

**CONDOMINIUM CORPORATION NO. 092 4818  
MACEWAN GARDENS II  
FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

Barbara L. Surry  
Chartered Professional Accountant, CMA

**CONDOMINIUM CORPORATION NO. 092 4818  
MACEWAN GARDENS II**

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# BARBARA L. SURRY, CPA, CMA

CHARTERED PROFESSIONAL ACCOUNTANT

## Independent Auditor's Report

To the owners of the: Condominium Corporation No. 092 4818

I have audited the accompanying financial statements of Condominium Corporation No. 092 4818 which comprise the Statement of Financial Position as at September 30, 2017 and September 30, 2016 and the Statements of Operations and Changes in Net Assets for the Operating Fund and Capital Replacement Reserve Fund and the Statement of Cash Flows for the years ended September 30, 2017 and September 30, 2016 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 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 disclosure 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 in my audits 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. 092 4818 as at September 30, 2017 and September 30, 2016 and its financial performance and cash flows for the years ended September 30, 2017 and September 30, 2016 in accordance with Canadian accounting standards for not-for-profit organizations.

Edmonton, Alberta  
November 20, 2017

  
Chartered Professional Accountant, CMA

**CONDOMINIUM CORPORATION NO. 092 4818  
MACEWAN GARDENS II**

**STATEMENT OF FINANCIAL POSITION**

**SEPTEMBER 30, 2017**

	Operating Fund	Reserve Fund	Total 2017	Total 2016
<b>ASSETS</b>				
<b>Current assets</b>				
Cash	\$ 214,667	\$ 280,234	\$ 494,901	\$ 652,345
Investments, non cashable (Note 6)	-	300,000	300,000	-
Accrued interest receivable	-	1,619	1,619	-
Accounts receivable	4,085	-	4,085	1,967
Due from the operating fund	-	2,165	2,165	2,165
Prepaid expense	<u>4,204</u>	<u>-</u>	<u>4,204</u>	<u>4,043</u>
	<u>\$ 222,956</u>	<u>\$ 584,018</u>	<u>\$ 806,974</u>	<u>\$ 660,520</u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>Current liabilities</b>				
Payables and accruals	\$ 55,060	\$ -	\$ 55,060	\$ 81,432
Condominium fees received in advance	423	-	423	-
Due to the reserve fund	2,165	-	2,165	2,165
Security deposits	<u>31,030</u>	<u>-</u>	<u>31,030</u>	<u>32,480</u>
	<u>88,678</u>	<u>-</u>	<u>88,678</u>	<u>116,077</u>
<b>Net assets</b>				
Internally Restricted Reserve Fund	-	584,018	584,018	438,420
Unrestricted Operating Fund	<u>134,278</u>	<u>-</u>	<u>134,278</u>	<u>106,023</u>
	<u>134,278</u>	<u>584,018</u>	<u>718,296</u>	<u>544,443</u>
	<u>\$ 222,956</u>	<u>\$ 584,018</u>	<u>\$ 806,974</u>	<u>\$ 660,520</u>

Approved by the Board

\_\_\_\_\_ Director

\_\_\_\_\_ Director

**CONDOMINIUM CORPORATION NO. 092 4818**

**MACEWAN GARDENS II**

**OPERATING FUND - STATEMENT OF OPERATIONS  
AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	<b>2017 Actual</b>	<b>2017 Budget (Note 9)</b>	<b>2016 Actual</b>
<b>REVENUE</b>			
Condominium fees	\$ 746,820	\$ 746,820	\$ 725,820
Interest and other	<u>2,428</u>	<u>-</u>	<u>1,280</u>
	<u>749,248</u>	<u>746,820</u>	<u>727,100</u>
<b>EXPENSES</b>			
<b>Administration</b>			
Insurance and appraisal	78,318	76,000	83,190
Management fees	45,990	46,000	45,990
Office	3,108	5,450	4,320
Professional fees	3,050	3,200	3,579
Bank charges	1,110	1,200	1,183
Reserve fund study	<u>-</u>	<u>1,500</u>	<u>-</u>
	<u>131,576</u>	<u>133,350</u>	<u>138,262</u>
<b>Maintenance</b>			
Building repairs and maintenance	67,230	90,550	60,462
Janitorial	33,298	35,000	33,493
Snow removal	10,553	14,000	8,442
Grounds maintenance	9,948	13,820	8,362
Security	8,172	5,400	5,907
Elevator	<u>7,940</u>	<u>8,500</u>	<u>10,322</u>
	<u>137,141</u>	<u>167,270</u>	<u>126,988</u>
<b>Utilities (Note 7)</b>	<u>303,876</u>	<u>297,800</u>	<u>274,060</u>
<b>Total operating expenses</b>	<u>572,593</u>	<u>598,420</u>	<u>539,310</u>
<b>Excess of revenues over expenses</b>	176,655	148,400	187,790
<b>Operating fund net assets, beginning of year</b>	106,023	106,023	58,233
<b>Appropriation to Capital Replacement Reserve fund</b>	<u>(148,400)</u>	<u>(148,400)</u>	<u>(140,000)</u>
<b>Operating fund net assets, end of year</b>	<u>\$ 134,278</u>	<u>\$ 106,023</u>	<u>\$ 106,023</u>

**CONDOMINIUM CORPORATION NO. 092 4818  
MACEWAN GARDENS II**

**CAPITAL REPLACEMENT RESERVE FUND  
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	2017	2016
<b>REVENUE</b>		
Interest	\$ <u>3,405</u>	\$ <u>2,298</u>
<b>EXPENSES</b>		
Security	4,947	7,004
Interior painting	1,260	24,675
Railing	<u>-</u>	<u>2,331</u>
	<u>6,207</u>	<u>34,010</u>
<b>Excess of expenses over revenues</b>	(2,802)	(31,712)
<b>Capital Replacement Reserve fund net assets, beginning of year</b>	438,420	330,132
<b>Appropriation from the operating fund</b>	<u>148,400</u>	<u>140,000</u>
<b>Capital Replacement Reserve Fund net assets, end of year</b>	<u>\$ 584,018</u>	<u>\$ 438,420</u>

**CONDOMINIUM CORPORATION NO. 092 4818**

**MACEWAN GARDENS II**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Operating Fund	Reserve Fund	Total 2017	Total 2016
<b>Cash flows from operating activities:</b>				
Condominium fees received	\$ 745,125	\$ -	\$ 745,125	\$ 725,480
Special assessment received	-	-	-	33,107
Other revenue received	656	-	656	115
Interest received	1,772	1,786	3,558	3,463
Suppliers paid	(599,126)	(6,207)	(605,333)	(533,710)
Security deposits received (paid)	<u>(1,450)</u>	<u>-</u>	<u>(1,450)</u>	<u>(7,950)</u>
<b>Net cash provided by (used for) operating activities:</b>	<u>146,977</u>	<u>(4,421)</u>	<u>142,556</u>	<u>220,505</u>
<b>Cash flows from investing activities:</b>				
Cash transferred to the reserve fund	(148,400)	-	(148,400)	(137,835)
Cash transferred from the operating fund	-	148,400	148,400	137,835
Cash transferred to investments	<u>-</u>	<u>(300,000)</u>	<u>(300,000)</u>	<u>-</u>
<b>Net cash provided by (used for) investing activities:</b>	<u>(148,400)</u>	<u>(151,600)</u>	<u>(300,000)</u>	<u>-</u>
<b>Increase (decrease) in cash</b>	(1,423)	(156,021)	(157,444)	220,505
<b>Cash, beginning of year</b>	<u>216,090</u>	<u>436,255</u>	<u>652,345</u>	<u>431,840</u>
<b>Cash, end of year</b>	<u>\$ 214,667</u>	<u>\$ 280,234</u>	<u>\$ 494,901</u>	<u>\$ 652,345</u>

**CONDOMINIUM CORPORATION NO. 092 4818**

**MACEWAN GARDENS II**

**NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2017**

**1. PURPOSE OF ORGANIZATION**

The Condominium Corporation is considered to be a not-for-profit organization constituted without share capital and with unlimited liability, under the Condominium Property Act of Alberta. The purpose of the corporation is to manage the common property and to maintain and provide services for the benefit of all the owners in the condominium project operating as MacEwan Gardens II. The condominium project is comprised of 149 residential units, and 181 parking units and is located in Edmonton, Alberta.

These financial statements include only the assets, liabilities, revenues and expenses relating to the operations of Condominium Corporation No. 092 4818. These statements do not include the cost of the land and buildings and the outstanding principal balances owing on the mortgages, which are the responsibility of the owners.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**General**

These financial statements have been prepared using Canadian Accounting Standards for Not for Profit organizations.

**Fund accounting**

The condominium follows the restricted fund method of accounting for contributions.

The operating fund reports the contributions from owners and expenses related to the operations and administration of the common elements. Minor repairs and replacements are charged to repairs and maintenance of the operating fund.

The capital replacement reserve fund reports the contributions from owners and expenditures for major repairs or replacement of the real or common property of the corporation. Only major repairs and replacements are charged directly to this fund. Interest earned on the reserve fund assets is credited directly to this fund. The Reserve fund assets are restricted in that they can only be budgeted for reserve fund expenses.

**Contributed services**

Volunteer services contributed on behalf of the Condominium Corporation in carrying out its operating activities are not recognized in these financial statements due to the difficulty in determining their value.



**CONDOMINIUM CORPORATION NO. 092 4818  
MACEWAN GARDENS II**

**NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2017**

**Revenue recognition**

Revenue is recognized on the accrual basis. Condominium fees are recognized as assessed based on unit factors. Interest and other revenue is recognized in the period earned.

**Tangible capital assets**

Common area assets of the corporation are owned proportionately by the owners of the units and as such are not reflected as assets in the financial statements. Additions are charged to operations in the year of purchase.

**Use of Estimates**

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in the period in which they become known.

**3. INCOME TAXES**

The condominium is incorporated under the Condominium Property Act of Alberta and is a taxable corporation under the Canadian Income Tax Act. Provided that substantially all of the corporation's gross revenue (other than interest) is derived from dealings with members, the Canada Revenue Agency is prepared to regard excess members' contributions as amounts required for the operations of the condominium property and not as income of the corporation or its members and therefore exempt under 149(1)(1) of the Income Tax Act. Accordingly, no provision for income taxes has been made in these financial statements.

**4. FINANCIAL INSTRUMENTS**

The Condominium Corporation's financial instruments consist of cash, investments, accounts receivable, and accounts payable. The financial instruments are initially measured at fair value, and then at amortized cost. The financial assets recorded at amortized cost include cash, investments and accounts receivable. Financial liabilities recorded at amortized cost include accounts payable and accrued liabilities.

Financial assets are tested for impairment when there are indicators of impairment. The amount of the write down is recognized on the statement of operations. Transaction costs are recognized in the period of occurrence, unless it is related to an asset that is measured at amortized cost, in which case the asset value will be adjusted by the related transaction cost.

**CONDOMINIUM CORPORATION NO. 092 4818  
MACEWAN GARDENS II**

**NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2017**

**4. FINANCIAL INSTRUMENTS (continued)**

The condominium corporation is exposed to several risks through its financial instruments. **Credit risk** arises from the potential that another party will fail to perform its obligations. Credit risk includes the risk that owners will fail to pay their condominium fees. To reduce this risk, the condominium corporation has the power to file caveats on the title of the units to ensure payment.

**Liquidity risk** is the risk that the corporation may not be able to meet its ongoing commitments to repair, replace or maintain the common property as necessary. The corporation meets its liquidity requirements by preparing an annual budget, having an insurance appraisal performed and ensuring that there is a capital replacement reserve fund study performed every five years, and using that information to prepare a five year plan. The corporation may also increase condominium fees and levy a special assessment if necessary, in order to meet its ongoing commitments.

**Interest rate risk** is the risk that the fair value of the financial instruments or future cash flows will vary due to changes in market interest rates. The exposure of the corporation to interest rate risk arises from its interest bearing investments.

**5. STATEMENT OF CASH FLOW**

The statement of cash flow has been prepared using the direct method.

**6. INVESTMENTS, NON CASHABLE**

The condominium corporation has an investment in non cashable guaranteed investment certificate with the following interest rate and maturity date:

Maturing March 2018                      at 1.00%                      \$300,000

The guaranteed investment certificate is not redeemable prior to the maturity date.

**7. UTILITIES**

	<u>2017</u> Actual	<u>2017</u> Budget (Note 9)	<u>2016</u> Actual
Power	\$ 105,206	\$ 108,000	\$ 103,775
Water and sewage	77,835	70,800	71,639
Heat	67,421	60,000	43,141
Waste removal	47,473	53,000	49,631
Telephone	4,431	4,500	4,459
Cable	1,510	1,500	1,415
	<u>\$ 303,876</u>	<u>\$ 297,800</u>	<u>\$ 274,060</u>

**CONDOMINIUM CORPORATION NO. 092 4818  
MACEWAN GARDENS II**

**NOTES TO FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2017**

**8. CAPITAL REPLACEMENT RESERVE FUND**

The corporation, as required by the Condominium Act of Alberta, has established a capital replacement reserve fund to be used for financing future major repairs and replacements of the common elements and assets.

The most recent Capital Replacement Reserve Fund Study was prepared in December 2013 by Wade Engineering Ltd. Their report provided recommendations for making contributions to the capital replacement reserve fund and the maintenance of a minimum fund balance. The recommended contributions are \$143,040 per year increased each year by 6%. The recommended minimum fund balance is \$ 237,000. The Board of Directors will use this information to plan condominium fee assessments and contributions to the Capital Replacement Reserve Fund. Under the Condominium Property Act, the Study must be updated every five years.

**9. BUDGET FIGURES**

While not forming part of the financial statements, budget figures have been provided for information. The budget figures are not audited.

**10. COMBINED EXCESS OF REVENUE OVER EXPENSES**

Combined excess of revenue over expenses for the year is \$173,853 , 2016 -  
\$ 156,078

**11. COMMITMENTS**

The condominium corporation is committed to a contract for elevator maintenance with Schindler Elevators. The contract term is for a seven year period commencing May 1, 2016 and ending April 30, 2023. The contract will renew automatically unless written notice is served to cancel the contract on the termination date. The contract amount may be adjusted annually by the elevator company for changes in their labor rates. The current rate is \$ 550 plus GST monthly payable in one annual installment.

The condominium corporation is also committed to a two year contract for management services at a rate of \$ 3,650 plus GST per month. The contract term runs from October 1, 2017 to September 30, 2019.

The condominium corporation is committed to a contract with Enmax for the purchase of power at a rate of \$ 0.05440 per KWH. The contract term is September 1, 2016 to December 31, 2020. The condominium corporation is also committed to a contract with Enmax for the purchase of natural gas at a rate of \$ 2.70 per GJ, for a term that runs from October 1, 2017 to September 30, 2018.