

**CONDOMINIUM CORPORATION NO. 092 4818
MACEWAN GARDENS II
FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

Barbara L. Surry CPA CMA
Chartered Professional Accountant

**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: Condominium Corporation No. 092 4818

Opinion

I have audited the financial statements of Condominium Corporation No. 092 4818, which comprise the Statement of Financial Position as at September 30, 2021, and the Statements of Operations and Changes in Net Assets for the Operating Fund and the Capital Replacement Reserve Fund and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Condominium Corporation as at September 30, 2021, and its financial performance and its cash flows for the year then ended in accordance with Canadian Accounting Standards for not-for-profit organizations.

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Condominium Corporation in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Condominium's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Condominium Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Condominium Corporation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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INDEPENDENT AUDITOR'S REPORT
(continued)

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Condominium Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Condominium Corporation's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Condominium Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Edmonton, Alberta
August 19, 2022


Barbara L. Surry CPA CMA
Chartered Professional Accountant

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

STATEMENT OF FINANCIAL POSITION

SEPTEMBER 30, 2021

	Operating Fund	Reserve Fund	Total 2021	Total 2020
ASSETS				
Current assets				
Cash	\$ 169,554	\$ 755,045	\$ 924,599	\$ 890,559
Investments (Note 6)	-	250,000	250,000	263,169
Accrued interest receivable	-	774	774	712
Accounts receivable - fees	40,846	-	40,846	769
Accounts receivable - other	41,716	-	41,716	-
Due from the Operating Fund	-	38,648	38,648	7,526
Prepaid expense	<u>4,918</u>	<u>-</u>	<u>4,918</u>	<u>4,729</u>
	<u>\$ 257,034</u>	<u>\$ 1,044,467</u>	<u>\$ 1,301,501</u>	<u>\$ 1,167,464</u>
LIABILITIES AND NET ASSETS				
Current liabilities				
Payables and accruals	\$ 148,783	\$ 3,217	\$ 152,000	\$ 76,814
Due to the Reserve Fund	<u>38,648</u>	<u>-</u>	<u>38,648</u>	<u>7,526</u>
	<u>187,431</u>	<u>3,217</u>	<u>190,648</u>	<u>84,340</u>
Net assets				
Internally Restricted Reserve Fund	-	1,041,250	1,041,250	963,274
Unrestricted Operating Fund	<u>69,603</u>	<u>-</u>	<u>69,603</u>	<u>119,850</u>
	<u>69,603</u>	<u>1,041,250</u>	<u>1,110,853</u>	<u>1,083,124</u>
	<u>\$ 257,034</u>	<u>\$ 1,044,467</u>	<u>\$ 1,301,501</u>	<u>\$ 1,167,464</u>

Approved by the Board

_____ Director

_____ Director

Barbara L. Surry CPA CMA
Chartered Professional Accountant

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

**OPERATING FUND
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS**

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	2021 Actual	2021 Budget (Note 7)	2020 Actual
REVENUE			
Condominium fees	\$ 814,776	\$ 814,776	\$ 814,776
Special levy (Note 8)	101,847	-	-
Interest and other	2,453	-	6,336
Insurance recoveries - prior year	-	-	9,327
	<u>919,076</u>	<u>814,776</u>	<u>830,439</u>
EXPENSES			
Administration			
Insurance and appraisal	153,872	120,000	118,660
Management fees	48,327	46,935	46,935
Office	2,922	5,450	3,720
Professional fees	2,536	3,200	2,551
Bank charges	1,189	1,200	1,154
Reserve fund study	-	1,500	-
	<u>208,846</u>	<u>178,285</u>	<u>173,020</u>
Maintenance			
Building repairs and maintenance	153,005	95,356	70,176
Janitorial	34,132	36,000	34,241
Snow removal	12,007	12,500	13,803
Elevator	11,230	8,500	13,957
Security	10,819	5,400	3,860
Grounds maintenance	9,485	13,781	8,947
	<u>230,678</u>	<u>171,537</u>	<u>144,984</u>
Utilities (Note 9)	<u>372,495</u>	<u>307,650</u>	<u>333,449</u>
Total operating expenses	<u>812,019</u>	<u>657,472</u>	<u>651,453</u>
Excess of revenues over expenses	107,057	157,304	178,986
Operating Fund net assets, beginning of year	119,850	119,850	98,168
Appropriation to Capital Replacement Reserve Fund	<u>(157,304)</u>	<u>(157,304)</u>	<u>(157,304)</u>
Operating Fund net assets, end of year	<u>\$ 69,603</u>	<u>\$ 119,850</u>	<u>\$ 119,850</u>

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**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, 2021

	2021	2020
REVENUE		
Interest	\$ <u>8,708</u>	\$ <u>16,225</u>
EXPENSES		
Exterior balcony stucco	29,282	-
Landscape	19,259	-
Stack cleaning	14,081	-
Engineering	11,814	-
Elevator	9,426	-
Overhead door	4,174	-
Carpet replacement	-	22,106
Locks and keys	-	19,494
Balcony technical audit	-	12,117
Amenities room	-	8,737
Reserve fund study	-	6,773
Roof repairs	-	3,276
Fascia	-	750
	<u>88,036</u>	<u>73,253</u>
Excess of expenses over revenues	(79,328)	(57,028)
Capital Replacement Reserve Fund net assets, beginning of year	963,274	862,998
Appropriation from the Operating Fund	<u>157,304</u>	<u>157,304</u>
Capital Replacement Reserve Fund net assets, end of year	<u>\$ 1,041,250</u>	<u>\$ 963,274</u>

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**CONDOMINIUM CORPORATION NO. 092 4818
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STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Operating Fund	Reserve Fund	Total 2021	Total 2020
Cash flows from operating activities:				
Condominium fees received	\$ 876,546	\$ -	\$ 876,546	\$ 815,779
Other revenue received	1,735	-	1,735	12,379
Interest received	718	8,646	9,364	20,347
Suppliers paid	(765,812)	(100,962)	(866,774)	(710,710)
Security deposits received (paid)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(30,075)</u>
Net cash provided by (used for) operating activities:	<u>113,187</u>	<u>(92,316)</u>	<u>20,871</u>	<u>107,720</u>
Cash flows from investing activities:				
Cash transferred to the Reserve Fund	(126,182)	-	(126,182)	(314,608)
Cash transferred from the Operating Fund	-	126,182	126,182	314,608
Sale of investments	<u>-</u>	<u>13,169</u>	<u>13,169</u>	<u>351,706</u>
Net cash provided by (used for) investing activities:	<u>(126,182)</u>	<u>139,351</u>	<u>13,169</u>	<u>351,706</u>
Increase (decrease) in cash	(12,995)	47,035	34,040	459,426
Cash, beginning of year	<u>182,549</u>	<u>708,010</u>	<u>890,559</u>	<u>431,133</u>
Cash, end of year	<u>\$ 169,554</u>	<u>\$ 755,045</u>	<u>\$ 924,599</u>	<u>\$ 890,559</u>

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

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

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 Corporation 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 Corporation 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.

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

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

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.

Cash and equivalents

Cash and equivalents are comprised of cash in the bank and highly liquid investments that are redeemable with one months notice or with maturities of three months or less from the date of acquisition.

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 Corporation 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.

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

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

4. FINANCIAL INSTRUMENTS (continued)

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.

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 the Reserve Fund Study Report is updated every five years, and use that information to prepare the Reserve Fund Plan. The Corporation may also increase condominium fees and assess a Special Levy 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

Investments consist of one guaranteed investment certificate with the following maturity date and interest rate:

Maturing October 2021	at 0.45%	\$ <u>250,000</u>
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The investment is non redeemable prior to maturity.

7. BUDGET FIGURES

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

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NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

8. SPECIAL LEVY

On March 17, 2021, the Board of Directors approved a Special Levy in the amount of \$101,847 allocated to the units on the basis of unit factors. The Special Levy was charged due to increases in insurance and other operational costs. The levy is due on or before September 30, 2021

9. UTILITIES

	2021	2021	2020
	Actual	Budget	Actual
		(Note 9)	
Power	\$ 132,342	\$ 108,000	\$ 119,721
Water and sewage	96,376	70,800	92,194
Heat	81,295	65,250	58,630
Waste removal	54,665	57,600	55,107
Telephone	5,575	4,500	5,572
Cable	2,242	1,500	2,225
	<u>\$ 372,495</u>	<u>\$ 307,650</u>	<u>\$ 333,449</u>

10. CAPITAL REPLACEMENT RESERVE FUND

The Condominium Corporation, as required by the Condominium Act of Alberta, 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 Reserve Fund Study Report was prepared December 2019 by Wade Engineering Ltd. Their Report provided recommendations for making contributions to the Capital Replacement Reserve Fund. The Report recommended contributions starting at \$157,304 for 2020 with increases of 3.75% each year thereafter. The recommended minimum fund balance is \$ 287,000. The Board of Directors have used this information to prepare the Reserve Fund Plan.

Current provincial legislation requires the Condominium Corporation to have the Reserve Fund Study Report updated every five years, prepare a Reserve Fund Plan, and each year, prepare and provide to the unit owners, a Reserve Fund Report.

11. COMBINED EXCESS OF REVENUE OVER EXPENSES

Combined excess of revenue over expenses for the year is \$ 27,729 , 2020 :
\$ 121,958 .

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

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

12. COMMITMENTS

Contractual commitments consist of:

Elevator: Seven year contract with Schindler Elevator Corporation, term May 1, 2016 to April 30, 2023, rate \$ 703 per month including GST. The contract renews automatically unless cancelled under the terms of the agreement. The contract rate is adjusted each year by the elevator company for changes in standard industry labor rates.

Management services: Two year contract with KDM Management Inc., term October 1, 2019 to September 30, 2021, rate \$ 3,725 plus GST per month.

Landscape maintenance: Two year contract with Solstice Landscape Maintenance Inc., term April 1, 2021 to March 31, 2023, monthly rate \$ 770 plus GST for summer services and \$ 600 plus GST for winter services.

Utility contracts with Enmax:

Power, term September 1, 2016 to December 31, 2020, rate \$0.05440 per KWH. This contract was renewed for the period January 1, 2021 to December 31, 2022 at \$0.05895 per KWH,

Natural gas, term October 1, 2019 to September 30, 2020, rate \$ 2.00 per GJ. This contract was renewed for the period October 1, 2020 to September 30, 2022 at \$2.99 per GJ.

13. GLOBAL HEALTH EMERGENCY

The outbreak of the novel strain of corona virus (COVID-19), has resulted in worldwide emergency measures to combat the spread of the virus. These measures, which include lockdown and self quarantine periods, have caused disruptions to business globally, and have affected employment and financial markets. The length of the impact is not known at this time. Impacts on the Condominium Corporation may include decreases in interest earned on bank accounts and investments, and negative impacts on the collection of condominium fees and the ability to obtain material and services.

Barbara L. Surry CPA CMA
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