

PROPERTIES OF DONSDALE RESIDENTS ASSOCIATION

FINANCIAL STATEMENTS

DECEMBER 31, 2012

Barbara L. Surry
Certified Management Accountant

PROPERTIES OF DONSDALE RESIDENTS ASSOCIATION

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BARBARA L. SURRY
CERTIFIED MANAGEMENT ACCOUNTANT

Independent Auditor's Report

To: 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, the Statement of Operations and the Statement of Changes in Net Assets 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, 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 audit. I conducted my audit in accordance with Canadian generally accepted 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 is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Properties of Donsdale Residents Association as at December 31, 2012, and its financial performance for the year then ended in accordance with Canadian generally accepted accounting principles.

Other Matters

The prior year was audited by another public accountant. Their opinion was not qualified and issued on May 23, 2012.

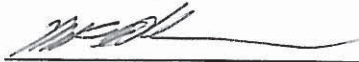
Edmonton, Alberta
September 17, 2013


Certified Management Accountant

PROPERTIES OF DONSDALE RESIDENTS ASSOCIATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2012

	Operating Fund	Reserve Fund	Total 2012	Total 2011
ASSETS				
Current assets				
Cash	\$ 12,203	\$ 9,153	\$ 21,356	\$ 9,087
Accounts receivable	<u>16,844</u>	<u>-</u>	<u>16,844</u>	<u>11,762</u>
	<u>\$ 29,047</u>	<u>\$ 9,153</u>	<u>\$ 38,200</u>	<u>\$ 20,849</u>
LIABILITIES AND NET ASSETS				
Current liabilities				
Bank indebtedness	\$ -	\$ -	\$ -	\$ 1,061
Payables and accruals	28,154	-	28,154	8,549
Deferred revenue	20,000	-	20,000	352
Due to affiliate	-	-	-	60,818
Long term note payable (Note 5)	<u>7,800</u>	<u>-</u>	<u>7,800</u>	<u>-</u>
	55,954	-	55,954	70,780
Long term note payable (Note 5)	<u>50,200</u>	<u>-</u>	<u>50,200</u>	<u>-</u>
	<u>106,154</u>	<u>-</u>	<u>106,154</u>	<u>70,780</u>
Net assets				
Unrestricted net assets (deficit)	(77,107)	-	(77,107)	(59,018)
Internally restricted reserve net assets	<u>-</u>	<u>9,153</u>	<u>9,153</u>	<u>9,087</u>
	<u>(77,107)</u>	<u>9,153</u>	<u>(67,954)</u>	<u>(49,931)</u>
	<u>\$ 29,047</u>	<u>\$ 9,153</u>	<u>\$ 38,200</u>	<u>\$ 20,849</u>

Approved by the Board



Director

Director

Barbara L. Surry
Certified Management Accountant

PROPERTIES OF DONSDALE RESIDENTS ASSOCIATION
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2012

	2012	2011
REVENUE		
Member levies	\$ 103,585	\$ 97,118
Interest and other	<u>636</u>	<u>537</u>
	<u>104,221</u>	<u>97,655</u>
EXPENSES		
Administration		
Insurance and appraisal	2,190	-
Professional fees-audit	2,122	3,785
Professional fees-legal	904	750
Office	394	41
Property taxes	162	150
Interest on due to affiliate (Note 5)	-	2,227
Management fees	<u>-</u>	<u>2,913</u>
	<u>5,772</u>	<u>9,866</u>
Maintenance and utilities		
Grounds maintenance	68,205	58,662
Repairs and maintenance	35,125	17,750
Street cleaning and snow removal	7,989	15,083
Utilities	<u>5,219</u>	<u>7,007</u>
	<u>116,538</u>	<u>98,502</u>
	<u>122,310</u>	<u>108,368</u>
Excess of expenses over revenue	(18,089)	(10,713)
Net assets, beginning of year	<u>(59,018)</u>	<u>(59,018)</u>
Net assets, end of year	<u>\$ (77,107)</u>	<u>\$ (59,018)</u>

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CAPITAL REPLACEMENT RESERVE FUND
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2012

	2012	2011
REVENUE		
Interest	\$ 66	\$ -
EXPENSES	<u>-</u>	<u>-</u>
Excess of revenue over expenses	66	-
Capital Replacement Reserve Fund net assets, beginning of year	<u>9,087</u>	<u>9,087</u>
Capital Replacement Reserve Fund net assets, end of year	<u>\$ 9,153</u>	<u>\$ 9,087</u>

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PROPERTIES OF DONSDALE RESIDENTS ASSOCIATION
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2012

	2012		2011	
	Unrestricted Net <u>Assets</u>	Restricted Net <u>Assets</u>	<u>Total</u>	<u>Total</u>
Net assets (deficit), beginning of year	\$(59,018)	\$ 9,087	\$(49,931)	\$ 92,082
Excess (deficiency) of revenue over expenses	<u>(18,089)</u>	<u>66</u>	<u>(18,023)</u>	<u>(10,713)</u>
Net assets (deficit), end of year	<u>\$(77,107)</u>	<u>\$ 9,153</u>	<u>\$(67,954)</u>	<u>\$ 81,369</u>

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PROPERTIES OF DONSDALE RESIDENTS ASSOCIATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2012

	2012		2011	
	<u>Operating Fund</u>	<u>Reserve Fund</u>	<u>Total</u>	<u>Total</u>
Cash flows from operating activities:				
Member levies received	\$ 98,151	\$ -	\$ 98,151	\$ 92,082
Other revenue received	636	-	636	537
Interest received	-	66	66	-
Suppliers paid	(102,705)	-	(102,705)	(107,804)
Deferred revenue received	<u>20,000</u>	<u>-</u>	<u>20,000</u>	<u>-</u>
Net cash provided by (used for) operating activities:	16,082	66	16,148	(15,185)
Cash flows from financing activities:				
Long term note payable	<u>(2,818)</u>	<u>-</u>	<u>(2,818)</u>	<u>2,183</u>
Increase (decrease) in cash	13,264	66	13,330	(13,002)
Cash, beginning of year	<u>(1,061)</u>	<u>9,087</u>	<u>8,026</u>	<u>-</u>
Cash, end of year	<u>\$ 12,203</u>	<u>\$ 9,153</u>	<u>\$ 21,356</u>	<u>\$ (13,002)</u>

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PROPERTIES OF DONSDALE RESIDENTS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

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 exempt from taxes under 149(1) of the Canadian Income Tax Act.

2. SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

The association follows the restricted fund method of accounting for contributions.

The general fund reports the Associations regular maintenance activities. The Association's member levies are recognized as revenue when assessed to the members of the Association. These levies are assessed on an annual basis to the members. Interest is recognized in the period earned.

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.

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles 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.

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PROPERTIES OF DONSDALE RESIDENTS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

3. FINANCIAL INSTRUMENTS

The Association's financial instruments consist of cash, accounts receivable, and accounts payable. Unless otherwise indicated, it is management's opinion the Association is not exposed to significant interest or credit risks arising from these financial instruments. In order to minimize credit risk, the Association has a registered encumbrance on the title of the property owned by each member.

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. It has been agreed by the two parties that the amount owing of \$ 58,000 is made up of \$39,000 in principal and \$19,000 of accrued and unpaid interest. Alldritt has agreed that it will accept five annual payments of \$7,800; due on December 31 of 2013, 2014, 2015, 2016, and 2017; and waives interest in the amount of \$19,000 provided that the association meets its payment obligations.

In the event of default, the principal plus \$19,000 in interest will become payable immediately and the association will be required to pay the full amount of the Promissory Note less any payments actually received by Alldritt.

6. 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. In addition, the prior year figures were reported on by another public accountant.

7. CAPITAL MANAGEMENT

The association's objectives when managing capital is to protect its ability as a going concern and maintain sufficient capital to pay its monthly operating costs and provide for future replacements of the capital replacement reserve fund.

The association's capital is comprised of its operating fund unrestricted net assets and the internally restricted reserve net assets.

To accomplish the association's goals, an annual budget is prepared and is approved by the Board of Directors. Funds are raised through annual member levies. In order to maintain sufficient capital for operations, the association may increase member levies.

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