

Peaks at Eagle Ridge

DRAFT FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

Peaks at Eagle Ridge

SEPTEMBER 30, 2011

CONTENTS

Independent Auditors' Report

Financial Statements	<u>Page</u>
Statement of Financial Position	1
Statement of Operations and Change in Fund Balance	
Operating Fund	2
Capital Replacement Reserve Fund	3
Statement of Cash Flows	4
Notes to the Financial Statements	5 - 6



Cass & Fraser
Chartered Accountants

Telephone: (780) 448-1941
Facsimile: (780) 448-1868

305, 10665 Jasper Avenue
Edmonton, Alberta
T5J 3S9

info@cassfraser.ca
www.cassfraser.ca

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, 2011, 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, 2011, 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.

(Original Signed)

Edmonton, Alberta
December 19, 2011

Peaks at Eagle Ridge

DRAFT STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2011

	2011			2010
	Operating Fund	Reserve Fund	Total	Total
Current Assets				
Cash	\$ 410,140	\$ 196,216	\$ 606,356	\$ 459,814
Receivable from owners	12,151	-	12,151	20,153
Receivable from others	-	-	-	22,104
Prepaid expenses	27,267	-	27,267	36,733
Guaranteed investment certificates	-	307,866	307,866	375,516
	<u>\$ 449,558</u>	<u>\$ 504,082</u>	<u>\$ 953,640</u>	<u>\$ 914,320</u>
Current Liabilities				
Accounts payable	\$ 119,181	\$ 103,215	\$ 222,396	\$ 62,033
Prepaid fees	8,991	-	8,991	4,320
	<u>128,172</u>	<u>103,215</u>	<u>231,387</u>	<u>66,353</u>
Net Assets				
Capital replacement reserve fund	-	400,867	400,867	471,805
Operating fund	321,386	-	321,386	376,162
	<u>321,386</u>	<u>400,867</u>	<u>722,253</u>	<u>847,967</u>
	<u>\$ 449,558</u>	<u>\$ 504,082</u>	<u>\$ 953,640</u>	<u>\$ 914,320</u>

Approved on behalf of the Board:

_____ Director

_____ Director

Peaks at Eagle Ridge

DRAFT STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE OPERATING FUND

FOR THE YEAR ENDING SEPTEMBER 30, 2011

	2011 Budget	2011 Actual	2010 Actual
Revenues			
Condominium fees	\$ 2,090,276	\$ 2,090,107	\$ 2,089,023
Less: Reserve fund assessments	(200,000)	(200,000)	(200,000)
	1,890,276	1,890,107	1,889,023
Other	-	8,350	6,616
	1,890,276	1,898,457	1,895,639
Administration			
Administration and office	4,200	26,059	12,558
Bank and interest charges	1,200	884	820
Management fees	77,000	77,000	77,000
Office furniture	9,000	5,172	-
Professional fees	100,500	6,706	18,795
Utilities			
Electricity	120,000	168,641	122,897
Natural gas	276,000	229,885	270,732
Telephone	9,000	13,787	5,289
Waste removal	60,000	57,702	42,179
Water and sewer	120,000	123,409	109,056
Maintenance			
Amenities rooms	84,000	9,843	-
Building - general	188,524	129,213	74,824
Electrical	24,000	42,049	42,779
Elevator maintenance	44,000	61,039	48,312
Janitorial contract and supplies	39,000	26,103	22,146
Landscaping and snow removal	55,000	47,987	28,312
Miscellaneous	1,600	1,916	8,456
Parkade and road maintenance	23,550	76,213	51,527
Plumbing and mechanical	108,000	166,952	144,100
Resident manager suite	7,262	7,860	6,062
Salaries	236,440	361,509	265,667
Security	39,000	46,603	187,430
Window washing	35,000	41,349	15,396
Other			
Insurance	228,000	225,352	206,621
	1,890,276	1,953,233	1,760,958
Revenues over expenses	\$ -	(54,776)	134,681
Operating fund balance at beginning of year		376,162	241,481
Operating fund balance at end of year		\$ 321,386	\$ 376,162

Peaks at Eagle Ridge

DRAFT STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE
CAPITAL REPLACEMENT RESERVE FUND

FOR THE YEAR ENDING SEPTEMBER 30, 2011

			2011 Actual	2010 Actual
Revenues				
Assessments	\$	200,000	\$ 200,000	\$ 200,000
Interest			9,937	1,396
		200,000	209,937	201,396
Expenses				
Garage construction			52,920	-
Painting hallways			151,200	-
Parkade physical audit			76,755	-
			280,875	-
Revenues over expenses	\$	200,000	(70,938)	201,396
Reserve fund balance at beginning of year			471,805	270,409
Reserve fund balance at end of year			\$ 400,867	\$ 471,805

Peaks at Eagle Ridge

DRAFT STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING SEPTEMBER 30, 2011

	2011			2010
	Operating Fund	Reserve Fund	Total	Total
Cash flows from operating activities				
Condominium fees	\$ 2,098,109	\$ -	\$ 2,098,109	\$ 2,089,077
Interest and investment income	-	2,587	2,587	880
Other revenues	8,350	-	8,350	6,616
Cash paid to suppliers	(1,859,844)	(177,660)	(2,037,504)	(1,825,245)
Net cash provided by (used in) operating activities	246,615	(175,073)	71,542	271,328
Cash flows from investing activities				
Net purchase of GICS	-	75,000	75,000	(375,000)
Cash flows from financing activities				
Interfund transfers	(200,000)	200,000	-	-
Increase in cash	46,615	99,927	146,542	(103,672)
Cash, beginning of year	363,525	96,289	459,814	563,486
Cash, end of year	\$ 410,140	\$ 196,216	\$ 606,356	\$ 459,814
Cash and cash equivalents are comprised of:				
Cash	410,140	196,216	606,356	459,814

Peaks at Eagle Ridge

DRAFT NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

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

(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 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.

(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.

Peaks at Eagle Ridge

DRAFT NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

(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. During the year, asset purchases in the amount of \$115,585 were expensed.

(e) Financial Instruments

The corporation's financial instruments consist of cash investment certificates, condominium fees receivable and accounts payable. It is management's opinion that the corporation is not exposed to significant interest or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values.

3 Comparative Figures

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

4 Approval of Financial Statements

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