

PROPERTIES OF DONSDALE RESIDENTS ASSOCIATION
FINANCIAL STATEMENTS
DECEMBER 31, 2014

Barbara L. Surry
Certified Management Accountant

PROPERTIES OF DONSDALE RESIDENTS ASSOCIATION

TABLE OF CONTENTS

	Page
Independent Auditor's report.....	1
Statement of Financial Position.....	2
Statement of Operations and Changes in Net Assets	
Operating fund	3
Capital asset replacement fund.....	4
Statement of Cash Flows	5
Notes to Financial Statements.....	6 - 8

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, 2014 and December 31, 2013 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, 2014 and December 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

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, 2014 and December 31, 2013 and the results of its operations and its cash flows for the years ended December 31, 2014 and December 31, 2013 in accordance with Canadian accounting standards for not-for-profit organizations.

Edmonton, Alberta
March 24, 2015


Certified Management Accountant

PROPERTIES OF DONSDALE RESIDENTS ASSOCIATION

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2014

	Operating Fund	Reserve Fund	Total 2014	Total 2013
ASSETS				
Current assets				
Cash	\$ 108,914	\$ 9,237	\$ 118,151	\$ 53,641
Accounts receivable	16,955	-	16,955	12,320
Due from Operating Fund	-	22,715	22,715	-
Prepaid expenses	<u>1,046</u>	<u>-</u>	<u>1,046</u>	<u>5,022</u>
	<u>\$ 126,915</u>	<u>\$ 31,952</u>	<u>\$ 158,867</u>	<u>\$ 70,983</u>
LIABILITIES AND NET ASSETS				
Current liabilities				
Payables and accruals	90,140	-	90,140	47,647
Prepaid member levies	46,306	-	46,306	44,152
Due to Reserve fund	22,715	-	22,715	-
Long term note payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,952</u>
	<u>159,161</u>	<u>-</u>	<u>159,161</u>	<u>121,751</u>
Net assets				
Capital Asset Replacement Fund	-	31,952	31,952	9,191
Unrestricted net assets (deficit)	<u>(32,246)</u>	<u>-</u>	<u>(32,246)</u>	<u>(59,959)</u>
	<u>(32,246)</u>	<u>31,952</u>	<u>(294)</u>	<u>(50,768)</u>
	<u>\$ 126,915</u>	<u>\$ 31,952</u>	<u>\$ 158,867</u>	<u>\$ 70,983</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, 2014

	2014	2013
REVENUE		
Member levies - operating	\$ 107,288	\$ 106,100
Member levies - debt servicing	47,291	-
Interest and other	382	431
Loan payable forgiven by developer	-	20,248
Contribution from developer for Stream course deficiencies	-	20,000
	<u>154,961</u>	<u>146,779</u>
EXPENSES		
Administration		
Management fees	7,800	7,800
Office	3,029	5,331
Insurance and appraisal	2,245	1,175
Professional fees-audit	2,205	2,100
Professional fees-legal	749	625
Property taxes	65	65
	<u>16,093</u>	<u>17,096</u>
Maintenance and utilities		
Grounds maintenance (Note 5)	53,032	78,763
Repairs and maintenance (Note 6)	37,171	16,303
Snow removal	16,551	12,281
Utilities	4,401	5,188
	<u>111,155</u>	<u>112,535</u>
Total operating expenses	<u>127,248</u>	<u>129,631</u>
Excess of revenues over expenses	27,713	17,148
Deficit, beginning of year	<u>(59,959)</u>	<u>(77,107)</u>
Deficit, end of year	<u>\$ (32,246)</u>	<u>\$ (59,959)</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, 2014

	2014	2013
REVENUE		
Member levies - reserve fund	\$ 24,909	\$ -
Interest	<u>46</u>	<u>38</u>
	<u>24,955</u>	<u>38</u>
EXPENSES		
Pump	<u>2,194</u>	<u>-</u>
Excess of revenue over expenses	22,761	38
Capital Replacement Reserve Fund net assets, beginning of year	<u>9,191</u>	<u>9,153</u>
Capital Replacement Reserve Fund net assets, end of year	<u>\$ 31,952</u>	<u>\$ 9,191</u>

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PROPERTIES OF DONSDALE RESIDENTS ASSOCIATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2014

	2014		2013	
	<u>Operating Fund</u>	<u>Asset Fund</u>	<u>Total</u>	<u>Total</u>
Cash flows from operating activities:				
Member levies received	\$ 152,098	\$ 24,909	\$ 177,007	\$ 154,777
Other revenue received	-	-	-	249
Interest received	382	46	428	220
Suppliers paid	<u>(80,779)</u>	<u>(2,194)</u>	<u>(82,973)</u>	<u>(115,161)</u>
Net cash provided by (used for) operating activities:	<u>71,701</u>	<u>22,761</u>	<u>94,462</u>	<u>40,085</u>
Cash flows from investing activities:				
Cash transferred from the reserve fund	22,715	-	22,715	-
Cash transferred to the operating fund	<u>-</u>	<u>(22,715)</u>	<u>(22,715)</u>	<u>-</u>
Net cash provided by (used for) investing activities:	<u>22,715</u>	<u>(22,715)</u>	<u>-</u>	<u>-</u>
Cash flows from financing activities:				
Long term note payment	<u>(29,952)</u>	<u>-</u>	<u>(29,952)</u>	<u>(7,800)</u>
Increase in cash	64,464	46	64,510	32,285
Cash, beginning of year	<u>44,450</u>	<u>9,191</u>	<u>53,641</u>	<u>21,356</u>
Cash, end of year	<u>\$ 108,914</u>	<u>\$ 9,237</u>	<u>\$ 118,151</u>	<u>\$ 53,641</u>

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PROPERTIES OF DONSDALE RESIDENTS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

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 amenities 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, 2014

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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PROPERTIES OF DONSDALE RESIDENTS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

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. GROUNDS MAINTENANCE

Grounds maintenance is comprised of the following:

	<u>2014</u>	<u>2013</u>
Landscape Maintenance	\$ 37,985	\$ 36,631
Fertilize and weed treatment	7,231	18,109
General landscaping	3,559	7,228
Garbage clean up	2,641	3,300
Tree pruning	1,616	3,648
Stream course maintenance	-	9,847
	<u>\$ 53,032</u>	<u>\$ 78,763</u>

6. REPAIRS AND MAINTENANCE

Repairs and maintenance is comprised of the following:

	<u>2014</u>	<u>2013</u>
Fountain maintenance	\$ 18,285	8,827
Fence repairs	7,755	-
Painting	5,678	3,349
General repairs	4,171	2,845
Dog supplies	1,282	1,282
	<u>\$ 37,171</u>	<u>\$ 16,303</u>

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