

CONDOMINIUM PLAN NO. 0311515
(Operating as Country Lane Estates)
Financial Statements
Year Ended December 31, 2019

INDEPENDENT AUDITOR'S REPORT

To the Unit Holders of Condominium Plan No. 0311515 (Operating as Country Lane Estates)

Opinion

We have audited the financial statements of Condominium Plan No. 0311515 (the Condominium Corporation), which comprise the statement of financial position as at December 31, 2019, and the statements of revenues and expenditures, changes in fund balances 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 Condominium Corporation as at December 31, 2019, and the results of its operations and cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-profit Organizations (ASNPO).

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 Condominium Corporation in accordance with ethical requirements that are relevant to our audit 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 opinion.

Other Matter

The financial statements for the year ended December 31, 2018 were reviewed by another practitioner who expressed an unmodified opinion on those financial statements on May 22, 2019.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, 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 Condominium 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 Condominium Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Condominium 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.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment 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 Condominium 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 Condominium 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 Condominium 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.



Calgary, Alberta
September 13, 2020



CONDOMINIUM PLAN NO. 0311515

(Operating as Country Lane Estates)

Statement of Financial Position

December 31, 2019

	Operating Fund	Capital Replacement Reserve Fund	Asset Acquisition Fund	Total December 31 2019	Total December 31 2018
ASSETS					
Current					
Cash	\$ 1,780	\$ 157,123	\$ 12,195	\$ 171,098	\$ 186,956
Short term investments	-	366,806	-	366,806	352,762
Accounts receivable	8,450	-	-	8,450	2,679
Prepaid expenses	4,431	-	-	4,431	5,027
	14,661	523,929	12,195	550,785	547,424
	\$ 14,661	\$ 523,929	\$ 12,195	\$ 550,785	\$ 547,424
LIABILITIES AND FUND BALANCES					
Current					
Accounts payable and accrued liabilities	\$ 21,940	\$ -	\$ -	\$ 21,940	\$ 9,373
Employee deductions payable	12,149	-	-	12,149	-
Deferred income	3,870	-	-	3,870	355
Current portion of long term debt (Note 3)	4,900	-	-	4,900	4,900
	42,859	-	-	42,859	14,628
Long term debt (Note 3)	-	-	-	-	4,900
	42,859	-	-	42,859	19,528
Fund balances	(28,198)	523,929	12,195	507,926	527,896
	\$ 14,661	\$ 523,929	\$ 12,195	\$ 550,785	\$ 547,424

ON BEHALF OF THE BOARD

_____ Director

_____ Director

See notes to financial statements

CONDOMINIUM PLAN NO. 0311515
(Operating as Country Lane Estates)
Statement of Revenues and Expenditures
Year Ended December 31, 2019

	Operating Fund	Capital Replacement Reserve Fund	Total 2019	Total 2018
Revenues				
Condominium fees	\$ 590,160	\$ -	\$ 590,160	\$ 555,705
Reserve contributions	-	78,100	78,100	78,300
Club house rentals	800	-	800	900
Estoppel charges	675	-	675	750
Interest income	298	9,996	10,294	8,498
Laundry income	15,973	-	15,973	13,472
Winter usage fees	20,930	-	20,930	10,570
Administration income and key fobs	5,482	-	5,482	4,380
Maintenance and equipment use	626	-	626	939
	<u>634,944</u>	<u>88,096</u>	<u>723,040</u>	<u>673,514</u>
Expenditures				
Operating fund expenditures (Schedule 1)	649,853	-	649,853	584,734
Capital replacement reserve fund expenditures (Schedule 2)	-	70,117	70,117	74,288
	<u>649,853</u>	<u>70,117</u>	<u>719,970</u>	<u>659,022</u>
Excess (deficiency) of revenues over expenditures from operations	(14,909)	17,979	3,070	14,492
Other income	-	-	-	225
Excess (deficiency) of revenues over expenditures	<u>\$ (14,909)</u>	<u>\$ 17,979</u>	<u>\$ 3,070</u>	<u>\$ 14,717</u>

See notes to financial statements

CONDOMINIUM PLAN NO. 0311515
(Operating as Country Lane Estates)
Statement of Changes in Fund Balances
Year Ended December 31, 2019

	Operating Fund	Capital Replacement Reserve Fund	Asset Acquisition Fund	2019	2018
Fund balances - beginning of year	\$ (7,121)	\$ 512,896	\$ 22,121	\$ 527,896	\$ 518,278
Excess of revenues over expenditures	(14,909)	17,979	-	3,070	14,715
Interfund transfers (Note 4)	(6,168)	(6,946)	13,114	-	107
Purchases from the asset acquisition fund (Note 5)	-	-	(23,040)	(23,040)	(5,204)
Fund balances - end of year	\$ (28,198)	\$ 523,929	\$ 12,195	\$ 507,926	\$ 527,896

See notes to financial statements

CONDOMINIUM PLAN NO. 0311515

(Operating as Country Lane Estates)

Statement of Cash Flows

Year Ended December 31, 2019

	Operating Fund	Capital Replacement Reserve Fund	Asset Acquisition Fund	Total 2019	Total 2018
Operating activities					
Net excess (deficiency) of revenues over expenditures	\$ (14,909)	\$ 17,979	\$ -	\$ 3,070	\$ 14,717
Item not affecting cash:					
Interfund transfer	(6,168)	(6,946)	13,114	-	107
	(21,077)	11,033	13,114	3,070	14,824
Changes in non-cash working capital:					
Accounts receivable	(5,771)	-	-	(5,771)	(1,476)
Prepaid expenses	596	-	-	596	(78)
Wages payable	-	-	-	-	137
Employee deductions payable	12,149	-	-	12,149	-
Accounts payable and accrued liabilities	12,567	-	-	12,567	(40,507)
Deferred income	3,515	-	-	3,515	(524)
	23,056	-	-	23,056	(42,448)
Cash flow from (used by) operating activities	1,979	11,033	13,114	26,126	(27,624)
Investing activities					
Purchases from the asset acquisition fund	-	-	(23,040)	(23,040)	(5,204)
Short term investments	-	(14,044)	-	(14,044)	119,846
Cash flow from (used by) investing activities	-	(14,044)	(23,040)	(37,084)	114,642
Financing activity					
Repayment of long term debt	(4,900)	-	-	(4,900)	(4,900)
Cash flow from (used by) financing activity	(4,900)	-	-	(4,900)	(4,900)
Increase (decrease) in cash flow	(2,921)	(3,011)	(9,926)	(15,858)	82,118
Cash - beginning of year	4,701	160,134	22,121	186,956	104,840
Cash - end of year	\$ 1,780	\$ 157,123	\$ 12,195	\$ 171,098	\$ 186,958

See notes to financial statements

Nature and Description of the Organization

Condominium Plan No. 0311515 (the "condominium corporation") is a not-for-profit organization incorporated provincially under the Companies Act of Alberta, primarily under the Condominium Property Act.

The purpose of the condominium corporation is to manage and maintain the common property (as defined in the condominium corporation's By-Laws) and to provide common services for the benefit of the owners of the units comprising the "bare land condominium" complex known as Country Lane Estates located at Aldersyde, Alberta. The condominium units are used for recreational vehicles.

The condominium corporation acts as the legal nominee of the unit owners with respect to the ownership and usage of the common property that is shared by the unit owners as tenants-in-common.

These financial statements include only those assets, liabilities, revenues and expenses relating to the operations of Condominium Corporation No. 0311515. The condominium corporation does not own common property, but is responsible for its management and maintenance. The common property is owned proportionately by individual unit holders and includes the clubhouse, swimming pool, access roads, guest amenities, and recreational vehicle pads.

1. Summary of Significant Accounting Policies

Basis of presentation

The financial statements were prepared in accordance with Canadian Accounting Standards for Not-for-profit Organizations.

Fund accounting

Condominium Plan No. 0311515 follows the restricted fund method of accounting for contributions.

Operating Fund

Revenues and expenditures for the general operations of the condominium corporation are accounted for in the Operating Fund.

Capital Replacement Reserve Fund

This reserve is used for financing major repairs and replacements as authorized by the Board of Directors and its usage is guided by the Reserve Fund Study. Minor repairs and small equipment purchases are charged to the operating fund in the year they are incurred. Because of its restricted nature, the reserve is excluded from current assets. The contributions to finance major repairs and replacements are determined annually by the Board of Directors based on requirements set in the Reserve Fund Study. Restricted funds held in short term investments are invested in Guaranteed Investment Certificates and a cash based mutual fund, measured at amortized cost. Revenue of the Capital Replacement Reserve consists only of the restricted portion of condominium fee contributions and interest earned on bank balances and investments.

Asset Acquisition Fund

This fund was established in the fiscal year ended March 31, 2013 by the Board of Directors to provide for the acquisition of new assets that are not part of the Capital Replacement Reserve Fund Surplus funds are transferred from the Operating Fund at the Board of Director's discretion.

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1. **Summary of Significant Accounting Policies** *(continued)*

Cash and cash equivalents

Cash includes cash and cash equivalents. Cash equivalents are investments which are readily convertible into cash or have a maturity date of 90 days or less from date of acquisition, and are not subject to significant risk of change in value. In addition, term deposits that the condominium corporation cannot use for current transactions because they are pledged as collateral are excluded from cash and cash equivalents.

Short term investments

Short term investments are investments held in Guaranteed Investment Certificates. These investments mature between the years 2020 and 2024.

Financial instruments

Initial and subsequent measurement

The condominium corporation initially measures its financial assets and liabilities at fair value.

The condominium corporation subsequently measures all its financial assets and liabilities at cost or amortized cost. Changes in the fair value of these financial instruments are recognized in the excess of revenues over expenditures in the period incurred.

Financial assets measured at amortized cost includes cash, short term investments and accounts receivable.

Financial liabilities measured at amortized cost includes accounts payable & accrued liabilities, employee deductions payable and long term debt.

Transaction costs

Transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in the excess of revenues over expenditures in the period incurred. Transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability and recognized in the excess of revenues over expenditures over the life of the instrument using the straight-line method.

Impairment

For financial assets measured at cost or amortized cost, the condominium corporation determines whether there are indications of possible impairment. When there is an indication of impairment, and the condominium corporation determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in the excess of receipts over expenses. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be 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 the excess of revenues over expenditures.

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1. **Summary of Significant Accounting Policies** *(continued)*

Revenues and expenditures recognition

Revenues primarily comprise of assessments for the cost of common services provided to the owners and are charged in monthly installments on the basis of an approved annual budget. Expenditures are recorded on an accrual basis whereby they are reflected in the accounts in the period to which the services are rendered or goods received. Estoppel, equipment use, and maintenance revenue is recognized in the period in which the service was provided. Revenue from laundry machines is recognized in the period in which the cash is collected. Interest income is recognized in the period in which it is earned. Administration fees collected for lot rentals and revenue from great room rentals are recognized in the period in which the rental occurred.

Contributed materials and services

Contributed materials and services consist exclusively of volunteer time by the Board of Directors and other owners. No monetary value can be placed on these contributions and as such they are not recognized in the financial statements.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian Accounting Standards for Not-for-profit Organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Capital assets

Capital assets, also referred to as "Property and Equipment" are owned collectively by the owners of all of the units in the condominium plan, as they exist from time to time, in proportion to the owners unit factors in the entire project. The condominium corporation has a fiduciary responsibility for the management and maintenance of the capital assets, but does not own them. As a result no capital assets are shown on the balance sheet for the condominium corporation. A schedule of the capital assets is maintained by the Board of Directors and is available for the members.

2. **Financial Instrument Risk**

The condominium corporation is exposed to various risks through its financial instruments. The following analysis provides information about the condominium corporation's risk exposure and concentration as of December 31, 2019.

(a) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The condominium corporation is exposed to credit risk from its Unit Holders. In order to reduce its credit risk, the condominium corporation will place caveats on Unit Holders who do not pay. The condominium corporation has a significant number of unit holders which minimizes concentration of credit risk.

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The condominium corporation is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, long term debt and accounts payable and accrued liabilities.

(c) 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 rate risk, interest rate risk and other price risk. The condominium corporation is not exposed to market risk.

(d) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. The condominium corporation is exposed to interest rate risk primarily through its short term investments and long term debt.

Management has determined that these risks are minimal to the condominium corporation and that the carrying values of the financial instruments approximate their fair values. Because the condominium corporation does not engage in any foreign currency transactions, neither currency risk nor other price risk are considered significant factors.

3. **Long Term Debt**

	<u>2019</u>	<u>2018</u>
Payment for 2016 water bill rate adjustment	\$ 4,900	\$ 9,800
	4,900	9,800
Amounts payable within one year	<u>(4,900)</u>	<u>(4,900)</u>
	\$ -	\$ 4,900

Due to billing errors in the water bills for 2016 and 2017, additional charges for water in both years were assessed. Charges of \$18,977 which related to 2017 were paid in 2018 while the charges related to 2016, in the amount of \$14,700, are being paid over three years, starting in 2018, with no interest or penalties assessed. Three equal payments of \$4,900 will be made with each payment due by May 31st of each year 2018, 2019, and 2020.

4. **Interfund Transfers**

The following amounts were transferred during the year:

\$119 was transferred from the Operating Fund to the Asset Acquisition Fund for interest that was earned for the bank balance held in the Asset Acquisition Fund.

\$1,000 was transferred from the Operating Fund to the Asset Acquisition Fund for amounts previously withdrawn from the account.

\$16,280 was transferred from the Operating Fund to the Asset Acquisition Fund for the purchase of assets under the asset Acquisition Fund.

\$11,045 was transferred from the Asset Acquisition Fund to the Operating Fund for expenses paid out of the Operating Fund.

\$19,928 was collected in the Operating Fund on behalf of the Capital Reserve Fund.

\$19,928 was transferred from the Operating Fund to the Capital Reserve Fund to replenish the Capital Reserve Fund for monies that were collected under the Operating Fund.

\$6,760 was transferred from the Capital Reserve Fund to the Asset Acquisition Fund for the Wastewater Pilot project for expenses that were not approved to be sent from the Capital Reserve Fund.

\$186 was transferred from the Capital Reserve Fund to the Operating Fund for balancing purposes.

5. **Purchases from the Asset Acquisition Fund**

	<u>2019</u>	<u>2018</u>
Wastewater pilot project	\$ 22,289	\$ -
Dog stations	751	-
Landscaping	-	2,396
Curtains for clubhouse	-	1,425
Umbrella	-	374
Area rugs	-	344
Table dolly	-	331
Bookshelves	-	199
Fan for great room	-	105
Bouncy castle	-	30
	<u>23,040</u>	<u>5,204</u>

6. Reserve Fund Study

The Board of Directors have used reports prepared by West Country Management & Realty Ltd. dated December 10, 2015 and such information as was available to them to evaluate the adequacy of the reserve fund. That report proposed allocations of \$113,122 for 2019 and a year end balance as at December 31, 2019 of \$823,852 after interest earned. Actual amounts for the year were allocations of \$78,100, costs of \$70,177 and a year-end balance of \$523,866 after interest earned. Reserve fund allocations are proposed to increase annually by 2% in 2020.

The Board of Directors has utilized such information as was available to it in evaluating the adequacy of the reserve and has levied such annual assessments as it considers to be fair and prudent.

Any evaluation of the adequacy of the reserve fund is based upon assumptions as to future interest and inflation rates and estimates of the life expectancy of the building components and their replacement costs. These factors are subject to change over time and the changes may be material.

7. Comparative Figures

Some of the comparative figures have been reclassified to conform to the current year's presentation.

CONDOMINIUM PLAN NO. 0311515
(Operating as Country Lane Estates)
Operating Fund Expenditures (Schedule 1)
Year Ended December 31, 2019

	2019	2018
Expenditures		
Bad debts	\$ 16	\$ 193
Gasoline, oil, propane	3,617	679
Insurance	22,264	25,418
Interest and bank charges	2,367	4,519
Office	7,157	3,871
Park Maintenance	27,538	26,040
Park functions	2,955	1,494
Pool maintenance	10,785	12,563
Professional fees	21,572	8,015
Salaries and wages	119,527	109,750
Utilities - communication	18,377	17,743
Utilities - garbage removal	12,322	11,099
Utilities - natural gas	7,541	7,665
Utilities - power	181,375	157,659
Utilities - sewage disposal	154,992	125,192
Utilities - water	57,448	72,834
Expenditures total	\$ 649,853	\$ 584,734

See notes to financial statements

CONDOMINIUM PLAN NO. 0311515
(Operating as Country Lane Estates)
Capital Replacement Reserve Fund Expenditures (Schedule 2)
Year Ended December 31, 2019

	2019	2018
Expenditures		
Clubhouse and washroom boilers	\$ 2,137	\$ 1,050
Clubhouse appliances	-	6,178
Clubhouse exterior lighting	-	735
Clubhouse interior upgrading	-	6,726
Clubhouse stucco and repair	21,770	-
Eavestrough and downspouts	15,939	-
Exercise room gym equipment	8,400	4,058
Office equipment and furniture	809	1,392
Roadway asphalt repair	8,613	27,364
Roadway sealing and resurfacing	-	1,232
Satellite building	3,153	-
Sewage lift station pumps	-	5,357
Swimming pool equipment	703	472
Tractor and backhoe maintenance	2,920	-
Underground utility services	-	7,031
WIFI equipment upgrades	1,310	12,693
Washers in laundry room	1,076	-
Wastewater pilot project	3,287	-
Expenditures total	\$ 70,117	\$ 74,288