The Corporation denies any liability, disputing the value of the work, and has retained legal counsel. No accrual has been made in these financial statements for any possible liability that may arise from this claim.