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

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

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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, 2015 and the statements of revenues and expenditures and operating fund, building maintenance 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. 282 as at December 31, 2015 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.

WB LI LLP

CHARTERED ACCOUNTANTS

Dartmouth, Nova Scotia

May 10, 2016

HALIFAX COUNTY CONDOMINIUM CORPORATION NO. 282

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2015

	Operating Fund \$	Building Maintenance Reserve Fund \$	Contingency Fund \$	2015 \$	2014 \$
ASSETS					
CURRENT ASSETS					
Cash	7,987	-	-	7,987	119,488
Short-term investments (note 4)	-	88,253	-	88,253	87,632
Accounts receivable	21,938	-	-	21,938	22,605
Due from Funds (note 5)	59,748	-	28,505	-	-
	89,673	88,253	28,505	118,178	229,725
GUEST SUITE - net of accumulated amortization of \$13,832 (2014 - \$9,408)	106,168	-	-	106,168	110,592
	195,841	88,253	28,505	224,346	340,317
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable and accrued liabilities	140,388	-	-	140,388	28,934
Current portion of long-term debt (note 6)	4,646	-	-	4,646	4,481
Due to Funds (note 5)	-	88,253	-	-	-
	145,034	88,253	-	145,034	33,415
LONG-TERM DEBT (note 6)	50,807	-	-	50,807	55,479
	195,841	88,253	-	195,841	88,894
MEMBERS' EQUITY					
FUND BALANCES	-	-	28,505	28,505	251,423
	195,841	88,253	28,505	224,346	340,317

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, 2015

	2015 Budget \$	2015 Actual \$	2014 Actual \$
REVENUES			
Condominium fees	555,063	555,040	540,943
Other	1,200	1,950	9,343
Rental income	1,000	2,420	1,590
	<u>557,263</u>	<u>559,410</u>	<u>551,876</u>
EXPENDITURES			
Snow removal	8,500	10,047	10,020
Landscaping	13,000	16,814	14,008
Building maintenance	30,800	28,347	37,829
Repairs and maintenance - elevator	10,000	11,862	9,603
Utilities	67,800	63,454	61,428
Fuel / natural gas	90,000	98,878	116,615
Property taxes	2,000	1,520	1,889
Management fees	24,363	24,363	23,769
Professional fees	3,600	2,313	1,975
Insurance	13,700	13,596	12,482
Office and administration	1,800	2,067	2,739
Salaries and related benefits	44,000	39,701	38,067
Interest on long-term debt	7,000	1,993	2,137
Cleaning	7,000	6,697	7,897
Fire protection	4,500	3,698	5,542
Bank charges	1,200	750	1,244
Amortization	-	4,424	4,608
	<u>329,263</u>	<u>330,524</u>	<u>351,852</u>
EXCESS OF REVENUES OVER EXPENDITURES FOR THE YEAR	228,000	228,886	200,024
OPERATING FUND - beginning of year		122,931	188,947
TRANSFER TO BUILDING MAINTENANCE RESERVE FUND (note 5)		(333,817)	(241,040)
TRANSFER TO CONTINGENCY FUND (note 5)		<u>(18,000)</u>	<u>(25,000)</u>
OPERATING FUND - end of year		-	122,931

HALIFAX COUNTY CONDOMINIUM CORPORATION NO. 282
STATEMENT OF REVENUES AND EXPENDITURES AND BUILDING MAINTENANCE
RESERVE FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	2015 \$	2014 \$
REVENUES		
Special assessment	-	466,080
EXPENDITURES		
Windows and doors	4,477	-
Capital grounds	9,026	-
Siding and painting	403,708	824,150
Roof	1,220	14,644
Flooring	22,406	14,131
Fitness	10,967	4,427
	451,804	857,352
DEFICIENCY OF REVENUES OVER EXPENDITURES FOR THE YEAR	(451,804)	(391,272)
BUILDING MAINTENANCE RESERVE FUND - beginning of year	-	150,232
TRANSFER FROM OPERATING FUND (note 5)	333,817	241,040
TRANSFER FROM CONTINGENCY FUND (note 5)	117,987	-
BUILDING MAINTENANCE RESERVE FUND - end of year	-	-

STATEMENT OF REVENUES AND EXPENDITURES AND CONTINGENCY FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	2015 \$	2014 \$
CONTINGENCY FUND - beginning of year	128,492	103,492
TRANSFER FROM OPERATING FUND (note 5)	18,000	25,000
TRANSFER TO BUILDING MAINTENANCE RESERVE FUND (note 5)	(117,987)	-
CONTINGENCY FUND - end of year	28,505	128,492

HALIFAX COUNTY CONDOMINIUM CORPORATION NO. 282

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2015

	2015	2014
	\$	\$
CASH FLOWS (USED IN) OPERATING ACTIVITIES:		
Cash (used in) operations		
(Deficiency) excess of revenues over expenditures for the year	(222,918)	(191,248)
Items in income not involving cash		
Amortization	4,424	4,608
	(218,494)	(186,640)
Change in non-cash working capital balances		
Short-term investments	(621)	(891)
Accounts receivable	667	6,555
Accounts payable and accrued liabilities	111,454	5,365
	(106,994)	(175,611)
CASH FLOWS USED IN FINANCING ACTIVITIES		
Repayment of long-term debt	(4,507)	(4,363)
CHANGE IN CASH DURING THE YEAR		
	(111,501)	(179,974)
CASH - beginning of year	119,488	299,462
CASH - end of year	7,987	119,488

HALIFAX COUNTY CONDOMINIUM CORPORATION NO. 282

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

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 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, 2015

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, 2015

4. SHORT-TERM INVESTMENTS

	2015
	\$
The Canada Trust Company Guaranteed Investment Certificate - due March 24, 2016 with yield to maturity of 0.5%.	25,585
The Canada Trust Company Guaranteed Investment Certificate - due December 1, 2016 with yield to maturity of 0.4%.	62,668
	<u>88,253</u>

5. INTERFUND TRANSFERS

During the year, the board budgeted for a transfer of \$210,000 to the Building Maintenance Reserve Fund from the Operating Fund. The actual amount transferred was \$333,817.

During the year, the board transferred \$18,000 to the Contingency Fund from the Operating Fund in accordance with the budget approved for the 2015 year.

During the year, the board transferred \$117,987 to the Building Maintenance Reserve Fund from the Contingency Fund.

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

6. LONG-TERM DEBT

	2015	2014
	\$	\$
3.49% Bank of Montreal mortgage, repayable in blended bi-weekly instalments of \$250, maturing May 1, 2017, with an amortization date of January 2026. The loan is secured by property acquired in 2007 for use as a guest suite having a net book value of \$106,168.	55,453	59,960
Less: current portion	4,646	4,481
	<u>50,807</u>	<u>55,479</u>

The approximate principal due within each of the next two years is as follows:

	Scheduled Repayments	Due for Renegotiation
	\$	\$
2016	4,759	-
2017	1,462	49,232

HALIFAX COUNTY CONDOMINIUM CORPORATION NO. 282

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

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 2015 \$182,612 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 21 years:

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

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 \$55,453 (2014 - \$59,960).