

**NEW DISCOVERY HOMEOWNERS
ASSOCIATION**

FINANCIAL STATEMENTS

Year Ended December 31, 2009



NEW DISCOVERY HOMEOWNERS ASSOCIATION
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For the Year Ended December 31, 2009

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AUDITORS' REPORT

To the Members of New Discovery Homeowners Association:

We have audited the statement of financial position of New Discovery Homeowners Association as at December 31, 2009 and the statements of operations and changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Partners

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Lo Porter Hétu

Certified General Accountants

Calgary, Alberta
March 5, 2010

NEW DISCOVERY HOMEOWNERS ASSOCIATION
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
For the Year Ended December 31, 2009

	2009	2008
REVENUE		
Association fees	\$ 488,275	\$ 485,607
Municipal funding		
Operating grant	19,954	19,954
Interest income	8,741	12,223
Interest on late payments	4,895	24,388
	<u>521,865</u>	<u>542,172</u>
EXPENSES		
Non-recurring expenses		
Entrance median project	-	89,656
Accounting software	-	408
	<u>-</u>	<u>90,064</u>
Operating expenses		
Landscaping - contract	353,068	350,296
Landscaping - other charges	20,243	25,858
Tree replacement	15,314	-
Winter lights	6,560	7,607
Pump repairs	3,058	-
Enmax	2,222	1,989
	<u>400,465</u>	<u>385,750</u>
Administrative expenses		
Homeowner communication costs	5,102	4,672
Merchant services charges	4,626	3,285
Property tax	4,169	-
Legal fees	2,720	1,670
Auditing fees	2,235	5,250
Insurance	1,416	1,282
Alberta land title fees	1,215	1,168
Telephone	945	815
Non-deductible expenses	837	-
Unrecoverable fees	755	-
Mailbox rental	373	128
Postage	344	601
Office supplies	247	353
Bank charges	25	24
Accounting fees	-	668
	<u>25,009</u>	<u>19,916</u>
	<u>425,474</u>	<u>495,730</u>
EXCESS OF REVENUE OVER EXPENSES	96,391	46,442
UNRESTRICTED NET ASSETS, BEGINNING OF YEAR	559,614	513,172
UNRESTRICTED NET ASSETS, END OF YEAR	\$ 656,005	\$ 559,614



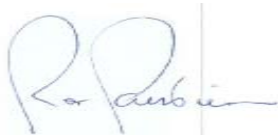
NEW DISCOVERY HOMEOWNERS ASSOCIATION

STATEMENT OF FINANCIAL POSITION

As at December 31, 2009

	2009	2008
ASSETS		
CURRENT		
Cash	\$ 629,379	\$ 474,513
Accounts receivable (Note 3)	43,781	110,398
Prepaid expenses	1,300	2,119
	<u>674,460</u>	<u>587,030</u>
PROPERTY (Note 4)	<u>1</u>	<u>1</u>
	<u>\$ 674,461</u>	<u>\$ 587,031</u>
LIABILITIES		
CURRENT		
Accounts payable	\$ 17,688	\$ 24,342
Unearned revenue	768	3,075
	<u>18,456</u>	<u>27,417</u>
NET ASSETS		
UNRESTRICTED	<u>656,005</u>	<u>559,614</u>
	<u>\$ 674,461</u>	<u>\$ 587,031</u>

APPROVED ON BEHALF OF THE BOARD



Director



Director



NEW DISCOVERY HOMEOWNERS ASSOCIATION

STATEMENT OF CASH FLOWS

For the year Ended December 31, 2009

	2009	2009
OPERATING ACTIVITIES		
Cash receipts from members	\$ 556,725	\$ 588,414
Interest received	8,741	12,223
Grants received	19,954	19,954
Cash paid to suppliers	(430,554)	(555,181)
	<hr/>	<hr/>
Cash flow from operating activities	154,866	65,410
INCREASE IN CASH	154,866	65,410
Cash, beginning of the year	474,513	409,103
	<hr/>	<hr/>
CASH, END OF YEAR	\$ 629,379	\$ 474,513



NEW DISCOVERY HOMEOWNERS ASSOCIATION

NOTES TO THE AUDITED FINANCIAL STATEMENTS

For the year ended December 31, 2009

1. DESCRIPTION OF OPERATIONS

The Association is incorporated as a not-for-profit corporation under Part 9 of the Companies Act of Alberta, to operate and maintain certain lands and amenities within the residential community known as New Discovery in the City of Calgary. The Association was incorporated on February 18, 2000 and had no active operations until January 1, 2003.

Pursuant to the "Agreement for Development, the Initial Management of and Delivery of Amenities to New Discovery Homeowners Association" dated February 18, 2000 between the Association and the Developer, the Developer will construct the New Discovery amenities ("Amenities") at its cost, and thereafter transfer the Amenities to the Association at a nominal cost. Upon completion of all phases of the New Discovery subdivision, the Association has taken title to and assumed the operation and maintenance of the Amenities from the Developer following the receipt of the Final Acceptance Certificate issued by the City of Calgary for each phase.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and, in management's opinion, have been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below.

a) Revenue Recognition

Association dues are recognized as income in the fiscal period to which they relate. Payments received in advance are reported as unearned revenue.

b) Income tax

As a not-for-profit organization, the Association is not subject to income taxes under Section 149(1)(1) of the Income Tax Act (Canada). However, the Association's interest income may be subject to income taxes under Section 149(5) of the Income Tax Act (Canada). Because any income taxes payable would relate only to the Association's interest income, the income tax provision, if any, would be netted against the interest income for financial statement presentation purposes.

c) Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 expenses during the period. Estimates of eventual recovery of association dues receivable are subject to inherent limitation based on the initial possession date by a home purchaser. Management has, in the past, provided allowances for potential timing differences between when a phase has been serviced and actual possession date. As all phases are now complete, this allowance has been eliminated. Actual results could differ from these estimates.

d) Financial instruments

Financial assets are classified as held for trading and carried at their fair value. Unrealized gains and losses on trading assets are recognized as part of the excess of revenue over expenses. Financial liabilities are carried at cost. The fair value of these financial instruments is based on current interest rates, market values, and pricing of financial instruments with comparative terms.



NEW DISCOVERY HOMEOWNERS ASSOCIATION

NOTES TO THE AUDITED FINANCIAL STATEMENTS

For the year ended December 31, 2009

3. ACCOUNTS RECEIVABLE

Accounts receivable are secured by an annual charge of \$300 on the title of each residential unit constructed in the New Discovery subdivision.

4. PROPERTY

In accordance with the development agreement for the New Discovery subdivision, the title of the land on which the Amenities are situated was transferred to the Association for a nominal amount. The land is restricted for public use and green space.

5. FINANCIAL INSTRUMENTS

The Association's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Association is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

6. COMPARATIVE FIGURES

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

