

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

Audited Financial Statements

June 30, 2009

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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, 2009 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, 2009 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 14, 2009



Condominium Corporation No. 9811439
 (operating as Darlington Arms)

Balance Sheet

	June 30 2009			2008
	Operating Fund	Reserve Fund	Total	Total
Assets				
Current Assets				
Cash (note 3)	\$ 15,866	\$135,525	\$151,391	\$108,554
Accounts receivable	827	-	827	-
Prepaid expenses	<u>1,512</u>	<u>-</u>	<u>1,512</u>	<u>860</u>
	18,205	135,525	153,730	109,414
Liabilities				
Accounts payable	9,375	-	9,375	9,511
Security deposits payable	<u>5,944</u>	<u>-</u>	<u>5,944</u>	<u>6,252</u>
	<u>15,319</u>	<u>-</u>	<u>15,319</u>	<u>15,763</u>
Net Assets	<u>\$ 2,886</u>	<u>\$135,525</u>	<u>\$138,411</u>	<u>\$ 93,651</u>

See notes to financial statements

Approved by the Board:

 Director

Carl Sterling

 Director

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

	Budget 2009 <u>(unaudited)</u>	Year ended June 30 <u>2009</u> <u>2008</u>	
Revenue			
Condominium fees	\$ 172,020	\$ 172,005	\$ 165,502
Allocation to replacement reserve (note 4)	(46,350)	(46,350)	(45,000)
Other income	<u>-</u>	<u>880</u>	<u>1,970</u>
	<u>125,670</u>	126,535	122,472
Expenses			
Utilities	50,850	54,809	53,863
Repairs and maintenance	38,150	26,643	32,396
Janitorial	9,600	9,027	9,000
Management fees	8,820	8,820	8,356
Insurance	7,740	8,361	6,958
Professional fees	2,750	6,250	2,730
Landscaping and snow removal	4,140	3,755	3,747
Office	<u>3,620</u>	<u>2,936</u>	<u>3,597</u>
	<u>125,670</u>	<u>120,601</u>	<u>120,647</u>
Excess of revenues over expenses		5,934	1,825
Operating fund (deficiency) at beginning of year		<u>(3,048)</u>	<u>(4,873)</u>
Operating fund (deficiency) at end of year		<u>\$ 2,886</u>	<u>\$(3,048)</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	
	2009	2008
Revenue		
Allocation from operating fund	\$ 46,350	\$ 45,000
Other income	<u>1,425</u>	<u>5,507</u>
	47,775	50,507
Expenses		
Parkade door repairs	4,903	-
Roof repairs	2,297	-
Window repairs	1,749	-
Install new carpet	-	16,572
Sealcoat parking lot	-	2,544
Painting	<u>-</u>	<u>1,739</u>
	<u>8,949</u>	<u>20,855</u>
Excess of revenues over expenses	38,826	29,652
Capital replacement reserve fund at beginning of year	<u>96,699</u>	<u>67,047</u>
Capital replacement reserve fund at end of year	<u>\$ 135,525</u>	<u>\$ 96,699</u>

See notes to financial statements

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

Notes to Financial Statements

June 30, 2009

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, 2009

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 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.

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

Notes to Financial Statements - continued

June 30, 2009

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 \$135,525 (2008 - \$96,699) 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 \$46,350 (2008 - \$45,000) was designated by the Board as a reserve for future repairs and replacement of common property. There were costs incurred totalling \$8,949 (2008 - \$20,855) which have been 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 \$8,400, plus applicable taxes.

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

Notes to Financial Statements - continued

June 30, 2009

Note 5 - Commitments and Contingencies - continued

(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, 2009 should be \$275,238. Readers are advised to obtain a copy of the reserve fund study and the Board's reserve fund plan for further details.

The Board reports that in June of 2007, it adopted a Reserve Fund Plan that laid out extensive building system improvements accomplished in recent years and increased monthly contributions to the Reserve Fund as of July 1, 2007. Today, the Board remains confident that the current growing Reserve Fund balance is appropriate for the building's capital needs.

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.