

**HALIFAX COUNTY CONDOMINIUM CORPORATION
NO. 276 "FALCON RIDGE"**

FINANCIAL STATEMENTS

DECEMBER 31, 2014

HALIFAX COUNTY CONDOMINIUM CORPORATION
NO. 276 "FALCON RIDGE"
INDEX
DECEMBER 31, 2014

	Page
INDEPENDENT AUDITORS' REPORT	1
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES	3
STATEMENT OF FINANCIAL POSITION	4
STATEMENT OF CASH FLOWS	5
NOTES TO THE FINANCIAL STATEMENTS	6 - 11

INDEPENDENT AUDITORS' REPORT

To the Members of:

Halifax County Condominium Corporation No. 276 "Falcon Ridge"

We have audited the accompanying financial statements of **Halifax County Condominium Corporation No. 276 "Falcon Ridge"**, which comprise the statement of financial position as at December 31, 2014 and the statements of operations and changes in fund balances and cash flows 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.

Auditors' 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 auditors' 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 auditors consider 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 of our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Halifax County Condominium Corporation No. 276 "Falcon Ridge"** as at December 31, 2014, 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.

Dartmouth, Nova Scotia
May 7, 2015



Chartered Accountants

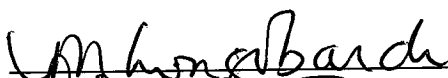
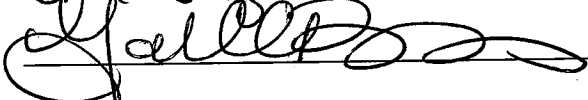
HALIFAX COUNTY CONDOMINIUM CORPORATION
NO. 276 "FALCON RIDGE"
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2014

	General Fund \$	Reserve Fund \$	Contingency Fund \$	2014 \$	2013 \$
REVENUES					
Condominium fees	153,628	-	-	153,628	141,689
Assessments	-	23,250	-	23,250	23,250
Guest suite	2,400	-	-	2,400	1,575
Parking	4,945	-	-	4,945	3,225
Other	<u>207</u>	<u>904</u>	<u>-</u>	<u>1,111</u>	<u>913</u>
	<u>161,180</u>	<u>24,154</u>	<u>-</u>	<u>185,334</u>	<u>170,652</u>
OPERATING EXPENSES					
Administration	5,887	-	-	5,887	5,854
Amortization	7,375	-	-	7,375	7,682
Cleaning and supplies	2,533	-	-	2,533	1,979
Equipment maintenance	5,712	-	-	5,712	6,496
Heat	53,479	-	-	53,479	53,868
Insurance	8,154	-	-	8,154	7,542
Interest on long-term debt	4,042	-	-	4,042	4,332
Landscaping and grounds	8,182	-	-	8,182	4,091
Lights and power	16,044	-	-	16,044	17,210
Management fees	11,250	-	-	11,250	10,937
Professional fees	3,024	-	-	3,024	3,122
Repairs and maintenance	10,177	67,281	-	77,458	48,469
Snow removal	4,525	-	-	4,525	4,083
Superintendent unit	3,936	-	-	3,936	3,815
Water	<u>11,706</u>	<u>-</u>	<u>-</u>	<u>11,706</u>	<u>9,361</u>
	<u>156,026</u>	<u>67,281</u>	<u>-</u>	<u>223,307</u>	<u>188,841</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	5,154	(43,127)	-	(37,973)	(18,189)
FUND BALANCES - beginning of year	<u>15,859</u>	<u>101,038</u>	<u>11,083</u>	<u>127,980</u>	<u>146,169</u>
FUND BALANCES - end of year	<u>21,013</u>	<u>57,911</u>	<u>11,083</u>	<u>90,007</u>	<u>127,980</u>

HALIFAX COUNTY CONDOMINIUM CORPORATION
NO. 276 "FALCON RIDGE"
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2014

	General Fund \$	Reserve Fund \$	Contingency Fund \$	2014 \$	2013 \$
ASSETS					
CURRENT					
Cash	6,091	52,447	1,050	59,588	102,411
Accounts receivable	184	-	-	184	-
Prepays	1,738	-	-	1,738	2,243
Due from Operating Fund	-	<u>5,464</u>	<u>10,033</u>	<u>15,497</u>	<u>11,779</u>
	8,013	57,911	11,083	77,007	116,433
CAPITAL ASSETS (Note 3)	<u>176,992</u>	<u>-</u>	<u>-</u>	<u>176,992</u>	<u>184,367</u>
	<u>185,005</u>	<u>57,911</u>	<u>11,083</u>	<u>253,999</u>	<u>300,800</u>
LIABILITIES					
CURRENT					
Accounts payable	18,303	-	-	18,303	21,021
Due to Reserve Fund	5,464	-	-	5,464	745
Due to Contingency Fund	10,033	-	-	10,033	11,034
Current portion of long-term debt	<u>10,126</u>	<u>-</u>	<u>-</u>	<u>10,126</u>	<u>9,539</u>
	43,926	-	-	43,926	42,339
LONG-TERM DEBT (Note 4)	<u>120,066</u>	<u>-</u>	<u>-</u>	<u>120,066</u>	<u>130,481</u>
	<u>163,992</u>	<u>-</u>	<u>-</u>	<u>163,992</u>	<u>172,820</u>
FUND BALANCES					
UNRESTRICTED	21,013	-	-	21,013	15,859
RESTRICTED (Note 5)	<u>-</u>	<u>57,911</u>	<u>11,083</u>	<u>68,994</u>	<u>112,121</u>
	<u>21,013</u>	<u>57,911</u>	<u>11,083</u>	<u>90,007</u>	<u>127,980</u>
	<u>185,005</u>	<u>57,911</u>	<u>11,083</u>	<u>253,999</u>	<u>300,800</u>

Approved by the Board

 _____ Director
 _____ Director

HALIFAX COUNTY CONDOMINIUM CORPORATION
NO. 276 "FALCON RIDGE"
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014

	General Fund	Reserve Fund	Contingency Fund	2014	2013
	\$	\$	\$	\$	\$
CASH PROVIDED BY (USED FOR):					
OPERATING					
Excess (deficiency) of revenues over expenses	5,154	(43,127)	-	(37,973)	(18,189)
Item not affecting cash					
Amortization	<u>7,375</u>	<u>-</u>	<u>-</u>	<u>7,375</u>	<u>7,682</u>
	12,529	(43,127)	-	(30,598)	(10,507)
Changes in non-cash working capital items					
Accounts receivable	(184)	-	-	(184)	50,217
Prepays	505	-	-	505	(813)
Accounts payable	<u>(2,718)</u>	<u>-</u>	<u>-</u>	<u>(2,718)</u>	<u>6,629</u>
	<u>10,132</u>	<u>(43,127)</u>	<u>-</u>	<u>(32,995)</u>	<u>45,526</u>
FINANCING					
Inter-fund transfers	3,718	(4,719)	1,001	-	-
Payments on long-term debt	<u>(9,828)</u>	<u>-</u>	<u>-</u>	<u>(9,828)</u>	<u>(9,539)</u>
	<u>(6,110)</u>	<u>(4,719)</u>	<u>1,001</u>	<u>(9,828)</u>	<u>(9,539)</u>
CHANGE IN CASH	4,022	(47,846)	1,001	(42,823)	35,987
CASH - beginning of year	<u>2,069</u>	<u>100,293</u>	<u>49</u>	<u>102,411</u>	<u>66,424</u>
CASH - end of year	<u><u>6,091</u></u>	<u><u>52,447</u></u>	<u><u>1,050</u></u>	<u><u>59,588</u></u>	<u><u>102,411</u></u>

HALIFAX COUNTY CONDOMINIUM CORPORATION
NO. 276 "FALCON RIDGE"
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

6

1. OPERATIONS

Corporation ("the Corporation") is registered with the Registrar of Condominiums of the Province of Nova Scotia and operates the 36 unit condominium development known as Falcon Ridge in Bedford, Nova Scotia.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Fund accounting

General Fund

The General Fund is used for the Corporation's daily ongoing activities. Membership fees are established annually by the directors based on expenses incurred to provide services and administer the Corporation. This fund includes the assets, liabilities, revenues and expenses other than those related to the Contingency Fund and Reserve Fund.

Contingency Fund

Upon purchase of each unit from the Declarant, each owner shall deposit with the Corporation an amount equal to three times the monthly assessment relating to such owner's unit for the year in which such deposit is requested. Such amount shall be held, together with the amounts similarly deposited by other unit owners, as a Contingency Fund for common expenses and shall be used and applied from time to time toward meeting the deficits and such other common purposes as the Corporation may deem necessary, but not for amounts to be expended from the Reserve Fund.

The funds in the Contingency Fund are held in an interest bearing account with Royal Bank of Canada.

Reserve Fund

Under the provision of Article 9 of the By-laws of the Corporation, the Corporation is required to maintain a Reserve Fund which shall include monies received to be accumulated in the Reserve Fund as required by the Reserve Fund Study and to be used or expended for major maintenance items, which occur less frequently than annually and for major items of repair or replacement made necessary by damage, deterioration or obsolescence.

HALIFAX COUNTY CONDOMINIUM CORPORATION
NO. 276 "FALCON RIDGE"
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

7

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash

Cash consist of cash on hand and bank balances held with financial institutions.

Capital assets

Capital assets are recorded at cost. Amortization is provided for using the following rate and method over their estimated useful lives as follows:

Condominium unit	4%	Diminishing balance
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Impairment of long-lived assets

Long-lived assets are tested for impairment whenever events or changes in circumstances indicate that their carrying value may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

Revenue recognition

Condominium fees and assessments are accounted for on a monthly basis when collection is reasonably assured. All other revenues are recorded when the risk and rewards of ownership are transferred to the Corporation and when collection is reasonably assured.

Income taxes

The Corporation is a non-profit organization under section 149 (1) of the Income Tax Act, and, as such, is exempt from income taxes. Accordingly, no provision has been made in the accounts for income taxes.

Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Estimates are used when accounting for items and matters such as amortization and certain accruals. Actual results could differ from those estimates.

HALIFAX COUNTY CONDOMINIUM CORPORATION
NO. 276 "FALCON RIDGE"
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments

Measurement of financial instruments

The Corporation initially measures its financial assets and financial liabilities at fair value.

The Corporation subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, accounts receivable and inter-fund balances.

Financial liabilities measured at amortized cost include accounts payable, inter-fund balances, and long-term debt.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

3. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net 2014	Net 2013
	\$	\$	\$	\$
Condominium unit	<u>208,386</u>	<u>31,394</u>	<u>176,992</u>	<u>184,367</u>

HALIFAX COUNTY CONDOMINIUM CORPORATION
NO. 276 "FALCON RIDGE"
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

4. LONG-TERM DEBT	2014	2013
	\$	\$
Bank of Montreal, mortgage, secured by a first charge on the condominium unit owned by the Corporation with a carrying value of \$176,992, repayable in monthly blended instalments of \$1,155 until April 2017, amortized until December 2025, including interest at 2.99% per annum.	130,192	140,020
Less current portion	<u>10,126</u>	<u>9,539</u>
	<u>120,066</u>	<u>130,481</u>

Assuming like terms, principal due within each of the next five years on long-term debt is approximately as follows:

	\$
2015	10,126
2016	10,433
2017	10,749
2018	11,075
2019	11,411
Subsequent	76,397

5. RESERVE FUND

The Corporation, as required by the Condominium Act, 1989, has established a Reserve Fund for financing future major repairs and replacements of the common elements and assets.

The directors have used a comprehensive reserve fund study by Burke Engineering dated September 2010 and such other information as was available in evaluating the adequacy of annual contributions to the Reserve Fund for major repairs and maintenance. The study recommended a Reserve Fund balance of \$139,250 on December 31, 2014. The balance at December 31, 2014 in the Reserve Fund was \$57,911.

NO. 276 "FALCON RIDGE"

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014**5. RESERVE FUND (Continued)**

Annual contributions over the next five years per Table #3 of the study is as follows:

	\$
2015	23,250
2016	30,750
2017	29,750
2018	29,750
2019	29,750

The annual contribution to the Reserve Fund is expected to be adjusted in future years in accordance with the findings of the required updated Reserve Fund Study.

The funds in the Reserve Fund are held in an account with Manulife Bank bearing interest at 1.30% per annum.

6. FINANCIAL INSTRUMENTS*Risks and concentrations*

The Corporation is exposed to various risks through its financial instruments. The following analysis provides a measure of the Corporation's risk exposure and concentrations at December 31, 2014.

It is management's opinion that the Corporation is not exposed to significant market, currency, interest rate or price risks from its financial instruments. The risks arising on financial instruments are limited to the following:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial instruments that potentially subject the Corporation to concentrations of credit risk consist of cash and accounts receivable. The Corporation deposits its cash in reputable financial institutions and therefore believes the risk of loss to be remote.

The Corporation is exposed to credit risk from owners' accounts receivable. The Corporation believes this credit risk is minimized as the Corporation's outstanding receivables is only from condo unit owners. A provision for impairment of accounts receivable is established when there is objective evidence that the Corporation will not be able to collect all amounts due.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

6. FINANCIAL INSTRUMENTS (Continued)*Liquidity risk*

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting obligations associated with financial liabilities. The Corporation is exposed to this risk mainly in respect of its accounts payable and long-term debt. The Corporation generates enough cash from operating activities to fund operations and fulfill obligations as they become due.