

EVERGREEN RESIDENTS ASSOCIATION LTD.

Financial Statements

Year Ended August 31, 2016

EVERGREEN RESIDENTS ASSOCIATION LTD.

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Year Ended August 31, 2016

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INDEPENDENT AUDITOR'S REPORT

To the Owners 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, 2016 and August 31, 2015 and the statements of revenues and expenditures and changes in net assets and cash flows for the years ended August 31, 2016 and August 31, 2015, 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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Independent Auditor's Report to the Owners of Evergreen Residents Association Ltd. *(continued)*

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, 2016 and August 31, 2015 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
October 25, 2016



Cremers & Elliott
CHARTERED ACCOUNTANTS

EVERGREEN RESIDENTS ASSOCIATION LTD.

Statement of Financial Position

August 31, 2016

	Capital Replacement Reserve Fund	Operating Fund	Total	Total
	2016	2016	2016	2015
ASSETS				
CURRENT				
Cash	\$ -	\$ 258,883	\$ 258,883	\$ 207,709
Accounts receivable	-	9,578	9,578	10,504
Goods and services tax recoverable	-	4,148	4,148	4,108
Prepaid expenses	-	838	838	838
	-	273,447	273,447	223,159
RESERVE FUND				
INVESTMENTS (Note 3)	115,720	-	115,720	91,296
	\$ 115,720	\$ 273,447	\$ 389,167	\$ 314,455
LIABILITIES AND NET ASSETS				
CURRENT				
Accounts payable	\$ -	\$ 172,029	\$ 172,029	\$ 139,110
NET ASSETS (Notes 2, 4)				
	115,720	101,418	217,138	175,345
	\$ 115,720	\$ 273,447	\$ 389,167	\$ 314,455

ON BEHALF OF THE BOARD

Brent Schille Director

[Signature] Director

EVERGREEN RESIDENTS ASSOCIATION LTD.

Statement of Revenues and Expenditures and Changes in Net Assets

Year Ended August 31, 2016

	Budget	Replacement Reserve Fund	Operating Fund	Total	Total
	2016	2016	2016	2016	2015
REVENUE					
Condominium fees	\$ 303,200	\$ -	\$ 302,200	\$ 302,200	\$ 301,000
Foreclosure recoveries	-	-	41,425	41,425	16,328
Interest	6,000	305	4,668	4,973	6,689
Reserve Contributions	(24,000)	24,119	(24,119)	-	-
	285,200	24,424	324,174	348,598	324,017
EXPENSES (Schedule 1)	285,200	-	306,805	306,805	279,139
NET EXCESS OF REVENUE OVER EXPENSES	-	24,424	17,369	41,793	44,878
NET ASSETS - BEGINNING OF YEAR	-	91,296	84,049	175,345	130,467
NET ASSETS - END OF YEAR	\$ -	\$ 115,720	\$ 101,418	\$ 217,138	\$ 175,345

EVERGREEN RESIDENTS ASSOCIATION LTD.

Statement of Cash Flows
Year Ended August 31, 2016

	2016	2015
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ 41,793	\$ 44,878
Changes in non-cash working capital:		
Accounts receivable	926	5,258
Accounts payable	32,919	68,673
Prepaid expenses	-	(17)
Goods and services tax recoverable	(40)	(487)
	<u>33,805</u>	<u>73,427</u>
INCREASE IN CASH FLOW	75,598	118,305
Cash - beginning of year	<u>299,005</u>	<u>180,700</u>
CASH - END OF YEAR	<u>374,603</u>	<u>299,005</u>
CASH CONSISTS OF:		
Cash	\$ 258,883	\$ 207,709
Reserve fund investments	<u>115,720</u>	<u>91,296</u>
	\$ 374,603	\$ 299,005

EVERGREEN RESIDENTS ASSOCIATION LTD.

Notes to Financial Statements

Year Ended August 31, 2016

1. BASIS OF PRESENTATION

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

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 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.

Cash and cash equivalents

Cash includes cash and cash equivalents. Cash equivalents are investments in guaranteed certificates and are valued at cost plus accrued interest. The carrying amounts approximate fair value because they have maturities at the date of purchase of less than five years.

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, 2016

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 for the annual encumbrance. 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.

Investment income earned on the Reserve Fund Investments are 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. Accounts receivable and accounts payable are initially measured at fair value and subsequently measured at amortized cost. Gains and losses are recognized in the statement of operations. The fair value of cash, accounts receivable, and accounts payable approximate their carrying values due to their short term nature.

Reserve Fund Investments

The Association has elected to classify Guaranteed Investment Certificates held in the reserve fund as held for trading. As such, the investments are measured at fair value and any gains and losses are recognized in the statement of operations or allocated to the restricted fund as required.

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.

EVERGREEN RESIDENTS ASSOCIATION LTD.

Notes to Financial Statements

Year Ended August 31, 2016

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

	<u>2016</u>
Inglewood Reserve Account	\$ 115,575
Inglewood Reserve Equity	<u>145</u>
	<u>\$ 115,720</u>

4. ADEQUACY OF THE CAPITAL REPLACEMENT RESERVE FUND

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

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 August 31, 2016.

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 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 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 Association manages exposure through its normal operating and financing activities. The 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.

EVERGREEN RESIDENTS ASSOCIATION LTD.

Expenses

(Schedule 1)

Year Ended August 31, 2016

	Budget	Replacement Reserve Fund	Operating Fund	Total	Total
	2016	2016	2016	2016	2015
Landscaping and snow removal	\$ 155,582	\$ -	\$ 142,043	\$ 142,043	\$ 144,646
Management fees	67,310	-	67,125	67,125	66,789
Audit and legal fees	3,000	-	46,798	46,798	18,202
General repairs and maintenance	22,588	-	19,545	19,545	13,032
Office	12,500	-	12,389	12,389	10,939
Utilities	10,600	-	6,889	6,889	10,498
Bank charges	7,000	-	6,837	6,837	6,584
Rent	3,500	-	3,501	3,501	5,754
Insurance	2,620	-	1,618	1,618	2,578
Bad debts	500	-	60	60	60
Property taxes	-	-	-	-	57
	\$ 285,200	\$ -	\$ 306,805	\$ 306,805	\$ 279,139