

**Condominium Corporation No. 9811439
(operating as Darlington Arms)**

Audited Financial Statements

June 30, 2007

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AUDITOR'S REPORT

Condominium Corporation No. 9811439
(operating as Darlington Arms)

I have audited the balance sheet of Condominium Corporation No. 9811439 (operating as Darlington Arms) as at June 30, 2007 and the statements of operations and changes in net assets for the year then ended. These financial statements are the responsibility of the condominium corporation's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating overall financial statement presentation.

In my opinion these financial statements present fairly, in all material respects, the financial position of the condominium corporation as at June 30, 2007 and the results of operations and the changes in financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

September 21, 2007



Condominium Corporation No. 9811439
(operating as Darlington Arms)

Balance Sheet

	June 30 2007			2006
	Operating Fund	Reserve Fund	Total	Total
Assets				
Current Assets				
Cash (note 3)	\$ 15,933	\$ 92,909	\$108,842	\$110,558
Accounts receivable	1,000	-	1,000	-
Due from reserve	2,048	-	2,048	-
Prepaid expenses	533	-	533	51
	19,514	92,909	112,423	110,609
Liabilities				
Accounts payable	14,711	23,814	38,525	7,888
Due to operating	-	2,048	2,048	-
Security deposits payable	9,676	-	9,676	2,890
	24,387	25,862	50,249	10,778
Net Assets (deficiency)	<u>\$(4,873)</u>	<u>\$ 67,047</u>	<u>\$ 62,174</u>	<u>\$ 99,831</u>

See notes to financial statements

Approved by the Board:

Geoff Rotering, Chair Director

Director

**Condominium Corporation No. 9811439
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Statement of Operating Fund Operations and Change in Operating Fund Balance

	Budget <u>2007</u> (unaudited)	Year ended June 30 <u>2007</u> <u>2006</u>	
Revenue			
Condominium fees	\$ 136,639	\$ 137,626	\$ 137,612
Allocation to replacement reserve (note 4)	(27,480)	(27,480)	(27,480)
Other income	<u>1,500</u>	<u>3,268</u>	<u>4,443</u>
	<u>110,659</u>	113,414	114,575
Expenses			
Repairs and maintenance	32,160	56,386	31,666
Utilities	43,700	50,027	41,465
Janitorial	9,600	9,000	9,000
Management fees	8,474	8,435	8,474
Insurance	6,000	4,862	4,632
Landscaping and snow removal	2,862	4,410	4,505
Office	4,359	3,441	4,097
Professional fees	<u>3,504</u>	<u>3,296</u>	<u>1,882</u>
	<u>110,659</u>	<u>139,857</u>	<u>105,721</u>
Excess (deficiency) of revenues over expenses		(26,443)	8,854
Operating fund at beginning of year		<u>21,570</u>	<u>12,716</u>
Operating fund (deficiency) at end of year		<u><u>\$ (4,873)</u></u>	<u><u>\$ 21,570</u></u>

See notes to financial statements

**Condominium Corporation No. 9811439
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**Statement of Capital Replacement Reserve Fund Operations and
Change in Capital Replacement Reserve Fund Balance**

	Year ended June 30	
	<u>2007</u>	<u>2006</u>
Revenue		
Allocation from operating fund	\$ 27,480	\$ 27,480
Other income	<u>3,387</u>	<u>2,159</u>
	30,867	29,639
Expenses		
Replace fire alarm system	13,680	-
Other repairs and maintenance	11,435	-
Professional fees	9,401	-
Replace light fixtures	7,565	-
Elevator security upgrades	-	11,256
Purchase and installation of parkade swing gate	-	8,300
Purchase and installation of perimeter fencing	<u>-</u>	<u>5,450</u>
	<u>42,081</u>	<u>25,006</u>
Excess of revenues over expenses	(11,214)	4,633
Capital replacement reserve fund at beginning of year	<u>78,261</u>	<u>73,628</u>
Capital replacement reserve fund at end of year	<u>\$ 67,047</u>	<u>\$ 78,261</u>

See notes to financial statements

**Condominium Corporation No. 9811439
(operating as Darlington Arms)**

Notes to Financial Statements

June 30, 2007

Note 1 - Incorporation

The corporation is constituted under the provisions of the Condominium Property Act of Alberta.

The purpose of the corporation is to manage and maintain the common property (as defined in the corporation's by-laws) and to provide common services for the benefit of the owners of the residential units comprising the condominium complex known as Darlington Arms located in Calgary, Alberta.

The corporation acts as the legal nominee of the unit owners with respect to ownership and usage of the common property that is shared by the unit owners as tenants-in-common.

Note 2 - Summary of Significant Accounting Policies

(a) Common Property

These financial statements include only those assets, liabilities, revenues and expenses relating to the operations of Condominium Corporation No. 9811439. The common property comprised in the condominium plan is owned proportionately by individual unit owners and consequently it is not reflected as an asset in these financial statements.

(b) Fund Accounting

The condominium follows the restricted fund method of accounting for contributions. The operating fund accounts for the condominium's operating and administrative activities. The capital replacement reserve fund reports the fee assessments from unit owners that are to be set aside and used for estimated future costs of major repairs and replacements.

(c) Revenue and Expense Recognition

Revenues primarily comprise of assessments for the cost of common services provided to owners and are charged in monthly installments on the basis of an approved annual budget. Revenue and expenses are recorded on the accrual basis whereby they are reflected in the accounts in the period in which they are earned or incurred respectively, whether or not such transactions have been settled by the receipt or payment of money.

(d) Reserve for Major Repairs and Replacements

The corporation, in compliance with the Condominium Property Act of Alberta, has established a reserve for financing future major repairs and replacements of common property. The contributions to finance major repairs and replacements are determined annually by the Board. Only major repairs and replacements are charged to the reserve. Minor repairs and equipment purchases are charged to operations in the year they are incurred.

**Condominium Corporation No. 9811439
(operating as Darlington Arms)**

Notes to Financial Statements - continued

June 30, 2007

Note 2 - Summary of Significant Accounting Policies - continued

(e) Contributed Services

Volunteers contribute many hours each year to assist the corporation in carrying out its activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

(f) Use of Estimates

The preparation of financial statements in conformity with 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 during the reporting period. Actual results could differ from those estimates.

(g) Financial Instruments

The condominium corporation's financial instruments consist of cash, accounts receivable and accounts payable. Unless otherwise indicated, it is management's opinion the condominium corporation is not exposed to significant interest or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

Note 3 - Cash

Cash is held in a trust account registered in the name of the managing agent. Restrictions have been placed on the use of funds available to the corporation by the Board of Directors. Restricted assets consist of cash (net of accounts payable) in the amount of \$67,047 (2006 - \$78,261) which has been designated by the Board as a reserve for future repairs and replacement of common property.

Note 4 - Reserve for Major Repairs and Replacements

During the year, cash in the amount of \$27,480 (2006 - \$27,480) was designated as a reserve for future repairs and replacement of common property. There was \$42,081 (2006 - \$25,006) designated by the Board as expenditures for major repairs or replacement of common property. The total cost to install the parkade swing gate and perimeter fencing was \$27,500, with the costs being split and charged equally to 2005 and 2006.

**Condominium Corporation No. 9811439
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Notes to Financial Statements - continued

June 30, 2007

Note 5 - Commitments and Contingencies

(a) Contractual Commitments

The corporation has engaged the services of a managing agent to provide property management and accounting services for an annual fee of \$7,920, plus applicable taxes.

(b) Adequacy of Reserve for Major Repairs and Replacements

The Board has utilized such information as was available to it in evaluating the adequacy of the reserve and has levied such annual assessment as it considers to be fair and prudent. The corporation has commissioned the preparation of an engineered reserve fund study (dated September 2002) respecting estimation of the replacement cost and remaining life expectancy of specific components which comprise the common property. Based on the estimates contained in the study, the balance in the reserve fund as at June 30, 2007 should be \$102,721. The Board has advised that certain reserve expenditures have been made in advance of their projected dates, some for less than the study's budgeted costs. The Board is of the opinion that there is no deficit in the reserve fund at this time to fund future reserve expenditures. Readers are advised to obtain a copy of the reserve fund study and the Board's reserve fund plan for further details.

Note 6 - Income Taxes

The condominium corporation is considered to be a nonprofit organization under paragraph 149(1)(I) of the Income Tax Act. Accordingly, no provision for income taxes has been made in these financial statements.

Note 7 - Statement of Cash Flow

A statement of changes in cash flow has not been presented in these financial statements as the information enclosed thereon is evident from these financial statements.

Note 8 - Budget Figures

The budget figures have been included for comparison purposes only and are unaudited.