

EVERGREEN RESIDENTS ASSOCIATION LTD.

Financial Statements

Year Ended August 31, 2015

EVERGREEN RESIDENTS ASSOCIATION LTD.

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Year Ended August 31, 2015

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CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Members of Evergreen Residents Association Ltd.

We have audited the accompanying financial statements of Evergreen Residents Association Ltd., which comprise the statements of financial position as at August 31, 2015 and August 31, 2014 and the statements of revenues and expenditures, changes in net assets and cash flows for the years ended August 31, 2015 and August 31, 2014, 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 audits. We conducted our audits 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 in our audits is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Evergreen Residents Association Ltd. as at August 31, 2015 and August 31, 2014 and the results of its operations and its cash flows for the years then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.



Calgary, Alberta
November 19, 2015

Cremers & Elliott
CHARTERED ACCOUNTANTS

EVERGREEN RESIDENTS ASSOCIATION LTD.
Statement of Financial Position
August 31, 2015

	2015	2014
ASSETS		
CURRENT		
Cash	\$ 207,709	\$ 113,633
Accounts receivable	10,504	15,762
Goods and services tax recoverable	4,108	3,621
Prepaid expenses	838	821
	223,159	133,837
RESERVE FUND INVESTMENTS (Note 3)	91,296	67,067
	\$ 314,455	\$ 200,904
 LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 139,110	\$ 70,438
 NET ASSETS		
Operating fund	84,049	63,399
Capital replacement reserve fund (Notes 2, 4)	91,296	67,067
	175,345	130,466
	\$ 314,455	\$ 200,904

ON BEHALF OF THE BOARD

 _____ Director

 _____ Director

CREMERS & ELLIOTT

CHARTERED ACCOUNTANTS

See notes to financial statements

EVERGREEN RESIDENTS ASSOCIATION LTD.

Statement of Revenues and Expenditures

Year Ended August 31, 2015

	Budget 2015	2015	2014
REVENUE			
Residents association fees	\$ 300,800	\$ 301,000	\$ 300,800
Interest	6,300	6,460	8,104
Foreclosure recoveries	-	16,328	1,348
	<u>307,100</u>	<u>323,788</u>	<u>310,252</u>
EXPENSES			
Landscaping and snow removal	134,882	144,646	138,619
Management fees	70,800	66,789	70,778
Legal and audit	5,000	18,202	3,153
Repairs and maintenance	27,000	13,032	22,538
Office	17,318	10,939	15,807
Utilities	11,600	10,498	12,688
Bank charges	7,000	6,582	6,824
Rent	3,500	5,754	4,402
Insurance	3,500	2,579	2,341
Bad debts	2,500	60	3,633
Property taxes	-	57	-
Insurance deductible	-	-	1,000
	<u>283,100</u>	<u>279,138</u>	<u>281,783</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ 24,000</u>	<u>\$ 44,650</u>	<u>\$ 28,469</u>

EVERGREEN RESIDENTS ASSOCIATION LTD.

Statement of Changes in Net Assets

Year Ended August 31, 2015

	Operating Fund	Capital Replacement Reserve Fund	2015	2014
NET ASSETS - BEGINNING OF YEAR	\$ 63,399	\$ 67,067	\$ 130,466	\$ 101,824
Excess of revenue over expenses	44,650	-	44,650	28,469
Provision for Replacement	(24,000)	24,000	-	-
Interest earned on reserves	-	229	229	173
NET ASSETS - END OF YEAR	\$ 84,049	\$ 91,296	\$ 175,345	\$ 130,466

EVERGREEN RESIDENTS ASSOCIATION LTD.

**Statement of Cash Flows
Year Ended August 31, 2015**

	2015	2014
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 44,650	\$ 28,469
Changes in non-cash working capital:		
Accounts receivable	5,258	24,603
Accounts payable	68,672	18,774
Prepaid expenses	(17)	(31)
GST payable (receivable)	(487)	11,140
	<u>73,426</u>	<u>54,486</u>
Cash flow from operating activities	<u>118,076</u>	<u>82,955</u>
INVESTING ACTIVITY		
Interest earned	<u>229</u>	<u>173</u>
INCREASE IN CASH FLOW	118,305	83,128
Cash - beginning of year	<u>180,700</u>	<u>97,572</u>
CASH - END OF YEAR	\$ 299,005	\$ 180,700
CASH CONSISTS OF:		
Cash	\$ 207,709	\$ 113,633
Reserve fund cash	<u>91,296</u>	<u>67,067</u>
	<u>\$ 299,005</u>	<u>\$ 180,700</u>

EVERGREEN RESIDENTS ASSOCIATION LTD.

Notes to Financial Statements

Year Ended August 31, 2015

1. BASIS OF PRESENTATION

The financial statements were prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNFPPO).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Association is a non-profit organization and the common area assets of the association are owned proportionately by the owners of the units and as such are not reflected as assets in these financial statements. The purpose of the Association is to manage the common area assets and to maintain and provide services with respect to the day to day operations of the association.

The financial statements include only assets, liabilities, revenues and expenses relating to the operations of the Association. The statements do not include the cost of land or buildings and the outstanding principal balances owing on mortgages, which are the responsibility of the owners.

The Association is a tax exempt organization for income tax purposes and has therefore made no provisions for income taxes on these financial statements.

Measurement uncertainty

When preparing financial statements according to Canadian accounting standards for Not-for-Profit Organizations, management makes estimates and assumptions relating to:

- reported amounts of revenues and expenses
- reported amounts of assets and liabilities
- disclosure of contingent assets and liabilities.

Estimates are based on a number of factors including historical experience, current events and actions that the Residents Association may undertake in the future, and other assumptions that management believes are reasonable under the circumstances. By their nature, these estimates are subject to measurement uncertainty and actual results could differ. In particular, estimates are used in accounting for certain items such as revenues, allowance for doubtful accounts and useful lives of capital assets.

Fund Accounting

The Association follows the restricted method of accounting for contributions.

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

The capital replacement reserve fund reports the fee assessments from unit owners that are to be set aside and used for future costs or major repairs or replacements.

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EVERGREEN RESIDENTS ASSOCIATION LTD.

Notes to Financial Statements

Year Ended August 31, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue Recognition

The Association recognizes association fee assessments related to general operations as revenue of the operating fund as billed to the owners. Billings for the association fees consist of estimates of monthly charges based on approved budgets. All expenses are recognized as they are incurred.

The association fees related to the Capital Replacement Reserve Fund are recognized as revenue of the Capital Replacement Reserve Fund.

Interest income earned on the Reserve Fund Cash is recognized as revenue of the Capital Replacement Reserve Fund.

Contributed Services

Volunteer services contributed on behalf of the Association in carrying out its operating activities are not recognized in these financial statements due to the difficulty of determining their fair value.

Financial Instruments

The Association's financial instruments consist of cash, investment certificates, accounts receivable, prepaid expenses, and accounts payable. Unless otherwise indicated, it is management's opinion that the Association is not exposed to significant interest or credit risk arising from these financial instruments. The fair value of the Association's financial instruments do not differ significantly from their carrying values.

Capital Replacement Reserve Fund

The Capital Replacement Reserve Fund is a fund required under the By-laws of the Association to be established and maintained for the repair or replacement of any real and personal property owned by the Association and the common property where such repair or replacement does not occur annually. When expenditures of a capital nature or for a major repair are incurred, they are charged against the reserve. The amount to be allocated to the Reserve Fund from operations is determined by the Board of Directors of the Association.

Budget

The budget figures that appear on the statement of operating income are those approved by the Board of Directors and are presented for comparison purposes only. They have not been audited or reviewed but they have been reclassified to conform to the presentation in these financial statements.

3. INVESTMENTS HELD FOR THE CAPITAL REPLACEMENT RESERVE FUND ASSETS, AT FAIR VALUE

	<u>2015</u>
Inglewood Reserve Account	\$ 91,271
Inglewood Reserve Equity	25
	<u>\$ 91,296</u>

EVERGREEN RESIDENTS ASSOCIATION LTD.

Notes to Financial Statements

Year Ended August 31, 2015

4. ADEQUACY OF THE CAPITAL REPLACEMENT RESERVE FUND

The Association has not as at the year end completed its reserve fund study to determine the adequacy of the capital replacement reserve fund.

5. FINANCIAL INSTRUMENTS

The Residents 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 Residents Association's risk exposure and concentration as of August 31, 2015.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Residents Association is exposed to this risk mainly in respect of its unit holders and payment from its accounts payable.

Market risk

Market Risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The Residents Association is mainly exposed to interest rate risk.

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. In seeking to minimize the risks from interest rate fluctuations, the Residents Association manages exposure through its normal operating and financing activities. The Residents Association is exposed to interest rate risk primarily through its reserve fund investments.

6. COMPARATIVE FIGURES

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