

**THE PROPERTIES OF DONSDALE RESIDENTS ASSOCIATION**  
**Financial Statements**  
**Year Ended December 31, 2016**

THE PROPERTIES OF DONSDALE RESIDENTS ASSOCIATION

Index to Financial Statements

Year Ended December 31, 2016

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## INDEPENDENT AUDITOR'S REPORT

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To the Directors of The Properties of Donsdale Residents Association

We have audited the accompanying financial statements of The Properties of Donsdale Residents Association, which comprise the statement of financial position as at December 31, 2016 and the statements of revenues and expenditures, changes in net assets and cash flow 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 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 audit. We conducted our audit 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 is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Properties of Donsdale Residents Association as at December 31, 2016 and the results of its operations and its cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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Independent Auditor's Report to the Directors of The Properties of Donsdale Residents Association  
(continued)

The financial statements for the year ended December 31, 2015 were audited by another accounting firm and are presented for comparative purposes only.

Edmonton, Alberta  
April 10, 2017

*Coyle & Company*  
CHARTERED ACCOUNTANTS

**THE PROPERTIES OF DONSDALE RESIDENTS ASSOCIATION**

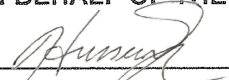

**Statement of Financial Position**

**December 31, 2016**

	2016	2015
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash (Note 2)	\$ 80,615	\$ 24,396
Accounts receivable	17,270	16,990
Prepaid insurance	885	1,069
	<u>\$ 98,770</u>	<u>\$ 42,455</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable	\$ 7,921	\$ 10,404
Deposits received	-	1
Goods and services tax payable	1,927	2,343
	<u>9,848</u>	<u>12,748</u>
<b>NET ASSETS</b>		
Operating fund	29,936	(2,283)
Capital replacement reserve fund (Note 3)	58,986	31,990
	<u>88,922</u>	<u>29,707</u>
	<u>\$ 98,770</u>	<u>\$ 42,455</u>

CONTINGENT LIABILITY (Note 4)

**ON BEHALF OF THE BOARD**

  
 \_\_\_\_\_ Director Hussein Keshwani, President  
  
 \_\_\_\_\_ Director Sam Stowe, Treasurer

See notes to financial statements

**THE PROPERTIES OF DONSDALE RESIDENTS ASSOCIATION**

**Statement of Revenues and Expenditures**

**Year Ended December 31, 2016**

	2016	2015
<b>REVENUES</b>		
Resident levies	\$ 118,370	\$ 129,358
<b>EXPENSES</b>		
General maintenance	73,621	121,113
Professional fees	5,523	7,450
Insurance	2,084	2,265
Power and water	1,957	1,242
Office	1,854	4,983
Interest and bank charges	445	2
Business taxes, licenses and memberships	350	-
Rental	350	-
Bad debts	16	-
Property taxes	-	29
	<u>86,200</u>	<u>137,084</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FROM OPERATIONS</b>	<u>32,170</u>	<u>(7,726)</u>
<b>OTHER INCOME (EXPENSES)</b>		
Capital replacement reserve fund contributions	26,996	47,553
Interest income	49	374
Property management fees	-	(10,200)
	<u>27,045</u>	<u>37,727</u>
<b>EXCESS OF REVENUES OVER EXPENSES FOR THE YEAR</b>	<u>\$ 59,215</u>	<u>\$ 30,001</u>

**THE PROPERTIES OF DONSDALE RESIDENTS ASSOCIATION**

**Statement of Changes in Net Assets**

**Year Ended December 31, 2016**

	Operating Fund	Capital Replacement Reserve Fund	2016	2015
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ (2,283)	\$ 31,990	\$ <b>29,707</b>	\$ (294)
<b>EXCESS OF REVENUES OVER EXPENSES</b>	32,219	26,996	<b>59,215</b>	30,001
<b>NET ASSETS - END OF YEAR</b>	\$ 29,936	\$ 58,986	\$ <b>88,922</b>	\$ 29,707

THE PROPERTIES OF DONSDALE RESIDENTS ASSOCIATION

Statement of Cash Flow

Year Ended December 31, 2016

	2016	2015
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenses	\$ 59,215	\$ 30,001
Changes in non-cash working capital:		
Accounts receivable	(280)	(34)
Prepaid insurance	184	(23)
Accounts payable	(2,483)	(79,285)
Deposits received	(1)	(46,306)
Goods and services tax payable	(416)	1,892
	<u>(2,996)</u>	<u>(123,756)</u>
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>56,219</b>	<b>(93,755)</b>
Cash - beginning of year	<u>24,396</u>	<u>118,151</u>
<b>CASH - END OF YEAR</b>	<b>\$ 80,615</b>	<b>\$ 24,396</b>



# THE PROPERTIES OF DONSDALE RESIDENTS ASSOCIATION

## Notes to Financial Statements

Year Ended December 31, 2016

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### NATURE OF OPERATIONS

The Properties of Donsdale Residents Association (The Association) was incorporated February 27, 1998 under the provisions of Part IX of the Companies Act of Alberta and commenced operations in July 2002. The Association is exempt from income taxes under the Income Tax Act of Canada.

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 upkeep.

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of presentation

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

#### Fund accounting

The Association follows the restricted fund method of accounting for contributions. The funds are as follows:

(a) Operating Fund

The Operating Fund accounts for the Association's operating and administrative activities.

(b) Capital Replacement Reserve Fund

The Capital Replacement Reserve Fund reports contributions from residents that are to be set aside and used for future costs of major repairs and replacements.

#### Revenue recognition

Resident levies are recognized as revenue in the Operating Fund in the year in which they pertain to.

Capital Replacement Reserve Fund contributions are recognized as revenue when they are received.

#### Contributed goods and services

Donated items, including capital assets, are recorded in these financial statements at fair value to the extent the value can be reasonably estimated. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

#### Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

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# THE PROPERTIES OF DONSDALE RESIDENTS ASSOCIATION

## Notes to Financial Statements

Year Ended December 31, 2016

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Measurement uncertainty

The preparation of financial statements in conformity 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, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

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### 2. CASH

Included in cash is \$27,446 (2015 - \$14,391) restricted for the use of funding major future repairs and replacements in accordance with the Capital Replacement Reserve Fund.

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### 3. CAPITAL REPLACEMENT RESERVE FUND

The Association has established a Capital Replacement Reserve Fund to fund future major repairs and replacements of the common property. Subsequent to year-end, \$31,540 was transferred into the Capital Replacement Reserve Fund bank account.

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### 4. CONTINGENT LIABILITY

The Association is required by the City of Edmonton to provide a irrevocable bond in the amount of \$60,000 as a guarantee to ensure continued maintenance of the Donsdale properties. This bond was established by Alldritt Development Limited on behalf of the Association. As at December 31, 2016, the intention is to sign over the amount to the Association.

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### 5. FINANCIAL INSTRUMENTS

The Association 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 Association's risk exposure and concentration as of December 31, 2016.

#### Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Association is exposed to credit risk from residents failing to pay their levies. In order to reduce its credit risk, the Association has a registered encumbrance of the title of property owned by each resident, and actively sends accounts to collections when assessments are not paid and owners are charged with interest and collection costs.

#### Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Association is exposed to this risk mainly in respect of its receipt of funds from its residents, and accounts payable.

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THE PROPERTIES OF DONSDALE RESIDENTS ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2016

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5. FINANCIAL INSTRUMENTS *(continued)*

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. The Association is exposed to interest rate risk as a result of its interest bearing bank balance.

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6. COMPARATIVE FIGURES

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

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