

CONDOMINIUM CORPORATION NO. 9810287
(Operating as Chaparral Adult Village)
Financial Statements
Year Ended August 31, 2016

CONDOMINIUM CORPORATION NO. 9810287

(Operating as Chaparral Adult Village)

Index to Financial Statements

Year Ended August 31, 2016

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Revenues and Expenditures and Changes in Net Assets	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 10
Expenses (<i>Schedule 1</i>)	11

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INDEPENDENT AUDITOR'S REPORT

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, 2016 and August 31, 2015 and the statements of revenues and expenditures and changes in net assets and cash flows for the years ended August 31, 2016 and August 31, 2015, 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.

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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, 2016 and August 31, 2015 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
November 9, 2016



Cremers & Elliott
CHARTERED ACCOUNTANTS

CONDOMINIUM CORPORATION NO. 9810287


(Operating as Chaparral Adult Village)

Statement of Financial Position

August 31, 2016

	Capital Replacement Reserve Fund	Operating Fund	Total	Total
	2016	2016	2016	2015
ASSETS				
CURRENT				
Cash	\$ -	\$ 3,537	\$ 3,537	\$ 13,822
Accounts receivable	-	-	-	49,289
Prepaid expenses	-	1,972	1,972	-
	-	5,509	5,509	63,111
INVESTMENTS (Note 3)	463,577	-	463,577	379,681
	\$ 463,577	\$ 5,509	\$ 469,086	\$ 442,792
LIABILITIES AND NET ASSETS				
CURRENT				
Accounts payable	\$ 7,875	\$ 21,388	\$ 29,263	\$ 6,874
NET ASSETS				
(DEFFICIENCY) (Notes 2, 4)	455,702	(15,879)	439,823	435,918
	\$ 463,577	\$ 5,509	\$ 469,086	\$ 442,792

ON BEHALF OF THE BOARD

 Director

 Director

CONDOMINIUM CORPORATION NO. 9810287
(Operating as Chaparral Adult Village)

Statement of Revenues and Expenditures and Changes in Net Assets
Year Ended August 31, 2016

	Budget	Capital Replacement Reserve Fund	Operating Fund	Total	Total
	2016	2016	2016	2016	2015
REVENUE					
Condominium fees	\$ 152,387	\$ -	\$ 152,389	\$ 152,389	\$ 146,769
Interest	-	7,843	-	7,843	7,448
Monthly contributions	(50,000)	41,667	(41,667)	-	-
EXPENSES (Schedule 1)					
	102,387	49,510	110,722	160,232	154,217
	102,387	29,504	126,822	156,326	121,853
NET EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES					
	-	20,006	(16,100)	3,906	32,364
NET ASSETS - BEGINNING OF YEAR					
	-	428,846	7,072	435,918	403,554
NET ASSETS - END OF YEAR					
	\$ -	\$ 448,852	\$ (9,028)	\$ 439,824	\$ 435,918

CONDOMINIUM CORPORATION NO. 9810287

(Operating as Chaparral Adult Village)

Statement of Cash Flows

Year Ended August 31, 2016

	2016	2015
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ 3,906	\$ 32,364
Changes in non-cash working capital:		
Accounts receivable	49,289	(49,289)
Accounts payable	22,388	(54,318)
Prepaid expenses	(1,972)	-
	<u>69,705</u>	<u>(103,607)</u>
INCREASE (DECREASE) IN CASH FLOW	73,611	(71,243)
Cash - beginning of year	<u>393,503</u>	<u>464,746</u>
CASH - END OF YEAR	<u>467,114</u>	<u>393,503</u>
CASH CONSISTS OF:		
Cash	\$ 10,387	\$ 13,822
Reserve fund investments	<u>456,727</u>	<u>379,681</u>
	<u>\$ 467,114</u>	<u>\$ 393,503</u>

CONDOMINIUM CORPORATION NO. 9810287

(Operating as Chaparral Adult Village)

Notes to Financial Statements

Year Ended August 31, 2016

1. BASIS OF PRESENTATION

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

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 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, 2016

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 and 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.

Reserve Fund Investments

The Condominium Corporation has elected to classify Guaranteed Investment Certificates held in the reserve fund as held for trading. As such, the investments are measured at fair value and any gains and losses are recognized in the statement of operations or allocated to the restricted fund as required.

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CONDOMINIUM CORPORATION NO. 9810287

(Operating as Chaparral Adult Village)

Notes to Financial Statements

Year Ended August 31, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

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

	<u>2016</u>
Manulife - Reserve cash account	\$ 132,854
GIC @ 1.7% maturing December 14, 2016	68,362
GIC @ 2.1% maturing December 15, 2016	70,514
GIC @ 2.7.% maturing December 18, 2018	34,049
GIC @ 1.9% maturing December 14, 2017	86,428
GIC @ 2.05% maturing December 14, 2018	29,620
GIC @ 2.13% maturing December 15, 2017	34,900
	<u>\$ 456,727</u>

CONDOMINIUM CORPORATION NO. 9810287

(Operating as Chaparral Adult Village)

Notes to Financial Statements

Year Ended August 31, 2016

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 funds investments.

An independent reserve fund study was conducted in 2014. In the opinion of the professional reserve fund planners who completed the study, the Capital Replacement Reserve Fund should have a balance as summarized below.

	Balance Beginning of Year	Transfers from Operations	Interest Earned	Expenses Allocated to Reserve Fund	Balance End of Year
2016 Projected	\$ 342,134	\$ 56,000	\$ 5,552	\$ (15,772)	\$ 387,914
2016 Actual	\$ 428,846	\$ 41,667	\$ 7,843	\$ (29,504)	\$ 448,852
2016 Over(under)	\$ 86,712	\$ (14,333)	\$ 2,291	\$ (13,732)	\$ 60,938
2017 Projected	\$ 387,914	\$ 56,000	\$ 6,239	\$ (9,714)	\$ 440,439
2018 Projected	\$ 440,439	\$ 56,000	\$ 7,027	\$ (8,837)	\$ 494,629
2019 Projected	\$ 494,629	\$ 56,000	\$ 7,839	\$ (77,600)	\$ 480,868
2020 Projected	\$ 480,868	\$ 56,000	\$ 7,633	\$ (119,189)	\$ 425,312

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.

CONDOMINIUM CORPORATION NO. 9810287

(Operating as Chaparral Adult Village)

Notes to Financial Statements

Year Ended August 31, 2016

5. 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, 2016.

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 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.

6. COMPARATIVE FIGURES

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

CONDOMINIUM CORPORATION NO. 9810287
 (Operating as Chaparral Adult Village)

Expenses

(Schedule 1)

Year Ended August 31, 2016

	Budget	Capital Replacement Reserve Fund			Operating Fund	Total	Total
		2016	2016	2016			
Landscaping	\$ 41,166	\$ -	\$ -	\$ 47,686	\$ 47,686	\$ 40,997	
General repairs and maintenance	7,500	-	-	25,258	25,258	10,302	
Insurance	26,000	-	-	22,799	22,799	25,257	
Management fees	14,171	-	-	14,171	14,171	13,761	
Utilities	9,600	-	-	13,040	13,040	14,669	
Audit fees	1,500	-	-	2,391	2,391	2,499	
Office	500	-	-	1,004	1,004	1,964	
Plumbing and mechanical	1,450	-	-	473	473	328	
Road and parking maintenance	500	-	-	-	-	-	
Paving - reserve	-	14,779	-	-	14,779	-	
Landscaping- reserve	-	7,875	-	-	7,875	7,613	
Tree replacement - reserve	-	6,850	-	-	6,850	-	
Parging- reserve	-	-	-	-	-	4,463	
	\$ 102,387	\$ 29,504	\$ 126,822	\$ 156,326	\$ 121,853		