

**THE PROPERTIES OF DONSDALE  
RESIDENTS ASSOCIATION**

**Financial Statements**

**Year Ended December 31, 2018**

THE PROPERTIES OF DONSDALE RESIDENTS ASSOCIATION

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Year Ended December 31, 2018

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of The Properties of Donsdale Residents Association

### *Opinion*

We have audited the financial statements of The Properties of Donsdale Residents Association (the Association), which comprise the statement of financial position as at December 31, 2018, and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

### *Auditor's Responsibilities for the Audit of the Financial Statements*

(continues)

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Edmonton, Alberta  
April 16, 2018

*Coyle & Company*  
CHARTERED ACCOUNTANTS

THE PROPERTIES OF DONSDALE RESIDENTS ASSOCIATION

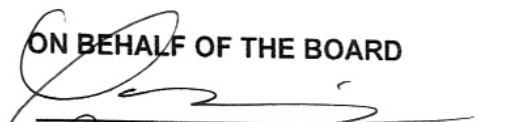
Statement of Financial Position

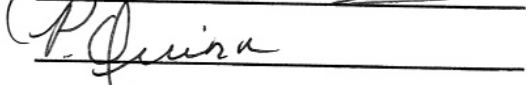
December 31, 2018

	2018	2017
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash (Note 2)	\$ 176,019	\$ 152,786
Accounts receivable	39,995	18,204
Prepaid insurance	901	885
	<u>\$ 216,915</u>	<u>\$ 171,875</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable	\$ 15,196	\$ 5,076
Goods and services tax payable	1,842	2,433
Prepaid resident association fees	344	12,951
	<u>17,382</u>	<u>20,460</u>
<b>NET ASSETS</b>		
Operating fund	103,678	71,966
Capital replacement reserve fund	95,855	79,449
	<u>199,533</u>	<u>151,415</u>
	<u>\$ 216,915</u>	<u>\$ 171,875</u>

COMMITMENT (Note 6)

ON BEHALF OF THE BOARD

  
 \_\_\_\_\_ Director

  
 \_\_\_\_\_ Director

See notes to financial statements

**THE PROPERTIES OF DONSDALE RESIDENTS ASSOCIATION**

**Statement of Revenues and Expenditures**

**Year Ended December 31, 2018**

	2018	2017
<b>REVENUES</b>		
Resident association fees	\$ 124,336	\$ 119,080
<b>EXPENSES</b>		
General maintenance	79,766	66,405
Professional fees	5,751	5,767
Power and water	4,646	3,550
Insurance	1,919	1,900
Office	903	1,419
AGM room rental	350	350
Interest and bank charges	6	219
Business taxes, licenses and memberships	-	10
	<u>93,341</u>	<u>79,620</u>
<b>EXCESS OF REVENUES OVER EXPENSES FROM OPERATIONS</b>	<u>30,995</u>	<u>39,460</u>
<b>OTHER INCOME</b>		
Capital replacement reserve fund contributions	16,377	20,435
Backdated resident association fees (Note 3)	648	-
Interest income	98	77
	<u>17,123</u>	<u>20,512</u>
<b>EXCESS OF REVENUES OVER EXPENSES FOR THE YEAR</b>	<u>\$ 48,118</u>	<u>\$ 59,972</u>

THE PROPERTIES OF DONSDALE RESIDENTS ASSOCIATION

Statement of Changes in Net Assets

Year Ended December 31, 2018

	Operating Fund	Capital Replacement Reserve Fund	2018	2017
NET ASSETS - BEGINNING OF YEAR	\$ 71,966	\$ 79,449	\$ 151,415	\$ 91,443
EXCESS OF REVENUES OVER EXPENSES	31,712	16,406	48,118	59,972
NET ASSETS - END OF YEAR	\$ 103,678	\$ 95,855	\$ 199,533	\$ 151,415

**THE PROPERTIES OF DONSDALE RESIDENTS ASSOCIATION**

**Statement of Cash Flows**

**Year Ended December 31, 2018**

	2018	2017
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenses	\$ 48,118	\$ 59,972
Changes in non-cash working capital:		
Accounts receivable	(21,791)	(934)
Prepaid insurance	(16)	-
Accounts payable	10,120	(198)
Prepaid resident association fees	(12,607)	12,951
Goods and services tax payable	(591)	380
	<u>(24,885)</u>	<u>12,199</u>
<b>INCREASE IN CASH FLOW</b>	<b>23,233</b>	<b>72,171</b>
Cash - beginning of year	<u>152,786</u>	<u>80,615</u>
<b>CASH - END OF YEAR</b>	<b>\$ 176,019</b>	<b>\$ 152,786</b>



# THE PROPERTIES OF DONSDALE RESIDENTS ASSOCIATION

## Notes to Financial Statements

Year Ended December 31, 2018

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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 voluntary contributions from residents that are to be set aside and used for future costs of major repairs and replacements.

#### Revenue recognition

Resident Association fees 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, 2018

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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 \$95,855 (2017 - \$79,449), which includes an outstanding transfer from the general account of \$28,159 (2017 - \$11,782), restricted for the use of funding major future repairs and replacements in accordance with the Capital Replacement Reserve Fund.

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### 3. BACKDATED RESIDENTS ASSOCIATION FEES

During the year, a new-build property was assessed fees for two previous years. These fees have been paid in full as at December 31, 2018.

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### 4. 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, 2018.

#### 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 fees. 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.

#### 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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THE PROPERTIES OF DONSDALE RESIDENTS ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2018

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5. RELATED PARTY TRANSACTIONS

The Board of Directors is made up of members of the Association. Transactions with board members include Resident Association fees.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount established in the approved annual budget.

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6. COMMITMENT

The Association has a maintenance contract that expires April 1, 2019. Future minimum payments as at December 31, 2018, are as follows:

2019	\$	<u>9,750</u>
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7. COMPARATIVE FIGURES

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

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