



Financial Statements

Halifax County Condominium Corporation No. 276
“Falcon Ridge”

December 31, 2016

Contents

	Page
Independent auditor's report	1
Statement of operations of changes in fund balances	2
Statement of financial position	3
Statement of cash flows	4
Notes to the financial statements	5-8

Independent auditor's report

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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, 2016, 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.

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 Corporation'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 Corporation'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 Halifax County Condominium Corporation No. 276 "Falcon Ridge" as at December 31, 2016, and the results of its operations for the year then ended, in accordance with Canadian accounting standards for not-for-profit organizations.



Halifax, Canada
June 21, 2017

Chartered Professional Accountants
Licensed Public Accountants

Halifax County Condominium Corporation No. 276

Statement of operations and changes in fund balances

Year ended December 31

	General Fund	Reserve Fund	Contingency Fund	2016	2015
Revenues					
Condominium fees	\$ 193,054	\$ -	\$ -	\$ 193,054	\$ 178,754
Special assessments	-	-	-	-	99,907
Guest suite	4,370	-	-	4,370	3,430
Parking	4,010	-	-	4,010	4,745
Interest	-	1,000	-	1,000	972
	<u>201,434</u>	<u>1,000</u>	<u>-</u>	<u>202,434</u>	<u>287,808</u>
Expenses					
Administration	2,981	-	-	2,981	5,760
Amortization	6,796	-	-	6,796	7,080
Cleaning and supplies	2,842	-	-	2,842	2,325
Equipment maintenance	4,257	-	-	4,257	5,922
Heat	39,209	-	-	39,209	48,352
Insurance	8,718	-	-	8,718	8,305
Interest on long-term debt	3,387	-	-	3,387	3,588
Landscaping and grounds	5,566	-	-	5,566	5,774
Lights and power	13,274	-	-	13,274	16,778
Management fees	11,923	-	-	11,923	14,343
Professional fees	2,769	-	-	2,769	2,990
Repairs and maintenance	10,621	70,107	21,838	102,566	20,241
Snow removal	9,104	-	-	9,104	5,129
Superintendent unit	3,564	-	-	3,564	4,078
Water	14,209	-	-	14,209	14,244
	<u>139,220</u>	<u>70,107</u>	<u>21,838</u>	<u>231,165</u>	<u>164,909</u>
(Deficiency) excess of revenues over expenses	62,214	(69,107)	(21,838)	(28,731)	122,899
Fund balances, beginning of year	39,412	162,411	11,083	212,906	90,007
Inter-fund transfers	<u>(10,577)</u>	<u>(5,884)</u>	<u>16,461</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ 91,049</u>	<u>\$ 87,420</u>	<u>\$ 5,706</u>	<u>\$ 184,175</u>	<u>\$ 212,906</u>

See accompanying notes to the financial statements.

Halifax County Condominium Corporation No. 276

Statement of financial position

December 31

	General Fund	Reserve Fund	Contingency Fund	2016	2015
Assets					
Current					
Cash and cash equivalents	\$ 51,443	\$ 87,420	\$ 5,706	\$ 144,569	\$ 173,664
Receivables	430	-	-	430	1,260
Prepays	9,935	-	-	9,935	3,755
Receivable from Operating Fund	-	-	-	-	10,033
	<u>61,808</u>	<u>87,420</u>	<u>5,706</u>	<u>154,934</u>	<u>188,712</u>
Capital assets (Note 3)	<u>163,116</u>	<u>-</u>	<u>-</u>	<u>163,116</u>	<u>169,912</u>
	<u>\$ 224,924</u>	<u>\$ 87,420</u>	<u>\$ 5,706</u>	<u>\$ 318,050</u>	<u>\$ 358,624</u>
Liabilities					
Current					
Payables and accruals	\$ 24,450	\$ -	\$ -	\$ 25,450	\$ 15,776
Payable to Contingency Fund	-	-	-	-	10,033
Current portion of long-term debt (Note 4)	<u>10,749</u>	<u>-</u>	<u>-</u>	<u>10,749</u>	<u>10,433</u>
	<u>35,199</u>	<u>-</u>	<u>-</u>	<u>35,199</u>	<u>36,242</u>
Long-term debt (Note 4)	<u>98,676</u>	<u>-</u>	<u>-</u>	<u>98,676</u>	<u>109,476</u>
	<u>133,875</u>	<u>-</u>	<u>-</u>	<u>133,875</u>	<u>145,718</u>
Fund balances					
Unrestricted	91,049	-	-	91,049	39,412
Restricted	<u>-</u>	<u>87,420</u>	<u>5,706</u>	<u>93,126</u>	<u>173,494</u>
	<u>91,049</u>	<u>87,420</u>	<u>5,706</u>	<u>184,175</u>	<u>212,906</u>
	<u>\$ 224,924</u>	<u>\$ 87,420</u>	<u>\$ 5,706</u>	<u>\$ 318,050</u>	<u>\$ 358,624</u>

On behalf of the Board

Lois Pacey Director Debra Hollands Director

Halifax County Condominium Corporation No. 276

Statement of cash flows

Year ended December 31

2016

2015

Increase (decrease) in cash and cash equivalents

Operating

(Deficiency) excess of revenues over expenses \$ (28,731) \$ 122,899

Items not affecting cash:

Amortization 6,796 7,080

(21,935) 129,979

Change in non-cash operating working capital

Receivables 830 (1,076)

Prepays (6,180) (2,017)

Payables 8,674 (2,527)

(18,611) 124,359

Financing

Repayments of long-term debt (10,484) (10,283)

(Decrease) increase in cash and cash equivalents (29,095) 114,076

Cash and cash equivalents, beginning of year 173,664 59,588

Cash and cash equivalents, end of year \$ 144,569 \$ 173,664

Halifax County Condominium Corporation No. 276

Notes to the financial statements

December 31, 2016

1. Nature of operations

Halifax County Condominium Corporation No. 276 (the "Corporation") is a not-for-profit organization registered with the Province of Nova Scotia under the Condominium Act. The Corporation operates the 36 unit condominium development known as Falcon Ridge in Bedford, Nova Scotia.

2. Summary of significant accounting policies

Basis of presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

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 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 provision of Article 9 of the by-laws of the Corporation, a reserve fund is required to be maintained and shall accumulate monies received 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.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks.

Capital assets

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

Condominium unit	4% Diminishing balance
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Halifax County Condominium Corporation No. 276

Notes to the financial statements

December 31, 2016

2. Summary of significant accounting policies (continued)

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)(d) of the Canadian Income Tax Act and is therefore exempt from income taxes. Accordingly, no provision has been made in the accounts for income taxes.

Use of estimates

The preparation of the financial statements in conformity with ASNPO requires that management makes estimates and assumptions that affect the amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the year. These estimates are reviewed periodically and adjustments are made to net income as appropriate in the year they become known. Estimates are used when accounting for items and matters such as amortization and certain accruals. Actual results could differ from those estimates.

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, receivables, and inter-fund balances.

Financial liabilities measured at amortized cost include payables and accruals, 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.

Halifax County Condominium Corporation No. 276

Notes to the financial statements

December 31, 2016

3. Capital assets

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2016</u>	<u>2015</u>
Condominium unit	\$ 208,386	\$ 45,270	\$ 163,116	\$ 169,912

4. Long-term debt

	<u>2016</u>	<u>2015</u>
Bank of Montreal, mortgage, secured by a first charge on the condominium unit owned by the Corporation with a carrying value of \$163,116, repayable in monthly blended instalments of \$1,155 until April 2017, amortized until December 2025, bearing interest at 2.99% per annum.	\$ 109,425	\$ 119,909
Less current portion	<u>10,749</u>	<u>10,433</u>
	<u>\$ 98,676</u>	<u>\$ 109,476</u>

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

2017	\$10,749
2018	11,075
2019	11,411
2020	11,783
2021	12,140

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 BRK Engineering Inc. dated October 2014 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 contributions of \$35,000 and indicated estimated expenses of \$7,161 for 2016 and therefore, recommended a Reserve Fund balance of \$34,518 on December 31, 2016. The balance at December 31, 2016 in the Reserve Fund was \$87,420 (2015 - \$162,411).

Annual contributions over the next five years as per Table #2 of the study are as follows:

2017	\$40,000
2018	45,000
2019	50,000
2020	55,000
2021	60,000

The funds in the Reserve Fund are held in an account with Manulife Bank bearing interest at 0.75% per annum.

Halifax County Condominium Corporation No. 276

Notes to the financial statements

December 31, 2016

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, 2016.

It is management's opinion that the Corporation is not exposed to significant market, currency, interest rate and price risk 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. 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' receivables. 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.

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 payables and accruals and long term debt. The Corporation generates enough cash from operating activities to fund operations and fulfil obligations as they become due.