

**ESTATES VILLAGE CONDOMINIUM CORPORATION**  
**Financial Statements**  
**Year Ended May 31, 2019**

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Estates Village Condominium Corporation

### *Opinion*

We have audited the financial statements of Estates Village Condominium Corporation (the Corporation), which comprise the statement of financial position as at May 31, 2019, and the statements of changes in net assets, revenues and expenditures and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at May 31, 2019, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 Corporation's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

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

### *Auditor's Responsibilities for the Audit of the Financial Statements*

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

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Independent Auditor's Report to the Members of Estates Village Condominium Corporation (*continued*)

- 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 our 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 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 Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the 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.

We 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 we identify during our audit.

Edmonton, Alberta  
October 4, 2019

  
CHARTERED ACCOUNTANTS

**ESTATES VILLAGE CONDOMINIUM CORPORATION**

**Statement of Financial Position**

**May 31, 2019**

	Operating Fund 2019	Reserve Fund 2019	Total 2019	2018
<b>ASSETS</b>				
<b>CURRENT</b>				
Cash	\$ 41,918	\$ 211,759	\$ 253,677	\$ 184,346
Short term investments (Note 3)	-	30,000	30,000	122,889
Accounts receivable	1,524	-	1,524	2,503
Accrued interest receivable	-	2,356	2,356	2,673
Prepaid expenses	21,095	-	21,095	19,520
Receivable from Strathcona County	-	-	-	29,500
Interfund receivable	-	-	-	14,999
	<u>64,537</u>	<u>244,115</u>	<u>308,652</u>	<u>376,430</u>
<b>LONG TERM INVESTMENTS</b> (Note 4)	-	130,000	130,000	60,000
	<u>\$ 64,537</u>	<u>\$ 374,115</u>	<u>\$ 438,652</u>	<u>\$ 436,430</u>
<b>LIABILITIES AND OWNERS' EQUITY</b>				
<b>CURRENT</b>				
Accounts payable	\$ 4,850	\$ -	\$ 4,850	\$ 3,784
Interfund payable	-	-	-	14,999
Due to owners	-	-	-	29,500
	<u>4,850</u>	<u>-</u>	<u>4,850</u>	<u>48,283</u>
<b>NET ASSETS</b>				
Capital replacement reserve	-	374,115	374,115	343,006
General fund	59,687	-	59,687	45,141
	<u>59,687</u>	<u>374,115</u>	<u>433,802</u>	<u>388,147</u>
	<u>\$ 64,537</u>	<u>\$ 374,115</u>	<u>\$ 438,652</u>	<u>\$ 436,430</u>

**ON BEHALF OF THE BOARD**

\_\_\_\_\_ Director

\_\_\_\_\_ Director

See notes to financial statements

**ESTATES VILLAGE CONDOMINIUM CORPORATION**

**Statement of Changes in Net Assets**

**Year Ended May 31, 2019**

	General Fund	Restricted Fund	2019	2018
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 45,141	\$ 343,006	\$ 388,147	\$ 482,216
Excess (deficiency) of revenues over expenditures	14,546	31,109	45,655	(94,069)
<b>NET ASSETS - END OF YEAR</b>	\$ 59,687	\$ 374,115	\$ 433,802	\$ 388,147

**ESTATES VILLAGE CONDOMINIUM CORPORATION**

**Statement of Revenues and Expenditures Operating Fund**

**Year Ended May 31, 2019**

	Budget 2019	2019	2018
<b>REVENUES</b>			
Condominium fees	\$ 145,018	\$ 144,931	\$ 171,941
Other	60	45	101
	<u>145,078</u>	<u>144,976</u>	<u>172,042</u>
<b>EXPENSES</b>			
<b>Administration</b>			
Management fees	15,876	16,352	16,163
Legal, accounting and audit	4,400	6,047	3,460
Office	2,250	3,368	2,361
Interest and bank charges	400	321	575
<b>Utilities</b>			
Waste removal	14,100	13,940	13,608
Electric	2,800	2,901	2,668
Water, sewer and fireline	2,600	2,298	2,001
<b>Maintenance</b>			
Snow removal	33,929	21,677	31,437
Grounds and landscaping	20,175	12,931	22,837
General exterior	31,300	19,870	20,432
Locks, windows and doors	4,000	5,811	3,653
Plumbing, HVAC	1,000	975	495
Fire safety	200	-	168
<b>Other</b>			
Insurance	23,560	23,939	22,730
	<u>156,590</u>	<u>130,430</u>	<u>142,588</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	<b>\$ (11,512)</b>	<b>\$ 14,546</b>	<b>\$ 29,454</b>

**ESTATES VILLAGE CONDOMINIUM CORPORATION**  
**Statement of Operations Capital Replacement Reserve**  
**Year Ended May 31, 2019**

	2019	2018
<b>REVENUES</b>		
Assessments	\$ 70,500	\$ 43,490
Strathcona County Grant	50,400	-
Special assessment	29,500	-
Interest	4,708	6,072
	<u>155,108</u>	<u>49,562</u>
<b>EXPENSES</b>		
Sumps	118,262	1,081
Windows and doors	1,537	10,169
Foundation	2,520	-
Landscaping	1,680	-
Decks	-	122,120
Concrete	-	39,715
	<u>123,999</u>	<u>173,085</u>
<b>NET INCOME (LOSS)</b>	<u>\$ 31,109</u>	<u>\$ (123,523)</u>

**ESTATES VILLAGE CONDOMINIUM CORPORATION**

**Statement of Cash Flows**

**Year Ended May 31, 2019**

	<u>2019</u>	<u>2018</u>
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenues over expenses	<u>\$ 45,655</u>	<u>\$ (94,069)</u>
Changes in non-cash working capital:		
Accounts receivable	979	153,048
Receivable from Strathcona County	29,500	(29,500)
Interest receivable	317	(748)
Accounts payable	1,066	(49,995)
Prepaid expenses	(1,575)	(830)
Due to owners	<u>(29,500)</u>	<u>29,500</u>
	<u>787</u>	<u>101,475</u>
Cash flow from operating activities	<u>46,442</u>	<u>7,406</u>
<b>INVESTING ACTIVITY</b>		
Long term Investments (purchase) maturity	<u>(70,000)</u>	122,889
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<u>(23,558)</u>	130,295
Cash - beginning of year	<u>307,235</u>	176,940
<b>CASH - END OF YEAR</b>	<u>\$ 283,677</u>	<u>\$ 307,235</u>
<b>CASH CONSISTS OF:</b>		
Cash - operating fund	\$ 41,918	\$ 11,903
Cash - reserve fund	211,759	172,443
Guaranteed investment certificates	<u>30,000</u>	<u>122,889</u>
	<u>\$ 283,677</u>	<u>\$ 307,235</u>



# ESTATES VILLAGE CONDOMINIUM CORPORATION

## Notes to Financial Statements

Year Ended May 31, 2019

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### 1. DESCRIPTION OF OPERATIONS

The Condominium Association, formed under the Condominium Property Act of Alberta, is a non-profit organization that was created to regulate the use of the property and to provide repairs, maintenance and other services to the common area of Estates Village Condominium No 942 3847, located in Sherwood Park, Alberta.

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of presentation

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

#### Cash and short term investments

The corporation considers short-term debt securities purchased with maturity of one year or less to be cash equivalents.

#### Long term investments

Long term investments include guaranteed investment certificates with a maturity date of greater than one year and are carried at cost.

#### Fund accounting

The corporation follows the restricted fund method of accounting for contributions.

The Operating fund accounts for the corporation's operating and administrative activities.

The Capital replacement reserve fund reports the amounts that are set aside and used for future costs of major repairs and replacements. The Condominium Property Act of Alberta restricts the ending balance of the reserve fund to use on major capital repairs and replacements. The fund balance that is excess to requirements, as determined by the reserve report and the board approved plan for funding the reserve fund, may be spent on capital improvements. Receivables of the fund may not be considered in the determination of "funds held" for purposes of the Act.

#### Capital assets

Condominium units and real property directly associated with those units are not considered to be capital assets of the corporation.

Assets purchased by the corporation are expensed when purchased.

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# ESTATES VILLAGE CONDOMINIUM CORPORATION

## Notes to Financial Statements

Year Ended May 31, 2019

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Income taxes

A condominium corporation created under the Canadian provincial legislation is a taxable private corporation under the Income Tax act. Provided that substantially all the corporation's gross revenues is derived from the members, Revenue Canada is prepared to regard the excess members contributions as amounts required for the operations of the condominium property and not as income of the corporation or its members. Accordingly, no provision for income taxes has been recorded.

#### Revenue recognition

Condominium fee assessments related to general operations are recognized as revenue of the operating fund as billed to the owners by the corporation. Billings for the condominium fees consist of estimates of monthly charges based on approved budgets. All expenses are recognized as incurred.

Condominium fees related to the Capital replacement reserve fund are recognized as revenue of the reserve fund.

Investment income is recognized as revenue of the Capital replacement reserve fund.

#### Contributed services

Volunteer services contributed on behalf of the corporation are not recognized in these financial statements due to the difficulty in determining their fair value.

#### Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from these estimates.

#### Financial Instruments

The Association initially measures financial assets and financial liabilities at their fair value. It subsequently measures its financial assets and financial liabilities at amortized cost. The financial assets and financial liabilities that are subsequently measured at amortized cost include cash, short term investments, accounts receivable, interest receivable, long term investments, and accounts payable.

In management's opinion, the Association is not exposed to significant interest rate, foreign exchange, liquidity or credit risk.

#### Statement of cash flows

A statement of cash flows has been prepared using the indirect method.

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## ESTATES VILLAGE CONDOMINIUM CORPORATION

### Notes to Financial Statements

Year Ended May 31, 2019

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#### 3. SHORT TERM INVESTMENTS

	<u>2019</u>	<u>2018</u>
Canadian Western Bank GIC, bearing interest at 2.27% per annum, maturing April 9, 2020	\$ 30,000	\$ -
General Bank of Canada, bearing interest at 1.91% per annum maturing April 1, 2019	-	69,205
Home Equity Bank, bearing interest at 2.65% per annum, maturing July 25, 2018	-	20,000
ICICI Bank Canada, bearing interest at 2.86% per annum, maturing October 29, 2018	-	20,000
Concentra Financial, bearing interest at 2.70% per annum, maturing March 26, 2019	-	13,684
Home Trust GIC, bearing interest at 2.42% per annum maturing March 22, 2018	-	-
	<u>\$ 30,000</u>	<u>\$ 122,889</u>

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#### 4. LONG TERM INVESTMENTS

	<u>2019</u>	<u>2018</u>
Zag Bank, bearing interest at 1.85% per annum, maturing September 21, 2020	\$ 40,000	\$ 40,000
Zag Bank, bearing interest at 2.30% per annum, maturing January 26, 2021	20,000	20,000
Canadian Western Bank GIC, bearing interest at 2.39% per annum, maturing April 9, 2021	35,000	-
HCanadian Western Bank GIC, bearing interest at 2.57% per annum, maturing April 9, 2024	35,000	-
	-	-
	<u>\$ 130,000</u>	<u>\$ 60,000</u>

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#### 5. CAPITAL MANAGEMENT

The corporation defines capital as the sum of unrestricted net assets and internally restricted net assets. In managing capital, the corporation focuses on liquid resources available for operations. The corporation's objective is to have sufficient liquid resources to continue operating despite adverse events with financial consequences and to provide it with the flexibility to take advantage of opportunities that will advance its purposes. The need for sufficient liquid resources is considered in the preparation of an annual budget and in the monitoring of cash flows and actual operating results compared to the budget.

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#### 6. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

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