

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

**Audited Financial Statements**

**June 30, 2008**

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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, 2008 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, 2008 and the results of operations and the changes in financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

August 22, 2008



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

**Balance Sheet**

	June 30 2008			2007
	Operating Fund	Reserve Fund	Total	Total
<b>Assets</b>				
<b>Current Assets</b>				
Cash (note 3)	\$ 11,855	\$ 96,699	\$108,554	\$108,842
Accounts receivable	-	-	-	1,000
Due from reserve	-	-	-	2,048
Prepaid expenses	860	-	860	533
	12,715	96,699	109,414	112,423
<b>Liabilities</b>				
Accounts payable	9,511	-	9,511	38,525
Due to operating	-	-	-	2,048
Security deposits payable	6,252	-	6,252	9,676
	15,763	-	15,763	50,249
<b>Net Assets (deficiency)</b>	<b>\$( 3,048)</b>	<b>\$ 96,699</b>	<b>\$ 93,651</b>	<b>\$ 62,174</b>

See notes to financial statements

Approved by the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

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

**Statement of Operating Fund Operations and Change in Operating Fund Balance**

	Budget 2008 <u>(unaudited)</u>	Year ended June 30 <u>2008</u> <u>2007</u>	
<b>Revenue</b>			
Condominium fees	\$ 165,500	\$ 165,502	\$ 137,626
Allocation to replacement reserve (note 4)	( 45,000)	( 45,000)	( 27,480)
Other income	<u>1,500</u>	<u>1,970</u>	<u>3,268</u>
	<u>122,000</u>	122,472	113,414
<b>Expenses</b>			
Utilities	43,200	53,863	50,027
Repairs and maintenance	44,000	32,396	56,386
Janitorial	9,600	9,000	9,000
Management fees	8,500	8,356	8,435
Insurance	6,700	6,958	4,862
Landscaping and snow removal	4,000	3,747	4,410
Office	3,500	3,597	3,441
Professional fees	<u>2,500</u>	<u>2,730</u>	<u>3,296</u>
	<u>122,000</u>	<u>120,647</u>	<u>139,857</u>
<b>Excess (deficiency) of revenues over expenses</b>		1,825	( 26,443)
Operating fund at beginning of year		<u>( 4,873)</u>	<u>21,570</u>
<b>Operating fund (deficiency) at end of year</b>		<u><u>\$ ( 3,048)</u></u>	<u><u>\$ ( 4,873)</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>2008</u>	<u>2007</u>
<b>Revenue</b>		
Allocation from operating fund	\$ 45,000	\$ 27,480
Other income	<u>5,507</u>	<u>3,387</u>
	50,507	30,867
<b>Expenses</b>		
Install new carpet	16,572	-
Sealcoat parking lot	2,544	-
Painting	1,739	-
Replace fire alarm system	-	13,680
Other repairs and maintenance	-	11,435
Professional fees	-	9,401
Replace light fixtures	<u>-</u>	<u>7,565</u>
	<u>20,855</u>	<u>42,081</u>
<b>Excess of revenues over expenses</b>	29,652	( 11,214)
Capital replacement reserve fund at beginning of year	<u>67,047</u>	<u>78,261</u>
<b>Capital replacement reserve fund at end of year</b>	<u>\$ 96,699</u>	<u>\$ 67,047</u>

See notes to financial statements

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

**Notes to Financial Statements**

**June 30, 2008**

**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, 2008**

**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

Effective July 1, 2007, the condominium corporation has adopted the new Canadian accounting standard section 3855, Financial Instruments - Recognition and Measurement. Prior periods have not been restated.

The new standard on financial instruments prescribes when a financial asset, financial liability or non-financial derivative is to be recognized on the balance sheet and at what amount, requiring fair value or cost based measures under different circumstances. Financial instruments must be classified into one of these five categories: held-for-trading; held-to-maturity, loans and receivables; available-for-sale financial assets; or other financial liabilities. All financial instruments are reported on the balance sheet at fair value, except for loans and receivables, held-to-maturity investments and other financial liabilities, which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification. Held-for-trading assets are measured at fair value with changes in fair value recorded in net income. Available-for-sale financial instruments are measured at fair value with changes in fair value recorded directly to net assets (equity).

Under adoption of these new standards, the condominium corporation designated its cash as held-for-trading, which is measured at fair value. Accounts receivable are classified as loans and receivables, which are measured at amortized cost. Accounts payable and deposits payable are classified as other financial liabilities, which are measured at amortized cost.

There was no affect on earnings or net assets as a result of this change.

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

**Notes to Financial Statements - continued**

**June 30, 2008**

**Note 2 - Summary of Significant Accounting Policies - continued**

The condominium corporation's financial instruments consist of cash, accounts receivable, accounts payable and deposits 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.

**Note 3 - Cash**

Cash is held in trust accounts 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 \$96,699 (2007 - \$67,047) 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 \$45,000 (2007 - \$27,480) was designated by the Board as a reserve for future repairs and replacement of common property. There was \$20,855 (2007 - \$42,081) designated by the Board as expenditures for major repairs or replacement of common property.

**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.

$$\div 40 = \$198 \div 12 = \$16.50 / \text{unit} / \text{month}$$

(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 February 2007) 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, 2008 should be \$304,454. Readers are advised to obtain a copy of the reserve fund study and the Board's reserve fund plan for further details.



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

**June 30, 2008**

**Note 6 - Income Taxes**

The condominium corporation is considered to be a nonprofit organization under paragraph 149(1)(l) 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.