

**CONDOMINIUM CORPORATION NO. 9811439**  
***("Darlington Arms")***  
**Financial Statements**  
**Year Ended June 30, 2018**

CONDOMINIUM CORPORATION NO. 9811439

*("Darlington Arms")*

Index to Financial Statements

Year Ended June 30, 2018

---

	Page
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	2
Statement of Revenues and Expenditures	3
Statement of Changes in Net Assets	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 9

---

## INDEPENDENT AUDITOR'S REPORT

---

To the Members of Condominium Corporation No. 9811439 ("Darlington Arms")

I have audited the accompanying financial statements of Condominium Corporation No. 9811439, ("Darlington Arms"), which comprise the statement of financial position as at June 30, 2018 and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, 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 generally accepted 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 disclosures 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 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. 9811439, ("Darlington Arms"), as at June 30, 2018 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Calgary, Alberta  
January 24, 2019

  
CHARTERED ACCOUNTANT

CONDOMINIUM CORPORATION NO. 9811439

("Darlington Arms")

Statement of Financial Position

June 30, 2018

	2018	2017
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 8,168	\$ 19,339
Accounts receivable	657	1,381
Insurance claim receivable	-	6,000
Prepaid expenses	17,613	15,939
	<u>26,438</u>	42,659
RESTRICTED RESERVE FUND (Note 4)	<u>162,410</u>	136,857
	<u>\$ 188,848</u>	<u>\$ 179,516</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 17,778	\$ 30,159
Security deposits	6,175	5,675
	<u>23,953</u>	35,834
<b>NET ASSETS</b>		
Operating fund	(39,727)	(18,174)
Restricted fund	204,622	161,856
	<u>164,895</u>	143,682
	<u>\$ 188,848</u>	<u>\$ 179,516</u>

ON BEHALF OF THE BOARD

  
 \_\_\_\_\_ Director

  
 \_\_\_\_\_ Director

**CONDOMINIUM CORPORATION NO. 9811439**

*("Darlington Arms")*

**Statement of Revenues and Expenditures**

**Year Ended June 30, 2018**

	Budget 2018	Total 2018	Total 2017
<b>REVENUES</b>			
Condominium fees	\$ 182,539	\$ 182,535	\$ 179,838
Interest	-	2,072	1,124
Miscellaneous	200	1,467	213
	<u>182,739</u>	<u>186,074</u>	<u>181,175</u>
<b>EXPENDITURES</b>			
<b>Administration</b>			
Insurance	21,732	21,560	18,152
Insurance claims	-	7,690	1,404
Management fees	9,100	9,551	9,551
Office	3,700	3,169	3,986
Professional fees	2,200	2,573	2,331
<b>Maintenance</b>			
Elevator maintenance	5,076	5,809	6,748
Fire and security	3,700	3,895	5,015
Plumbing, heating and electrical	9,000	8,831	21,567
Repairs and maintenance	19,464	28,769	10,916
<b>Operating</b>			
Electricity	9,500	7,244	7,989
Janitorial, cleaning and supplies	9,000	9,000	9,000
Landscaping and snow removal	6,000	7,077	4,945
Natural gas	15,000	19,657	15,890
Waste removal and recycling	8,520	9,538	8,660
Water and sewer	14,000	14,445	14,333
	<u>135,992</u>	<u>158,808</u>	<u>140,487</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>\$ 46,747</b>	<b>\$ 27,266</b>	<b>\$ 40,688</b>

CONDOMINIUM CORPORATION NO. 9811439

("Darlington Arms")

Statement of Changes in Net Assets

Year Ended June 30, 2018

	Operating Fund	Restricted Fund	2018	2017
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ (18,174)	\$ 161,856	\$ 143,682	\$ 107,632
Excess of revenues over expenditures	(21,553)	48,819	27,266	40,688
Reserve expenditures	-	(6,053)	(6,053)	(4,638)
<b>NET ASSETS - END OF YEAR</b>	\$ (39,727)	\$ 204,622	\$ 164,895	\$ 143,682

	2018	2017
<b>Budget Allocations</b>		
Current contributions to reserve fund	\$ 46,747	\$ 44,000
Interest earned	2,072	1,124
	<b>\$ 48,819</b>	<b>\$ 45,124</b>
<b>Capital Expenditures</b>		
Boiler repair	\$ 1,971	\$ -
Concrete driveway and ramp replacement	-	2,627
Lights and carpet	-	2,011
Reserve fund study	4,082	-
	<b>\$ 6,053</b>	<b>\$ 4,638</b>

CONDOMINIUM CORPORATION NO. 9811439

("Darlington Arms")

Statement of Cash Flows

Year Ended June 30, 2018

	2018	2017
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenditures	\$ 27,266	\$ 40,688
Changes in non-cash working capital:		
Accounts receivable	724	6,831
Insurance claim receivable	6,000	9,000
Accounts payable and accrued liabilities	(12,381)	7,476
Deferred income	-	(264,327)
Prepaid expenses	(1,674)	(15,143)
Security deposits	500	500
	<u>(6,831)</u>	<u>(255,663)</u>
Cash flow from operating activities	<u>20,435</u>	<u>(214,975)</u>
<b>INVESTING ACTIVITY</b>		
Reserve expenditures	<u>(6,053)</u>	<u>(4,638)</u>
Cash flow used by investing activity	<u>(6,053)</u>	<u>(4,638)</u>
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>14,382</b>	<b>(219,613)</b>
Cash - beginning of year	<u>156,196</u>	<u>375,809</u>
<b>CASH - END OF YEAR</b>	<b><u>170,578</u></b>	<b><u>156,196</u></b>
<b>CASH CONSISTS OF:</b>		
Cash	\$ 8,168	\$ 19,339
RESTRICTED RESERVE FUND	<u>162,410</u>	<u>136,857</u>
	<b><u>\$ 170,578</u></b>	<b><u>\$ 156,196</u></b>

CONDOMINIUM CORPORATION NO. 9811439

("Darlington Arms")

Notes to Financial Statements

Year Ended June 30, 2018

---

1. BASIS OF PRESENTATION

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations .

---

2. INCORPORATION AND OPERATIONS

The Condominium Corporation No 9811439 "Darlington Arms" (the Corporation) was incorporated in accordance with the provisions of the Condominium Property Act of Alberta.

The purpose of the Corporation is to manage and maintain the common elements (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 complex.

---

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Asset Recognition

These financial statements include only those assets, liabilities, revenues and expenses relating to the operations of the Corporation. These statements do not include the cost of land, buildings, improvements and the outstanding principal balances owing on mortgages which are the responsibility of the individual owners.

Cash and Cash Equivalents

Cash includes cash and cash equivalents. Cash equivalents are investments in guaranteed certificates and are valued at cost plus accrued interest. The carrying amounts approximate fair value because they have maturities at the date of purchase of less than five years.

Revenue Recognition

Revenues are recognized monthly as they are billed to the owners. Billings consist of monthly charges based upon annual budgets approved by the Board of Directors, special assessments and other charges to owners for fines and interest related to payments owed that are in arrears.

(continues)

---



Notes to Financial Statements

Year Ended June 30, 2018

---

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Fund Accounting

The Corporation maintains two funds within its accounts from revenue it receives from its owners, an operating fund and a reserve fund. As required by the Condominium Act of Alberta, these funds which contain bank accounts and at times, qualified investments, are to be maintained separately. The commingling of these funds is not permitted.

Restricted Reserve Fund - for major repairs and replacements

This fund consists of investment income and fee assessments to the owners as required to finance major repairs, replacements and related expenditures and is reduced by capital expenditures incurred. The reserve fund has been restricted through the annual budget process and the funds are to be used for the purpose of financing future repairs and replacements of the common elements. These restricted funds are not available for other purposes.

Operating Fund

This fund includes the Corporation's annual fees and operating expenses related to the common areas including minor repairs and maintenance. Any operating surplus is available to be used for the future deficits or expenses not anticipated by the budget. If there are any operating deficits, these amounts should be assessed to the owners to repay the deficit.

Reserve for Major Repairs and Replacements

The Corporation, as required under the Condominium Property Act of Alberta, has established a reserve for financing future major repairs and replacements of the common elements. The assessments to finance major repairs and replacements are determined annually by the Board of Directors. Only major repairs and replacements are charged directly to the reserve. Minor repairs and equipment purchases are charged to general operations.

Budget

The budgeted figures are presented for comparison purposes, are unaudited and are those as approved by the Board reclassified to conform with these financial statements.

Income Taxes

The Corporation, as required by Income Tax Legislation, prepares and files annually federal and provincial income tax returns. However, as the Corporation meets certain exemptions as allowed for not-for-profit organizations, no provision for income taxes is reflected in the accompanying financial statements.

Contributed Services

Many of the activities necessary to conduct the day to day operations of the Corporation are carried out through volunteer efforts. However, due to the difficulties in determining fair values for these services, no amounts are included in the accompanying financial statements for these services.

*(continues)*

---

Notes to Financial Statements

Year Ended June 30, 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Measurement Uncertainty

The preparation of the financial statements in accordance with Canadian generally accepted accounting principles requires the management of the Corporation to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from these estimates.

4. RESTRICTED RESERVE FUND ASSETS

The reserve fund assets consisted of the following:

	<u>2018</u>	<u>2017</u>
Cash	<u>\$ 162,410</u>	<u>\$ 136,857</u>

5. ADEQUACY OF RESERVE FOR MAJOR REPAIRS AND REPLACEMENTS

The Board of Directors has utilized such information as was available to them in evaluating the adequacy of the reserve. Such evaluation is based on numerous assumptions as to future events and utilizes the information provided through an independent engineering reserve fund study completed in 2019. The Board's evaluation is that the existing reserve, together with anticipated annual assessments, will provide sufficient funds to finance the cost of future major repairs and replacements of the common elements. The engineering study recommended a balance to be maintained in the reserve fund of \$213,005 as at June 30, 2018.

6. RESTRICTIONS ON NET ASSETS

Net assets internally restricted have been restricted through the annual budget process and are to be used for purposes of financing future major repairs and replacements of the common elements. These internally restricted amounts are not available for other purposes without the approval of the Board of Directors.

7. MAJOR COMMITMENTS

The Corporation has entered into contractual arrangements for the next year for the following services:

Property management	\$ 9,100
Janitorial	9,000
Landscaping and snow removal	5,300
Elevator	4,776
HVAC	2,964
Fire service	2,800
Pest control	400

**Notes to Financial Statements**

**Year Ended June 30, 2018**

---

8. FINANCIAL INSTRUMENTS

The carrying values of cash, restricted cash, accounts receivable, accounts payable and accrued expenses and deposits as reflected in the accompanying financial statements approximate their fair value due to relatively short-term maturities of these instruments.

The Corporation's revenues are derived from and are dependent upon the individual members of the Corporation. Accordingly, concentrations of credit risk and liquidity risk are considered to be minimal.

---