
**HALIFAX COUNTY CONDOMINIUM
CORPORATION NO. 282**
(Incorporated under the Condominium Act
of Nova Scotia)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2013

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INDEPENDENT AUDITORS' REPORT

To The Members of
Halifax County Condominium Corporation No. 282

We have audited the accompanying financial statements of Halifax County Condominium Corporation No. 282, which comprise the statement of financial position as at December 31, 2013 and the statements of revenue and expenditures and operating fund, building maintenance reserve fund, contingency fund, and cash flows for the year ended December 31, 2013, 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. 282 as at December 31, 2013 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.

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CHARTERED ACCOUNTANTS

Dartmouth, Nova Scotia

May 21, 2014

HALIFAX COUNTY CONDOMINIUM CORPORATION NO. 282

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2013

	Operating Fund \$	Building Maintenance Reserve Fund \$	Contingency Fund \$	2013 \$	2012 \$
ASSETS					
CURRENT ASSETS					
Cash	299,462	-	-	299,462	10,168
Short-term investments (note 4)	-	86,741	-	86,741	228,068
Accounts receivable	29,160	-	-	29,160	713
Due from Operating Fund (note 5)	-	63,491	103,492	-	-
	328,622	150,232	103,492	415,363	238,949
GUEST SUITE - net of accumulated amortization of \$4,800 (2012 - nil)	115,200	-	-	115,200	120,000
	443,822	150,232	103,492	530,563	358,949
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable and accrued liabilities	23,570	-	-	23,570	27,647
Current portion of long-term debt (note 6)	4,327	-	-	4,327	4,179
Due to Funds (note 5)	166,983	-	-	-	-
	194,880	-	-	27,897	31,826
LONG-TERM DEBT (note 6)	59,996	-	-	59,996	64,323
	254,876	-	-	87,893	96,149
MEMBERS' EQUITY					
FUND BALANCES	188,946	150,232	103,492	442,670	262,800
	443,822	150,232	103,492	530,563	358,949

SUBSEQUENT EVENT (note 9)

APPROVED ON BEHALF OF THE CORPORATION:

Director

Director

HALIFAX COUNTY CONDOMINIUM CORPORATION NO. 282
STATEMENT OF REVENUES AND EXPENDITURES AND OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	Budget \$	2013 Actual \$	2012 Actual \$
REVENUES			
Condominium fees	517,061	517,270	462,363
Other	1,200	4,246	4,164
Rental income	800	2,860	1,279
	519,061	524,376	467,806
EXPENDITURES			
Snow removal	5,000	6,385	6,350
Landscaping	12,000	11,456	10,855
Condo fee - guest suite	2,400	2,689	2,404
Building maintenance	29,000	28,222	24,554
Repairs and maintenance - elevator	13,500	4,441	14,375
Utilities	58,500	48,569	50,043
Fuel / natural gas	70,000	86,195	64,757
Property taxes	2,000	1,741	803
Management fees	23,076	23,076	22,404
Professional fees	4,700	5,144	3,479
Insurance	11,400	11,406	10,689
Bad debts	-	-	200
Office and administration	2,100	2,650	1,955
Salaries and related benefits	42,085	40,064	37,379
Interest on long-term debt	7,000	2,321	2,846
Cleaning	6,000	4,670	6,069
Fire protection	4,200	9,994	4,833
Bank charges	1,100	915	870
Amortization	-	4,800	-
	294,061	294,738	264,865
EXCESS OF REVENUES OVER EXPENDITURES FOR THE YEAR			
	225,000	229,638	202,941
OPERATING FUND - beginning of year		184,308	151,367
TRANSFER TO BUILDING MAINTENANCE RESERVE FUND (note 5)		(200,000)	(145,000)
TRANSFER TO CONTINGENCY FUND (note 5)		(25,000)	(25,000)
OPERATING FUND - end of year		188,946	184,308

HALIFAX COUNTY CONDOMINIUM CORPORATION NO. 282
STATEMENT OF REVENUES AND EXPENDITURES AND BUILDING MAINTENANCE
RESERVE FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	2013 \$	2012 \$
REVENUES		
Special assessment	<u>517,771</u>	-
EXPENDITURES		
Siding, painting, and roofing	<u>567,539</u>	267,646
DEFICIENCY OF REVENUES OVER EXPENDITURES FOR THE YEAR	(49,768)	(267,646)
BUILDING MAINTENANCE RESERVE FUND - beginning of year	-	120,199
TRANSFER FROM OPERATING FUND (note 5)	200,000	145,000
TRANSFER FROM CONTINGENCY FUND	<u>-</u>	2,447
BUILDING MAINTENANCE RESERVE FUND - end of year	<u>150,232</u>	-

STATEMENT OF REVENUES AND EXPENDITURES AND CONTINGENCY FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	2013 \$	2012 \$
CONTINGENCY FUND - beginning of year	78,492	55,939
TRANSFER FROM OPERATING FUND (note 5)	25,000	25,000
TRANSFER TO BUILDING MAINTENANCE RESERVE FUND	<u>-</u>	(2,447)
CONTINGENCY FUND - end of year	<u>103,492</u>	78,492

HALIFAX COUNTY CONDOMINIUM CORPORATION NO. 282

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2013

	2013	2012
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash provided from operations		
Excess (deficiency) of revenues over expenditures for the year	179,870	(64,705)
Items in income not involving cash		
Amortization	4,800	-
	<u>184,670</u>	<u>(64,705)</u>
Change in non-cash working capital balances		
Short-term investments	141,327	55,240
Accounts receivable	(28,447)	745
Accounts payable and accrued liabilities	(4,077)	12,379
	<u>293,473</u>	<u>3,659</u>
CASH FLOWS USED IN FINANCING ACTIVITIES		
Repayment of long-term debt	(4,179)	(3,800)
CHANGE IN CASH DURING THE YEAR		
CASH - beginning of year	<u>10,168</u>	10,309
CASH - end of year	<u>299,462</u>	10,168

HALIFAX COUNTY CONDOMINIUM CORPORATION NO. 282

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

1. NATURE OF ACTIVITIES

The corporation was incorporated under the Nova Scotia Condominiums Act to administer the common areas of the 83 residential units known as Searidge Condominiums located at 94 Bedros Lane in Halifax, Nova Scotia and is registered as Halifax County Condominium Corporation No. 282.

2. FUND ACCOUNTING

Operating Fund

The Operating Fund accounts for the current operations of the corporation.

Building Maintenance Reserve Fund

The corporation is required under Article X of the By-Laws to maintain a reserve fund. This fund is to be used 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 7 for the recommended annual allocations to the Building Maintenance Reserve Fund.

Contingency Fund

The corporation is required under Article X of the By-laws to establish a contingency fund for common expenses to be used from time to time towards meeting the deficits and such other common purposes as the corporation may deem necessary. The initial funding has been carried out in accordance with the By-laws by obtaining from each purchaser, at the time of the purchase, an amount equal to three times the monthly assessment relating to such purchaser's unit.

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:

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, short-term investments and accounts receivable.

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

HALIFAX COUNTY CONDOMINIUM CORPORATION NO. 282

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

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.

Short-term Investments

Short-term investments are stated at cost plus accrued interest which approximates market value.

Income Taxes

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

Revenue Recognition

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

Guest Suite

The guest suite was acquired in 2007 by the corporation at a cost of \$120,000 and amortization is provided by 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.

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.

HALIFAX COUNTY CONDOMINIUM CORPORATION NO. 282

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

4. SHORT-TERM INVESTMENTS

	2013
	\$
The Canada Trust Company Guaranteed Investment Certificate - due March 25, 2014 with yield to maturity of 0.8%.	25,084
The Canada Trust Company Guaranteed Investment Certificate - due December 2, 2014 with yield to maturity of 0.8%.	61,657
	<u>86,741</u>

5. INTERFUND TRANSFERS

During the year, the board transferred \$200,000 to the Building Maintenance Reserve Fund from the Operating Fund in accordance with the annual budget approved for the 2013 year.

During the year, the board transferred \$25,000 to the Contingency Fund from the Operating Fund in accordance with the budget approved for the 2013 year.

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

6. LONG-TERM DEBT

	2013	2012
	\$	\$
3.49% Bank of Montreal mortgage, repayable in blended bi-weekly instalments of \$250, maturing May 1, 2017, and with an amortization date of February 1, 2026. The loan is secured by property acquired in 2007 for use as a guest suite having a net book value of \$115,200.	64,323	68,502
Less current portion	4,327	4,179
	<u>59,996</u>	<u>64,323</u>

The approximate principal due within each of the next five years, assuming refinancing under similar terms, is as follows:

	\$
2014	4,327
2015	4,481
2016	4,646
2017	4,811
2018	4,982

HALIFAX COUNTY CONDOMINIUM CORPORATION NO. 282

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2013

7. RESERVE FUND STUDY

In January 2012, the corporation engaged Jim Fletcher Engineering to complete a reserve fund study. Per Expenditures and Cash flow table C of the reserve fund study, the report recommends that in 2013 \$159,500 should be paid to fund the Building Maintenance Reserve Fund. The report also recommends the following amounts be paid annually into the Building Maintenance Reserve Fund over the next 23 years:

	\$		\$
2014	170,655	2026	274,051
2015	182,612	2027	274,051
2016	195,394	2028	274,051
2017	209,072	2029	274,051
2018	223,707	2030	274,051
2019	239,366	2031	274,051
2020	256,122	2032	274,051
2021	274,051	2033	274,051
2022	274,051	2034	274,051
2023	274,051	2035	274,051
2024	274,051	2036	274,051
2025	274,051		

8. 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, 2013.

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. The corporation's main credit risks relate to its accounts receivable. The corporation provides credit to its members in the normal course of its operations.

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 interest rates. 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.

The carrying value of secured liabilities is \$64,323 (2012 - \$68,502).

HALIFAX COUNTY CONDOMINIUM CORPORATION NO. 282

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2013

9. SUBSEQUENT EVENT

In 2012, the corporation began a major renovation project which is expected to be completed in 2015. Total estimated costs for the project were approximately \$1,700,000 of which \$835,185 have been incurred during 2012 and 2013. The remaining costs to complete the project in 2014 and 2015 are estimated to be approximately \$864,815.