

Peaks at Eagle Ridge

FINANCIAL STATEMENTS

SEPTEMBER 30, 2012

Peaks at Eagle Ridge

SEPTEMBER 30, 2012

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INDEPENDENT AUDITOR'S REPORT

To the Owners of The Peaks at Eagle Ridge Condominium Corporation No. 072 8880:

We have audited the accompanying financial statements of the The Peaks at Eagle Ridge Condominium Corporation No. 072 8880, which comprise the statement of financial position as at September 30, 2012, and the statements of operations and changes in fund balances for the operating fund and capital replacement reserve fund, and statement of 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 generally accepted accounting principles for non-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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we 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 risks 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the corporation as at September 30, 2012, and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles for not-for-profit organizations.

Other Matter

In accordance with generally accepted accounting principles, the physical infrastructure of the condominium is not recorded as an asset in these financial statements. However, we recommend that the reader make a comparison of the the financial investments reported in the reserve fund with the expected future maintenance costs detailed in the reserve fund study. We also recommend that the reader consider management's reserve fund plan: the plan of the corporation to fund any required capital expenditures. The reserve fund study and reserve fund plan are required for all condominium corporations within two years of their registration, and are revised every five years thereafter.

The signature logo for Cass & Fraser, featuring the company name in a stylized, cursive script.

Cass & Fraser, Chartered Accountants

Edmonton, Alberta
February 7, 2013

Peaks at Eagle Ridge

STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2012

	2012			2011
	Operating Fund	Reserve Fund	Total	Total
Current Assets				
Cash	\$ 268,816	\$ 380,591	\$ 649,407	\$ 606,356
Receivable from owners	23,600	-	23,600	12,151
Receivable from others	11,251	-	11,251	-
Prepaid expenses	50,821	-	50,821	27,267
Guaranteed investment certificates (Note 6)	-	314,880	314,880	307,866
	\$ 354,488	\$ 695,471	\$ 1,049,959	\$ 953,640
Current Liabilities				
Accounts payable	\$ 199,833	\$ -	\$ 199,833	\$ 222,396
Prepaid fees	6,241	-	6,241	8,991
	206,074	-	206,074	231,387
Net Assets				
Capital replacement reserve fund	-	695,471	695,471	400,867
Operating fund	148,414	-	148,414	321,386
	148,414	695,471	843,885	722,253
	\$ 354,488	\$ 695,471	\$ 1,049,959	\$ 953,640

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STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE OPERATING FUND

FOR THE YEAR ENDING SEPTEMBER 30, 2012

	2012 Budget	2012 Actual	2011 Actual
Revenues			
Condominium fees	\$ 2,245,138	\$ 2,245,140	\$ 2,090,107
Interest	-	3,067	5,059
Other	-	7,005	3,291
	2,245,138	2,255,212	2,098,457
Administration			
Administration and bank charges	4,200	33,385	26,943
Board expenses	2,000	5,423	1,916
Management fees	79,350	79,350	77,000
Professional fees	542,964	208,941	6,706
Resident manager suites	7,636	8,270	7,860
Utilities			
Electricity	144,000	235,064	168,641
Natural gas	240,000	160,751	229,885
Telephone, intercom and cable	9,000	20,934	13,787
Waste removal	60,000	55,156	57,702
Water and sewer	126,000	133,600	123,409
Maintenance			
Building - general	231,000	228,433	253,729
Elevator maintenance	44,000	54,005	61,039
Landscaping and snow removal	49,500	39,312	47,987
Parkade and road maintenance	40,000	68,758	76,213
Plumbing and mechanical	156,000	203,184	166,952
Salaries	408,596	429,320	361,509
Security and fire	47,500	71,803	46,603
Other			
Insurance	66,224	80,080	225,352
	2,257,970	2,115,769	1,953,233
Revenues over expenses	\$ (12,832)	139,443	145,224
Transfer to reserve fund	(218,400)	(312,415)	(200,000)
Operating fund balance at beginning of year		321,386	376,162
Operating fund balance at end of year		\$ 148,414	\$ 321,386

Peaks at Eagle Ridge

STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE
CAPITAL REPLACEMENT RESERVE FUND
FOR THE YEAR ENDING SEPTEMBER 30, 2012

	2012 Budget	2012 Actual	2011 Actual
Revenues			
Interest	-	11,949	9,937
Expenses			
Building condition assessment	-	16,320	-
Garage construction	-	-	52,920
Painting hallways	-	-	151,200
Parkade physical audit	-	-	76,755
Reserve fund study	-	13,440	-
	-	29,760	280,875
Revenues over expenses	\$ -	(17,811)	(270,938)
Transfer from operating fund	218,400	312,415	200,000
Reserve fund balance at beginning of year		400,867	471,805
Reserve fund balance at end of year		\$ 695,471	\$ 400,867

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STATEMENT OF CASH FLOWS

FOR THE YEAR ENDING SEPTEMBER 30, 2012

	2012			2011
	Operating Fund	Reserve Fund	Total	Total
Cash flows from operating activities				
Condominium fees	\$ 2,230,941	\$ -	\$ 2,230,941	\$ 2,098,109
Interest and investment income	3,067	4,935	8,002	2,587
Other revenues	7,005	-	7,005	8,350
Cash paid to suppliers	(2,069,922)	(132,974)	(2,202,896)	(2,037,504)
Net cash provided by (used in) operating activities	171,091	(128,039)	43,052	71,542
Cash flows from investing activities				
Net redemption of GICs	-	-	-	75,000
Cash flows from financing activities				
Interfund transfers	(312,415)	312,415	-	-
Increase in cash	(141,324)	184,376	43,052	146,542
Cash, beginning of year	410,140	196,216	606,356	459,814
Cash, end of year	\$ 268,816	\$ 380,592	\$ 649,408	\$ 606,356

Cash and cash equivalents are comprised of:

Cash	\$ 268,816	\$ 380,592	\$ 649,408	\$ 606,356
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NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2012

1 Purpose and Income Tax Status

The Peaks at Eagle Ridge Condominium Corporation No. 072 8880 (the corporation) is a condominium corporation registered under the Condominium Property Act of Alberta. Its function is to regulate the use of the property and to provide repairs, maintenance and other services to the common areas of the condominium project, located in Fort McMurray, Alberta.

The corporation is a non-profit corporation under the Income Tax Act, and is therefore exempt from income taxes.

2 Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for not-for-profit organizations. Significant accounting policies are described below.

(a) 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. Receivables of the fund may not be considered in the determination of "funds held," for purposes of the Act.

(b) 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 monthly charges based on the annual budget approved by the Board of Directors. 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.

(c) 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.

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NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2012

(d) 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. There were no capital assets purchased in the year.

(e) Cash and Cash Equivalents on the Statement of Cash Flows

Cash and cash equivalents include bank balances and cash held. Short term money market funds are not included as these are considered to be investments.

(f) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent 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.

3 Financial Instruments and Risk Management

(a) Financial Instruments

The corporation's financial instruments consist of cash investment certificates, condominium fees receivable and accounts payable. The fair value of these financial instruments approximate their carrying values.

(b) Credit Risk

The corporation does not have a concentration of credit exposure with any one party. The corporation does not consider that it is exposed to undue credit risk.

(c) Price Risk

The investments of the corporation are subject to price risk because changing interest rates impact the market value of the fixed rate investments.

(d) Liquidity Risk

The investments are subject to liquidity risk if the corporation is required to sell at a time that the market for the investments is unfavourable.

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NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2012

(e) Risk Management

The corporation manages its credit, liquidity and cash flow risk by restricting investments to a diverse range of government and corporate preferred shares and fixed income securities with specified ratings and terms as prescribed by the Condominium Property Act. As it is the corporation's expectation to hold its investments to maturity, its cash flows are exposed to minimal price and liquidity risk.

4 Capital Management

The corporation's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to pay monthly operating and administrative costs and to fund major repairs and replacements as needed. The corporation's capital is comprised of its unrestricted net assets and restricted capital replacement reserve fund.

The corporation manages its capital based on a reserve fund study, which is performed once every five years, and on an annual budget which is approved by the Board of Directors. The reserve fund study specifies the major repairs that may be required over the next 25 years and makes recommendations for funding these repairs.

To maintain or adjust the capital structure, the corporation may increase monthly condominium fees or levy special assessments.

5 Comparative Figures

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

6 Investments

Investments are comprised of four Guaranteed Investment Certificates totalling \$314,880 (including accrued interest) that range in maturity dates from October 2012 to September 2015, with rates of return that range from 1.72% to 3.05%.

7 Approval of Financial Statements

These financial statements have been approved by the Board of Directors.