HALIFAX COUNTY CONDOMINIUM CORPORATION #27

FINANCIAL STATEMENTS
DECEMBER 31, 2020

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HALIFAX COUNTY CONDOMINIUM CORPORATION #27:

Levy
Casey
Carter
MacLean
Chartered Professional Accountants

Opinion

We have audited the financial statements of Halifax County Condominium Corporation #27 (the "Corporation"), which comprise the statement of financial position as at December 31, 2020, and the statement of general fund revenue, expenditures and fund balance, reserve fund revenue, expenditures and fund balance, contingency fund revenue, expenditures and fund balance and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2020, 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.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audits of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Terry Casey Carter MacLean

Halifax, Nova Scotia
March 1, 2021

Chartered Professional Accountants

HALIFAX COUNTY CONDOMINIUM CORPORATION #27

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020

ASSETS

	General Fund	Reserve Fund	Contingency Fund	**Total 2020**	Total 2019
Current					
Cash	$ 42,467	$ -	$ -	**$ 42,467**	$ 21,137
Short term investments (note 3)	-	508,519	-	**508,519**	435,776
Interfund balance	(19,499)	3,923	15,576	**-**	-
Prepaid expenses	-	-	-	**-**	25,026
	$ 22,968	$ 512,442	$ 15,576	**$ 550,986**	$ 481,939

LIABILITIES

Current					
Payables and accruals, trade	$ 22,968	$ -	$ -	**$ 22,968**	$ 8,190

FUND BALANCES

Internally restricted (note 3)	-	512,442	15,576	**528,018**	473,749
	$ 22,968	$ 512,442	$ 15,576	**$ 550,986**	$ 481,939

On Behalf of the Board

Linda Smith
Director

Alyson Hillier
Director

HALIFAX COUNTY CONDOMINIUM CORPORATION #27

STATEMENT OF GENERAL FUND REVENUE, EXPENDITURES AND FUND BALANCE
YEAR ENDED DECEMBER 31, 2020

	Budget	**2020**	2019
Revenue			
Condominium fees	$ 270,146	$ **270,147**	$ 255,819
Interest and parking	2,831	**1,314**	1,981
	272,977	**271,461**	257,800
Expenditures			
Administration	1,500	**1,939**	1,719
Cleaning and pest control	-	**552**	552
Heat, light and power	2,700	**2,039**	1,992
Insurance	25,777	**25,026**	11,067
Landscaping and grounds	31,000	**30,151**	28,818
Management fees	13,489	**13,501**	13,224
Professional fees	2,500	**2,070**	2,170
Repairs and maintenance	13,100	**12,954**	20,458
Snow removal	35,000	**40,445**	33,202
Water	23,150	**22,948**	26,270
	148,216	**151,625**	139,472
Excess of revenue over expenditures	124,761	**119,836**	118,328
Transfers to contingency fund	(10,000)	**(5,075)**	(6,013)
Transfers to reserve fund	(114,761)	**(114,761)**	(112,315)
General fund balance, end of year	$ -	$ -	$ -

HALIFAX COUNTY CONDOMINIUM CORPORATION #27

STATEMENT OF RESERVE FUND REVENUE, EXPENDITURES AND FUND BALANCE
YEAR ENDED DECEMBER 31, 2020

	2020	2019
Interest revenue	$ 7,217	$ 8,797
Expenses		
Contract repairs	(70,254)	(79,591)
Reserve fund study	(2,530)	-
	(72,784)	(79,591)
Deficiency of revenue over expenditures	(65,567)	(70,794)
Reserve fund, beginning of year	463,248	421,727
Transfers from general fund	114,761	112,315
Reserve fund, end of year	$ 512,442	$ 463,248

HALIFAX COUNTY CONDOMINIUM CORPORATION #27

STATEMENT OF CONTINGENCY FUND REVENUE, EXPENDITURES AND FUND BALANCE
YEAR ENDED DECEMBER 31, 2020

	2020	2019
Contingency fund, beginning of year	**$ 10,501**	$ 4,488
Transfers from general fund	**5,075**	6,013
Contingency fund, end of year	**$ 15,576**	$ 10,501

HALIFAX COUNTY CONDOMINIUM CORPORATION #27

STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2020

	2020	2019
Operating Activities		
Cash received for condominium fees	$ 270,147	$ 255,819
Cash received for parking	1,080	1,125
Cash received for interest	7,442	9,657
Cash paid for operating expenses	(126,497)	(163,986)
Cash paid for reserve fund expenses	(58,100)	(79,591)
Net cash inflow from operating activities	94,072	23,024
Investing Activities		
Purchase of investments	(72,742)	(33,800)
Net cash outflow from investing activities	(72,742)	(33,800)
Increase (decrease) in cash during the year	21,330	(10,776)
Cash, beginning of year	21,137	31,913
Cash, end of year	$ 42,467	$ 21,137
Represented by:		
General fund cash	$ 42,467	$ 21,137

1. Purpose of the organization

The Corporation was registered without share capital on October 7, 1981 under the Nova Scotia Condominiums Act to administer the common areas of the development registered as Halifax County Condominium Corporation #27. Under the Income Tax Act of Canada, the Corporation qualifies as a not-for-profit organization and is exempt from income tax.

2. Significant accounting policies

(a) Basis of presentation

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

(b) Cash and cash equivalents

Cash and cash equivalents consists of cash on hand and balances with banks.

(c) Common areas

The common areas managed by the Corporation are owned proportionately by the unit owners and consequently are not reflected as assets in these financial statements.

(d) Fund accounting

The Corporation follows the restricted fund method of accounting for contributions. The general fund reports the contributions from members and the expenses of the operations. The restricted funds are set up and used to report as per note 3. Any interfund balances are non-interest bearing with no set terms of repayment.

(e) Revenue recognition

Owners assessments are recognized as revenue in the statement of general fund revenue, expenditures and fund balance monthly based on the budget distributed to owners each year. Special assessments are recognized as revenue when they become payable by the owners to the Corporation. Interest and other revenue are recognized as revenue of the related fund when earned.

(f) Contributed services

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

(g) Use of estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates, as additional information becomes available in the future.

2. Significant accounting policies (continued)

(h) Financial instruments

The Corporation initially measures its financial assets and financial liabilities at fair value, adjusted by the amount of transaction costs directly attributable to the instrument. The Corporation subsequently measures all of its financial assets and financial liabilities at amortized cost. Transaction costs are amortized on the straight line basis over the term of the instrument.

3. Internally restricted funds

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 Bluenose Engineering dated November 2020 and such other information as was available to them in evaluating the adequacy of annual contributions to the reserve fund for major repairs and maintenance. The study recommended a reserve fund balance of $486,443 on December 31, 2020. The balance at December 31, 2020 in the reserve fund is $512,442, which is $25,999 more than the recommended reserve fund balance.

Recommended annual contributions over the next five years per the study are as follows:

2021	$ 114,761
2022	$ 114,761
2023	$ 114,761
2024	$ 114,761
2025	$ 114,761

Any evaluation of the adequacy of the reserve fund is based upon assumptions as to the future interest and inflation rates and estimates of the life expectancy of the common elements and assets and their replacement costs. These factors are subject to change over time and the changes may be material; accordingly, the Condominium Act requires the reserve fund study be reviewed by a qualified engineer after five years and a comprehensive study is to be completed after the study has been in place for ten years.

The funds in the Reserve Fund are held with TD Canada Trust as follows:

Investment	Maturity Date	Interest Rate	Amount
GIC	20-Jul-21	0.81%	$ 105,549
GIC	02-Sep-21	0.78%	130,336
GIC	18-Oct-21	0.75%	106,661
GIC	02-Dec-21	0.70%	133,149
GIC	29-Dec-21	0.70%	32,824
Add: amount owing from general fund			3,923
			$ 512,442

3. Internally restricted funds (continued)

Contingency fund

The Contingency Fund was originally established upon the initial purchase of each unit from the Declarant (developer) where each unit owner deposited 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 was requested. Each year the Board may also approve transfers between the General Fund and Contingency Fund which may be done as part of the budgeting process or a stand alone motion. The funds held in the Contingency Fund are to be used and applied from time to time toward meeting the deficits of the other funds and such other common purposes as the Corporation may deem necessary, but not for amounts to be expended from the reserve fund.

4. Budget information

The budget figures presented are for comparison purposes and are unaudited.

5. Financial instruments

The Corporation is exposed to various financial risks as it relates to financial instruments:

(a) Credit risk

Credit risk is the risk that another party will fail to honour a financial obligation and will, as a result, cause a financial loss for the Corporation. The Corporation is exposed to credit risk relating to its accounts receivable balance. This risk is mitigated by the collection process afforded to the Corporation under the Nova Scotia Condominium Act.

(b) Liquidity risk

Liquidity risk is the risk that the Corporation will be unable to fulfill its obligations on a timely basis. The Corporation mitigates this risk by preparing budgets and cash forecasts in order to ensure that it has sufficient cash to fulfill its obligations.