

PROPERTIES OF DONSDALE RESIDENTS ASSOCIATION

FINANCIAL STATEMENTS

DECEMBER 31, 2013

Barbara L. Surry
Certified Management Accountant

PROPERTIES OF DONSDALE RESIDENTS ASSOCIATION

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Barbara L. Surry
Certified Management Accountant

BARBARA L. SURRY
CERTIFIED MANAGEMENT ACCOUNTANT

To the members of the: Properties of Donsdale Residents Association

I have audited the accompanying financial statements of Properties of Donsdale Residents Association which comprise the Statement of Financial Position as at December 31, 2013, December 31, 2012 and January 1, 2012, and the Statements of Operations and Changes in Net Assets for the Operating Fund and Capital Asset Replacement Fund and the Statement of Cash Flows for the years ended December 31, 2013 and December 31, 2012, 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

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with Canadian auditing standards. Those standards require that I 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 disclosure 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.

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

Opinion

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Properties of Donsdale Residents Association as at December 31, 2013, December 31, 2012 and January 1, 2012 and the results of its operations and its cash flows for the years ended December 31, 2013 and December 31, 2012 in accordance with Canadian accounting standards for not-for-profit organizations.

Edmonton, Alberta
September 11, 2014

Certified Management Accountant

PROPERTIES OF DONSDALE RESIDENTS ASSOCIATION

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2013

	Operating Fund	Reserve Fund	December 31, 2013	December 31, 2012	January 1, 2012
ASSETS					
Current assets					
Cash	\$ 44,450	\$ 9,191	\$ 53,641	\$ 21,356	\$ 9,087
Accounts receivable	12,320	-	12,320	16,844	11,762
Prepaid expenses	<u>5,022</u>	<u>-</u>	<u>5,022</u>	<u>-</u>	<u>-</u>
	<u>\$ 61,792</u>	<u>\$ 9,191</u>	<u>\$ 70,983</u>	<u>\$ 38,200</u>	<u>\$ 20,849</u>
LIABILITIES AND NET ASSETS					
Current liabilities					
Bank indebtedness	\$ -	\$ -	\$ -	\$ -	\$ 1,061
Payables and accruals	47,647	-	47,647	28,154	8,549
Deferred revenue	-	-	-	20,000	352
Prepaid member levies	44,152	-	44,152	-	-
Due to affiliate	-	-	-	-	60,818
Long term note payable (Note 5)	<u>29,952</u>	<u>-</u>	<u>29,952</u>	<u>7,800</u>	<u>-</u>
	<u>121,751</u>	<u>-</u>	<u>121,751</u>	<u>55,954</u>	<u>70,780</u>
Long term note payable (Note 5)	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,200</u>	<u>-</u>
	<u>121,751</u>	<u>-</u>	<u>121,751</u>	<u>106,154</u>	<u>70,780</u>
Net assets					
Capital Asset Replacement Fund	-	9,191	9,191	9,153	9,087
Unrestricted net assets (deficit)	<u>(59,959)</u>	<u>-</u>	<u>(59,959)</u>	<u>(77,107)</u>	<u>(59,018)</u>
	<u>(59,959)</u>	<u>9,191</u>	<u>(50,768)</u>	<u>(67,954)</u>	<u>(49,931)</u>
	<u>\$ 61,792</u>	<u>\$ 9,191</u>	<u>\$ 70,983</u>	<u>\$ 38,200</u>	<u>\$ 20,849</u>

Approved by the Board

_____ Director

_____ Director

Barbara L. Surry
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PROPERTIES OF DONSDALE RESIDENTS ASSOCIATION
OPERATING FUND
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2013

	2013	2012
REVENUE		
Member levies	\$ 106,100	\$ 103,585
Loan payable forgiven by developer (Note 5)	20,248	-
Contribution from developer for Stream course deficiencies	20,000	-
Interest and other	431	636
	<u>146,779</u>	<u>104,221</u>
EXPENSES		
Administration		
Management fees	7,800	-
Office	5,331	394
Professional fees-audit	2,100	2,122
Insurance and appraisal	1,175	2,190
Professional fees-legal	625	904
Property taxes	65	162
	<u>17,096</u>	<u>5,772</u>
Maintenance and utilities		
Grounds maintenance (Note 6)	78,763	60,216
Repairs and maintenance (Note 7)	16,303	35,125
Snow removal	12,281	15,978
Utilities	5,188	5,219
	<u>112,535</u>	<u>116,538</u>
	<u>129,631</u>	<u>122,310</u>
Excess of expenses over revenues	17,148	(18,089)
Deficit, beginning of year	<u>(77,107)</u>	<u>(59,018)</u>
Deficit, end of year	<u>\$ (59,959)</u>	<u>\$ (77,107)</u>

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PROPERTIES OF DONSDALE RESIDENTS ASSOCIATION
CAPITAL ASSET REPLACEMENT FUND
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2013

	2013	2012
REVENUE		
Interest	\$ 38	\$ 66
EXPENSES	<u>-</u>	<u>-</u>
Excess of revenue over expenses	38	66
Capital Replacement Reserve Fund net assets, beginning of year	<u>9,153</u>	<u>9,087</u>
Capital Replacement Reserve Fund net assets, end of year	<u>\$ 9,191</u>	<u>\$ 9,153</u>

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PROPERTIES OF DONSDALE RESIDENTS ASSOCIATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2013

	2013		2012	
	<u>Operating Fund</u>	<u>Asset Fund</u>	<u>Total</u>	<u>Total</u>
Cash flows from operating activities:				
Member levies received	\$ 154,777	\$ -	\$ 154,777	\$ 98,151
Other revenue received	431	-	431	636
Interest received	-	38	38	66
Suppliers paid	(115,161)	-	(115,161)	(102,705)
Deferred revenue received	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,000</u>
Net cash provided by (used for) operating activities:	40,047	38	40,085	16,148
Cash flows from financing activities:				
Long term note payment	<u>(7,800)</u>	<u>-</u>	<u>(7,800)</u>	<u>(2,818)</u>
Increase in cash	32,247	38	32,285	13,330
Cash, beginning of year	<u>12,203</u>	<u>9,153</u>	<u>21,356</u>	<u>8,026</u>
Cash, end of year	<u>\$ 44,450</u>	<u>\$ 9,191</u>	<u>\$ 53,641</u>	<u>\$ 21,356</u>

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PROPERTIES OF DONSDALE RESIDENTS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

1. PURPOSE OF ORGANIZATION

The purpose of the Association is to maintain and operate the Donsdale amenities for the benefit of the residents in the Donsdale Neighbourhood. The Donsdale amenities consist of certain public community lands including upgraded landscaping, lighting, and other improvements located on certain public utility lots, parks, boulevards, walkways and other lands owned by The City of Edmonton and for which the Association is responsible for the upkeep.

The Association is incorporated under part IX of the Companies Act of the Province of Alberta, R.S.A. 1980, c. C-20 as a non-profit organization. The Association is a not-for-profit organization and is exempt from taxes under 149(1) of the Canadian Income Tax Act.

2. SIGNIFICANT ACCOUNTING POLICIES

General

These financial statements have been prepared using Canadian Accounting Standards for not-for-profit organizations.

Operating fund

The operating fund reports the Associations regular maintenance activities.

Capital Asset Replacement Fund

The capital asset replacement fund is an internally restricted fund set up by the Association with the assets to be used for major repair or replacement of the improvements that are maintained by the association.

Revenue recognition

The association follows the restricted fund method of accounting for contributions. The Association's member levies are recognized as revenue when assessed to the members of the Association and are charged in one levy at the start of the fiscal year. The levies are charged on a calendar year basis.

Contributed services

Volunteer services contributed to the Association to assist in carrying out the activities of the Association, are not recognized in these financial statements because of the difficulty in determining their value.

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PROPERTIES OF DONSDALE RESIDENTS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

Use of Estimates

The preparation of financial statements in accordance with Canadian Accounting Standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in the period in which they become known.

3. FINANCIAL INSTRUMENTS

The Association's financial instruments consist of cash, investments, accounts receivable, and accounts payable. The financial instruments are initially measured at fair value, and then at amortized cost, except equity investment which are quoted in a active market and which are measured at fair value. The financial assets recorded at amortized cost include cash, investments and accounts receivable. Financial liabilities recorded at amortized cost include accounts payable and accrued liabilities.

Financial assets are tested for impairment when there are indicators of impairment. The amount of the write down is recognized on the statement of operations. Transaction costs are recognized in the period of occurrence, unless it is related to an asset that is measured at amortized cost, in which case the asset value will be adjusted by the related transaction cost.

The Association is exposed to several risks through its financial instruments. **Credit risk** arises from the potential that another party will fail to perform its obligations. Credit risk includes the risk that members will fail to pay their member's levies. In order to minimize credit risk, the Association has a registered encumbrance on the title of the property owned by each member and actively sends accounts to collections when assessments are not paid and owners are charged with interest and collection costs.

Liquidity risk is the risk that the Association may not be able to meet its ongoing commitments to repair, replace or maintain the common property as necessary. The corporation meets its liquidity requirements by preparing an annual budget and a Capital Asset Replacement Schedule (a long term plan). The Association may also increase member fees and levy special assessments if necessary, in order to meet its ongoing commitments.

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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

3. FINANCIAL INSTRUMENTS (continued)

Interest rate risk is the risk that the fair value of the financial instruments or future cash flows will vary due to changes in market interest rates. The exposure of the corporation to interest rate risk arises from its interest bearing investments.

4. STATEMENT OF CASH FLOW

A statement of cash flow has been prepared using the direct method.

5. LONG TERM NOTE PAYABLE

On December 31, 2012 the association entered into a Promissory Note agreement with Alldritt Land Corporation. Subsequent to the current fiscal year end, The Board of Directors renegotiated the balance owing with Alldritt. It was agreed that the debt would be paid in full with a payment of \$ 37,752, \$ 7,800 was paid on December 31, 2013 and \$ 29,952 was paid on February 20, 2014. The amount of the debt has been written down to the negotiated by the two parties. The amount forgiven has been recognized as income of the 2013 fiscal year.

6. GROUNDS MAINTENANCE

Grounds maintenance is comprised of the following:

Grass cutting	\$ 36,631
Fertilize and weed treatment	18,109
Stream course maintenance	9,847
General landscaping	7,228
Tree pruning	3,648
Garbage clean up	<u>3,300</u>
	<u>\$ 78,763</u>

7. REPAIRS AND MAINTENANCE

Repairs and maintenance is comprised of the following:

Fountain maintenance	\$ 8,826
Painting	3,349
General repairs	2,845
Dog supplies	<u>1,282</u>
	<u>\$ 16,302</u>

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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

8. COMPARATIVE FIGURES

Certain of the prior years figures shown for comparative purposes have been reclassified to conform with the presentation adopted for the current year.

9. FIRST TIME ADOPTION OF ACCOUNTING STANDARDS

These financial statements are for the period covered by the Association's first annual financial statements prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASPNO"). The accounting policies in Note 2 have been applied in preparing the annual financial statements for the years ended December 31, 2013 and December 31, 2012 and the opening statement of financial position on January 1, 2012, the transition date.

In preparing the opening statement of financial position and the financial statements for the year ended December 31, 2012, no adjustments were required to those previously reported in the financial statements that were prepared in accordance with Canadian generally accepted accounting principles. The transition to Canadian accounting standards for not-for-profit organizations provides for certain elections on first time adoption. The Association has opted not to take any of the elections available for first time adoption of the Canadian accounting standards for not-for-profit organizations and accordingly there has been no impact on the Association's financial position, operations or cash flows as a result of transition.

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