

**CONDOMINIUM CORPORATION NO.  
9810287  
*(Operating as Chaparral Adult Village)*  
Financial Statements  
Year Ended August 31, 2014**

**CONDOMINIUM CORPORATION NO. 9810287**  
**(Operating as Chaparral Adult Village)**  
**Index to Financial Statements**  
**Year Ended August 31, 2014**

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**CREMERS & ELLIOTT\***  
**CHARTERED ACCOUNTANTS**

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**INDEPENDENT AUDITOR'S REPORT**

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To the Owners of Condominium Corporation No. 9810287 (Operating as Chaparral Adult Village)

We have audited the accompanying financial statements of Condominium Corporation No. 9810287, (Operating as Chaparral Adult Village), which comprise the statements of financial position as at August 31, 2014 and August 31, 2013 and the statements of revenues and expenditures, changes in net assets and cash flows for the years ended August 31, 2014 and August 31, 2013, 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**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 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.

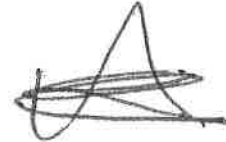
We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

*(continues)*

Independent Auditor's Report to the Owners of Condominium Corporation No. 9810287 (continued)

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Condominium Corporation No. 9810287, (Operating as Chaparral Adult Village), as at August 31, 2014 and August 31, 2013 and the results of its operations and its cash flows for the years then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.



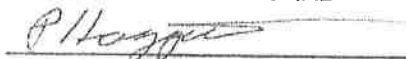
Calgary, Alberta  
October 28, 2014

Hans P. Cremers  
CHARTERED ACCOUNTANTS

**CONDOMINIUM CORPORATION NO. 9810287**  
**(Operating as Chaparral Adult Village)**  
**Statement of Financial Position**  
**August 31, 2014**

	Capital Replacement Reserve Fund 2014	Operating Fund 2014	Total 2014	Total 2013
<b>ASSETS</b>				
<b>CURRENT</b>				
Cash	\$ -	\$ 35,600	\$ 35,600	\$ 2,284
Accounts receivable	-	-	-	29,467
Prepaid expenses	-	-	-	4,633
	-	<b>35,600</b>	35,600	36,384
<b>RESERVE FUND</b>				
INVESTMENTS (Note 3)	429,146	-	429,146	367,566
	<b>\$ 429,146</b>	<b>\$ 35,600</b>	<b>\$ 464,746</b>	<b>\$ 403,950</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT</b>				
Accounts payable	\$ 51,618	\$ 9,574	\$ 61,192	\$ 5,840
<b>NET ASSETS</b>				
Operating fund	-	<b>26,026</b>	26,026	30,544
Capital replacement reserve fund (Notes 2, 4)	377,528	-	377,528	367,566
	377,528	<b>26,026</b>	403,554	398,110
	<b>\$ 429,146</b>	<b>\$ 35,600</b>	<b>\$ 464,746</b>	<b>\$ 403,950</b>

ON BEHALF OF THE BOARD

 Director

 Director

**CREMERS & ELLIOTT**  
 CHARTERED ACCOUNTANTS

See notes to financial statements

**CONDOMINIUM CORPORATION NO. 9810287**  
**(Operating as Chaparral Adult Village)**  
**Statement of Revenues and Expenditures**  
**Year Ended August 31, 2014**

	Budget 2014	2014	2013
<b>REVENUE</b>			
Condominium fees	\$ 146,768	\$ 146,767	\$ 146,769
Interest and other income	-	1,503	1,536
	<u>146,768</u>	<u>148,270</u>	<u>148,305</u>
<b>EXPENSES</b>			
Landscaping and snow removal	37,500	45,388	47,677
Insurance	16,000	15,124	14,726
Management fees	12,909	12,940	12,533
Repairs and maintenance	15,961	12,234	10,481
Utilities	5,198	6,307	2,757
Audit fees	1,200	1,862	2,012
Plumbing, mechanical and electrical	1,000	1,672	683
Office	500	1,144	1,306
Bad debts	-	117	-
Road and parking	500	-	180
	<u>90,768</u>	<u>96,788</u>	<u>92,355</u>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<u>\$ 56,000</u>	<u>\$ 51,482</u>	<u>\$ 55,950</u>

**CONDOMINIUM CORPORATION NO. 9810287**  
**(Operating as Chaparral Adult Village)**  
**Statement of Changes in Net Assets**  
**Year Ended August 31, 2014**

	Operating Fund	Capital Replacement Reserve Fund	2014	2013
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 30,544	\$ 367,566	\$ 398,110	\$ 361,387
Excess of revenue over expenses	51,482	-	<b>51,482</b>	55,950
Monthly contributions to reserve	(56,000)	56,000	-	-
Reserve expenditures (Note 5)	-	(54,278)	<b>(54,278)</b>	(26,365)
Interest earned during the year	-	8,240	<b>8,240</b>	7,138
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 26,026</b>	<b>\$ 377,528</b>	<b>\$ 403,554</b>	<b>\$ 398,110</b>

**CONDOMINIUM CORPORATION NO. 9810287**  
**(Operating as Chaparral Adult Village)**  
**Statement of Cash Flows**  
**Year Ended August 31, 2014**

	2014	2013
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses	\$ 51,482	\$ 55,950
Changes in non-cash working capital:		
Accounts receivable	29,467	(21,327)
Accounts payable	55,352	(4,533)
Prepaid expenses	4,633	(4,633)
	<u>89,452</u>	<u>(30,493)</u>
Cash flow from operating activities	<u>140,934</u>	<u>25,457</u>
<b>FINANCING ACTIVITIES</b>		
Capital expenditures	(54,278)	(26,365)
Interest earned	8,240	7,138
	<u>(46,038)</u>	<u>(19,227)</u>
Cash flow used by financing activities	<u>(46,038)</u>	<u>(19,227)</u>
<b>INCREASE IN CASH FLOW</b>	<b>94,896</b>	<b>6,230</b>
CASH AND CASH EQUIVALENTS - Beginning of year	<u>369,850</u>	<u>363,620</u>
<b>CASH AND CASH EQUIVALENTS - End of year</b>	<b>\$ 464,746</b>	<b>\$ 369,850</b>
<b>CASH AND CASH EQUIVALENTS CONSISTS OF:</b>		
Cash	\$ 35,600	\$ 2,284
Reserve fund investments	429,146	367,566
	<u>\$ 464,746</u>	<u>\$ 369,850</u>



**CONDOMINIUM CORPORATION NO. 9810287**  
**(Operating as Chaparral Adult Village)**  
**Notes to Financial Statements**  
**Year Ended August 31, 2014**

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1. BASIS OF PRESENTATION

The financial statements were prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNFPO).

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Condominium Corporation is a non-profit organization and the common area assets of the condominium are owned proportionately by the owners of the units and as such are not reflected as assets in these financial statements. The purpose of the Condominium Corporation is to manage the common area assets and to maintain and provide services with respect to the day to day operations of the condominium.

The financial statements include only assets, liabilities, revenues and expenses relating to the operations of Condominium Corporation No. 9810287. The statements do not include the cost of land or buildings and the outstanding principal balances owing on mortgages, which are the responsibility of the owners.

The Condominium Corporation is a tax exempt organization for income tax purposes and has therefore made no provisions for income taxes on these financial statements.

Measurement uncertainty

When preparing financial statements according to Canadian accounting standards for Not-for-Profit Organizations, management makes estimates and assumptions relating to:

- reported amounts of revenues and expenses
- reported amounts of assets and liabilities
- disclosure of contingent assets and liabilities.

Estimates are based on a number of factors including historical experience, current events and actions that the Condominium Corporation may undertake in the future, and other assumptions that management believes are reasonable under the circumstances. By their nature, these estimates are subject to measurement uncertainty and actual results could differ. In particular, estimates are used in accounting for certain items such as revenues, allowance for doubtful accounts and useful lives of capital assets.

Cash and cash equivalents

Cash includes cash and cash equivalents. Cash equivalents are investments in guaranteed investment 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.

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**CONDOMINIUM CORPORATION NO. 9810287**  
**(Operating as Chaparral Adult Village)**  
**Notes to Financial Statements**  
**Year Ended August 31, 2014**

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

Fund Accounting

The Condominium Corporation follows the restricted 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 future costs or major repairs or replacements.

Revenue Recognition

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

The condominium fees related to the Capital Replacement Reserve Fund are recognized as revenue of the Capital Replacement Reserve Fund.

Investment income earned on the Reserve Fund Investments are recognized as revenue of the Capital Replacement Reserve Fund.

Contributed Services

Volunteer services contributed on behalf of the Condominium Corporation in carrying out its operating activities are not recognized in these financial statements due to the difficulty of determining their fair value.

Financial Instruments

The Condominium Corporation's financial instruments consist of cash, investment certificates, accounts receivable, prepaid expenses, and accounts payable. Unless otherwise indicated, it is management's opinion that the Condominium Corporation is not exposed to significant interest or credit risk arising from these financial instruments. Accounts receivable are initially measured at fair value and subsequently measured at amortized cost. Accounts payable are initially measured at fair value and subsequently measured at amortized cost. Gains and losses are recognized in the statement of operations. The fair value of cash, accounts receivable, and accounts payable approximate their carrying values due to their short term nature.

Capital Replacement Reserve Fund

The Capital Replacement Reserve Fund is a fund required under the By-laws of the Condominium Corporation to be established and maintained for the repair or replacement of any real and personal property owned by the Condominium Corporation and the common property where such repair or replacement does not occur annually. When expenditures of a capital nature or for a major repair are incurred, they are charged against the reserve. The amount to be allocated to the Reserve Fund from operations is determined by the Board of Directors of the Condominium Corporation.

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**CONDOMINIUM CORPORATION NO. 9810287**  
**(Operating as Chaparral Adult Village)**  
**Notes to Financial Statements**  
**Year Ended August 31, 2014**

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

Budget

The budget figures that appear on the statement of operating income are those approved by the Board of Directors and are presented for comparison purposes only. They have not been audited or reviewed but they have been reclassified to conform to the presentation in these financial statements.

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3. INVESTMENTS HELD FOR THE CAPITAL REPLACEMENT RESERVE FUND ASSETS, AT FAIR VALUE

	<b>2014</b>
Manulife - Reserve cash account	<b>\$ 119,027</b>
GIC @ 2.15% maturing December 14, 2015	<b>82,962</b>
GIC @ 2.05% maturing December 14, 2015	<b>65,792</b>
GIC @ 2.85% maturing December 15, 2014	<b>34,104</b>
GIC @ 2.00% maturing December 15, 2014	<b>33,468</b>
GIC @ 2.00% maturing December 15, 2014	<b>33,468</b>
GIC @ 2.70% maturing December 18, 2018	<b>32,277</b>
GIC @ 3.15% maturing December 14, 2015	<b>28,048</b>
	<b>\$ 429,146</b>

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CONDOMINIUM CORPORATION NO. 9810287

(Operating as Chaparral Adult Village)

Notes to Financial Statements

Year Ended August 31, 2014

4. ADEQUACY OF THE CAPITAL REPLACEMENT RESERVE FUND

These financial statements do not purport to show the adequacy of the capital replacement reserve fund. In determining the allocation to the Capital Replacement Reserve Fund and the adequacy of the fund balance the Board of Directors exercises judgment, principally, in the following areas:

- Obtaining an inventory of common property components that will require replacement;
- Determining the state of these components and their expected remaining useful life;
- Estimating the replacement cost at the expected time of replacement; and
- Forecasting the expected rate of return on the fund's investments

An independent reserve fund study was conducted in 2013. In the opinion of the professional reserve fund planners who completed the study, the Capital Replacement Reserve Fund should have balances as summarized below.

	Balance beginning of year	Transfers from operations	Interest earned	Expenses allocated to reserve	Balance end of year
2013/14 Projected	\$ 310,382	\$ 56,000	\$ 5,076	\$ (36,500)	\$ 334,958
2014 Actual	\$ 367,566	\$ 56,000	\$ 8,240	\$ (54,278)	\$ 377,528
2014 Over(Under)	\$ 57,184	\$ -	\$ 3,164	\$ (17,778)	\$ 42,570
2014/15 Projected	\$ 334,958	\$ 56,000	\$ 5,444	\$ (54,268)	\$ 342,134
2015/16 Projected	\$ 342,134	\$ 56,000	\$ 5,552	\$ (15,772)	\$ 387,914
2016/17 Projected	\$ 387,914	\$ 56,000	\$ 6,239	\$ (9,714)	\$ 440,439
2017/18 Projected	\$ 440,439	\$ 56,000	\$ 7,027	\$ (8,837)	\$ 494,629
2018/19 Projected	\$ 494,629	\$ 56,000	\$ 7,839	\$ (77,600)	\$ 480,868

The full study is available to the reader and should be examined to fully comprehend the purpose, the assumptions and the conclusions of the study.

5. RESERVE EXPENDITURES

	2014	2013
Painting	\$ -	\$ 13,534
Tree removal and pruning	-	7,266
Reserve fund study	-	5,565
Eaves troughs and soffit	51,618	-
Doors	1,400	-
Stairs	1,260	-
	\$ 54,278	\$ 26,365

**CONDOMINIUM CORPORATION NO. 9810287**  
**(Operating as Chaparral Adult Village)**  
**Notes to Financial Statements**  
**Year Ended August 31, 2014**

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6. FINANCIAL INSTRUMENTS

The Condominium Corporation is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Condominium Corporation's risk exposure and concentration as of August 31, 2014.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Condominium Corporation is exposed to this risk mainly in respect of its unit owners and payment from its accounts payable.

Market risk

Market Risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The Condominium Corporation is mainly exposed to interest rate risk.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Condominium Corporation manages exposure through its normal operating and financing activities. The Condominium Corporation is exposed to interest rate risk primarily through its reserve fund investments.

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7. COMPARATIVE FIGURES

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

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**Condominium Corporation No. 9810287**

Year End: August-31-14

Adjusting journal entries

Date: 01/09/2013 To 31/08/2014

Number	Date	Name	Account No	Reference	Annotatlon	Debit	Credit	Recurrence	Mlsstatement
1	31/08/2014	Accrued payables	20200 OF				5,187.12		
1	31/08/2014	Legal & Audit	50100 OF			1,861.83			
1	31/08/2014	Electricity	55100 OF			66.72			
1	31/08/2014	Electricity	55100 OF			40.00			
1	31/08/2014	Sewer & Water	56100 OF			116.77			
1	31/08/2014	Sewer & Water	56100 OF			600.00			
1	31/08/2014	Garbage removal	59100 OF			44.00			
1	31/08/2014	Building Repairs	67100 OF			525.00			
1	31/08/2014	Landscaping and snow removal contract	71100 OF			924.00			
1	31/08/2014	Landscaping Contract	72100 OF			703.75			
1	31/08/2014	Irrigation System Maintenance	76100 OF			305.05			
To set up additional payables									
<hr/>									
2	31/08/2014	Replacement Reserve - beginning	25100 CRRF			56,000.04			
2	31/08/2014	Replacement Reserve - beginning	25100 CRRF			1,259.84			
2	31/08/2014	Monthly contributions to reserve	25200 CRRF				56,000.04		
2	31/08/2014	Interest on reserve investments	25450 CRRF				1,259.84		
To reclass for presentation									
<hr/>									
3	31/08/2014	Replacement Reserve - beginning	25100 CRRF				388.89		
3	31/08/2014	Interest on reserve investments	25450 CRRF			388.89			
To agree beginning balance as per prior year journal entry 3									
<hr/>									
4	31/08/2014	Accrued interest	13100 CRRF			7,368.15			
4	31/08/2014	Interest on reserve investments	25450 CRRF				7,368.15		
To reverse amount in accrued interest account									
<hr/>									
5	31/08/2014	Reserve payables	20300 CRRF				51,618.55		
5	31/08/2014	Reserve Expenditures	25250 CRRF			51,618.55			
To book reserve payables for eaves and soffits as per Carol. Ref. BB-3.									
						<b>121,822.69</b>	<b>121,822.69</b>		
<hr/>									
<b>Net Income (Loss)</b>			<b>51,482.39</b>						

*JE  
317980*

ENTERED OCT 28 2014

Prepared by	Reviewed by
AF 08/10/2014	DC 08/10/2014