
HALIFAX COUNTY CONDOMINIUM CORPORATION NO. 276
(Incorporated under the Condominium Act
of Nova Scotia)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

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INDEPENDENT AUDITORS' REPORT



To the Members
Halifax County Condominium Corporation No. 276

We have audited the accompanying financial statements of Halifax County Condominium Corporation No. 276, which comprise the statement of financial position as at December 31, 2017 and the statements of revenues and expenditures and general fund, reserve fund, contingency fund, 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 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 is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

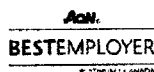
In our opinion, the financial statements present fairly, in all material respects, the financial position of Halifax County Condominium Corporation No. 276 as at December 31, 2017 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Other Matter

The prior year financial statements were audited by another firm of Chartered Professional Accountants.

MNP LLP
Chartered Professional Accountants
Licensed Public Accountants


Dartmouth, Nova Scotia
June 6, 2018



HALIFAX COUNTY CONDOMINIUM CORPORATION NO. 276
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2017

	General Fund	Reserve Fund	Contingency Fund	2017	2016
	\$	\$	\$	\$	\$
ASSETS					
CURRENT ASSETS					
Cash	3,220	137,348	12,331	162,899	144,569
Accounts receivable	-	-	-	-	430
Prepaid expenses	8,134	-	-	8,134	9,935
Due from Funds (note 4)	-	-	34,680	-	-
	11,354	137,348	97,011	161,033	154,934
SUITES - net of accumulated amortization of \$51,795 (2016 - \$45,270)	166,691	-	-	166,691	163,116
	167,945	137,348	97,011	317,624	318,050
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable and accrued liabilities	14,946	-	-	14,946	24,450
Due to Funds (note 4)	64,461	30,229	-	14,169	10,749
Current portion of long-term debt (note 5)	11,169	-	-	11,169	-
	86,576	30,229	-	26,115	35,199
LONG-TERM DEBT (note 5)	87,379	-	-	87,379	98,676
	167,945	30,229	-	113,494	133,875
MEMBERS' EQUITY					
FUND BALANCES					
	-	107,119	97,011	204,130	184,175
	167,945	137,348	97,011	317,624	318,050

APPROVED ON BEHALF OF THE CORPORATION:

Director

 Michael D. Kennedy
 Pres BOD

Director
 Valeria S. Cuffon
 Valerie S. Cuffon
 Treasurer BOD

HALIFAX COUNTY CONDOMINIUM CORPORATION NO. 276
STATEMENT OF REVENUES AND EXPENDITURES AND GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	Budget \$	2017 Actual \$	2016 Actual \$
REVENUES			
Condominium fees	193,053	192,549	193,054
Guest suite income	4,000	3,210	4,370
Parking revenue	4,000	3,428	4,010
	<u>201,053</u>	<u>199,184</u>	<u>201,434</u>
EXPENDITURES			
Accounting fees	2,800	2,855	2,769
Amortization	-	6,625	6,796
Building and maintenance	15,450	31,484	13,265
Insurance	9,200	8,493	8,718
Interest on long-term debt	13,870	2,984	3,386
Landscaping contract	6,000	5,935	5,566
Management fees	11,925	12,761	11,923
Miscellaneous	4,860	4,963	4,812
Site maintenance	5,300	15,903	11,946
Snow removal	7,000	7,033	9,104
Super's unit	3,800	4,101	3,564
Utilities	68,300	62,891	57,371
	<u>148,506</u>	<u>165,928</u>	<u>139,220</u>
EXCESS OF REVENUES OVER EXPENDITURES FOR THE YEAR	<u>52,548</u>	<u>33,256</u>	<u>62,214</u>
GENERAL FUND - beginning of year		91,049	39,412
TRANSFER TO RESERVE FUND (note 4)		(33,000)	-
TRANSFER TO CONTINGENCY FUND (note 4)		<u>(91,305)</u>	<u>(10,577)</u>
GENERAL FUND - end of year		-	91,049

HALIFAX COUNTY CONDOMINIUM CORPORATION NO. 276
STATEMENTS OF REVENUES AND EXPENDITURES AND RESERVE FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	2017 \$	2016 \$
REVENUES		
Interest	973	1,000
EXPENDITURES		
Repairs and maintenance	14,274	70,107
DEFICIENCY OF REVENUES OVER EXPENDITURES FOR THE YEAR	(13,301)	(69,107)
RESERVE FUND - beginning of year	87,420	162,411
TRANSFER TO CONTINGENCY FUND (note 4)	-	(5,884)
TRANSFER FROM GENERAL FUND (note 4)	33,000	-
RESERVE FUND - end of year	107,119	87,420

STATEMENT OF REVENUES AND EXPENDITURES AND CONTINGENCY FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	2017 \$	2016 \$
EXPENDITURES		
Repairs and maintenance	-	21,838
DEFICIENCY OF REVENUES OVER EXPENDITURES FOR THE YEAR	-	(21,838)
CONTINGENCY FUND - beginning of year	5,706	11,083
TRANSFER FROM GENERAL FUND (note 4)	91,305	10,577
TRANSFER FROM RESERVE FUND	-	5,884
CONTINGENCY FUND - end of year	97,011	5,706

HALIFAX COUNTY CONDOMINIUM CORPORATION NO. 276

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2017

	2017	2016
	\$	\$
CASH FLOWS PROVIDED FROM (USED IN) OPERATING ACTIVITIES:		
Cash provided from (used in) operations	19,955	(28,731)
Excess (deficiency) of revenues over expenditures for the year	<u>6,525</u>	<u>6,796</u>
Amortization	26,480	(21,935)
Change in non-cash working capital balances		
Accounts receivable	430	830
Prepaid expenses	1,801	(6,180)
Accounts payable and accrued liabilities	<u>(9,504)</u>	<u>8,674</u>
	<u>19,207</u>	<u>(18,611)</u>
CASH FLOWS USED IN FINANCING ACTIVITIES:		
Repayment of long-term debt	<u>(10,877)</u>	<u>(10,484)</u>
CHANGE IN CASH AND CASH EQUIVALENTS DURING THE YEAR	8,330	(29,095)
CASH AND CASH EQUIVALENTS - beginning of year	<u>144,569</u>	<u>173,664</u>
CASH AND CASH EQUIVALENTS - end of year	<u>152,899</u>	<u>144,569</u>

HALIFAX COUNTY CONDOMINIUM CORPORATION NO. 276

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

1. NATURE OF ACTIVITIES

The corporation was incorporated under the Nova Scotia Condominiums Act to administer the common areas of the development registered as Halifax County Condominium Corporation No. 276, known as Falcon Ridge in Bedford, Nova Scotia.

2. FUND ACCOUNTING

General Fund

The general fund accounts for the current operations of the corporation.

Reserve Fund

Under the 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. See note 6 for the recommended (not required) annual allocations to the 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.

3. SIGNIFICANT ACCOUNTING POLICIES

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

Cash and Cash Equivalents

The corporation's policy is to disclose bank balances under cash and cash equivalents, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn.

Condominium Unit

The condominium unit is recorded at cost. Amortization is provided for using the declining balance method at an annual rate of 4%.

Impairment of Long-lived Assets

A long-lived asset is tested for impairment whenever events or changes in circumstances indicate that its carrying amount 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. Any impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

Income Taxes

The corporation is exempt from tax under subsection 149(1)(l) of the Income Tax Act.

HALIFAX COUNTY CONDOMINIUM CORPORATION NO. 276

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

Condominium fees, guest suite income, parking and interest income are recorded using the restricted fund method of accounting for contributions.

Use of Estimates

The preparation of the financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

Financial Instruments

Measurement of Financial Instruments

The corporation initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions which are measured at the exchange amount.

The corporation subsequently measures all its financial assets and financial liabilities at amortized cost, except for short-term investments which are measured at fair value. Changes in fair value are recognized in the statement of revenues and expenditures.

Financial assets measured at amortized cost include cash and accounts receivable.

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

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of any write-down is recognized in the statement of revenues and expenditures. Any 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 any reversal is recognized in the statement of revenues and expenditures.

Transaction Costs

The corporation recognizes its transaction costs in the statement of revenues and expenditures in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

4. INTERFUND TRANSFERS

During the year, the board budgeted for transfers totaling \$39,623 to the Reserve Fund and Contingency Fund from the General Fund. The actual surplus in the General Fund for the year ended December 31, 2017 was \$33,256, of which \$33,000 was transferred to the Reserve Fund. An additional \$91,305 was transferred to the Contingency Fund from the general fund.

The balances due between funds are non-interest bearing with no set terms of repayment.

HALIFAX COUNTY CONDOMINIUM CORPORATION NO. 276

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

5. LONG-TERM DEBT

	2017	2016
	\$	\$
2.89% Bank of Montreal mortgage, payable in monthly instalments of \$1,156 including principal and interest, matures in April 2022. The mortgage is secured by a condominium unit with a net book value of \$156,591.	98,548	109,425
Less: current portion	<u>(11,169)</u>	<u>(10,749)</u>
	<u>87,379</u>	<u>98,676</u>

The approximate principal due within the next five years is as follows:

	Scheduled Repayments	Due for Renegotiation
	\$	\$
2018	11,169	-
2019	11,496	-
2020	11,833	-
2021	12,180	-
2022	4,139	47,731

6. RESERVE FUND STUDY

During 2014, the corporation engaged BRK Engineering Inc. to complete a reserve fund study. Per Expenditures and Cash Flow Table #2 of the reserve fund study, the report recommends that in 2017, \$40,000 should be paid to fund the Reserve Fund. The report also recommends that the following amounts be paid annually into the Reserve Fund over the next 22 years:

	\$		\$
2018	45,000	2029	100,000
2019	50,000	2030	105,000
2020	55,000	2031	110,000
2021	60,000	2032	115,000
2022	65,000	2033	120,000
2023	70,000	2034	125,000
2024	75,000	2035	130,000
2025	80,000	2036	130,000
2026	85,000	2037	130,000
2027	90,000	2038	130,000
2028	95,000	2039	130,000

HALIFAX COUNTY CONDOMINIUM CORPORATION NO. 276
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

7. 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, 2017.

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 risk, interest rate risk and other price risk. The corporation is mainly exposed to interest rate risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The corporation is exposed to interest rate risk on its fixed rate financial instruments. Fixed-rate instruments subject the corporation to a fair value risk.

8. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's financial statements presentation.