

NEW DISCOVERY HOMEOWNERS ASSOCIATION
Financial Statements
Year Ended December 31, 2015

NEW DISCOVERY HOMEOWNERS ASSOCIATION
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Year Ended December 31, 2015

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INDEPENDENT AUDITOR'S REPORT

To the Members of New Discovery Homeowners Association

We have audited the accompanying financial statements of New Discovery Homeowners Association, which comprise the statement of financial position as at December 31, 2015 and the statements of operations and changes in net assets 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.

Auditor's 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 auditor's 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 New Discovery Homeowners Association 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.

Calgary, Alberta
May 25, 2016

Calvista LLP
Chartered Professional Accountants

NEW DISCOVERY HOMEOWNERS ASSOCIATION

Statement of Financial Position

As at December 31, 2015

	2015	2014
Assets		
Current		
Cash	\$ 2,345	\$ 64,453
Short term investments (Note 3)	291,587	712,342
Accounts receivable (Note 4)	30,642	28,070
Advance receivable (Note 5)	50,000	-
Prepaid expenses	1,539	1,860
	<u>376,113</u>	806,725
Property (Note 6)	<u>1</u>	1
	<u>\$ 376,114</u>	<u>\$ 806,726</u>
Liabilities		
Current		
Accounts payable	\$ 32,962	\$ 160,754
Net assets	<u>343,152</u>	645,972
	<u>\$ 376,114</u>	<u>\$ 806,726</u>

ON BEHALF OF THE BOARD


 _____ Director

 _____ Director

NEW DISCOVERY HOMEOWNERS ASSOCIATION
Statement of Operations and Changes in Net Assets
For the Year Ended December 31, 2015

	2015	2014
Revenue		
Association fees	\$ 494,400	\$ 494,400
Municipal funding	21,169	20,553
Interest income	4,619	11,519
Interest on late payments	3,481	4,528
Contributions (Note 7)	-	35,000
	<u>523,669</u>	<u>566,000</u>
Expenses		
Non-recurring expenses		
Median re-landscaping	366,593	298,297
Remediation projects	6,807	-
Discovery Vista Point (Note 7)	6,000	37,075
Community gardens	-	768
	<u>379,400</u>	<u>336,140</u>
Operating expenses		
Landscaping - contract	362,943	298,934
Landscaping - other charges	43,069	43,415
Winter lights	10,158	10,554
Pump repairs	3,493	-
Enmax	1,074	2,486
	<u>420,737</u>	<u>355,389</u>
Administrative expenses		
Merchant services charges	9,046	9,007
Auditing fees	7,159	5,025
Homeowner communication costs	5,300	5,140
Insurance	1,456	1,370
Alberta land title fees	1,300	1,370
Telephone	998	998
Postage	380	201
Mailbox rental	352	333
Office supplies	271	21
Bank charges	90	24
Legal fees	-	368
	<u>26,352</u>	<u>23,857</u>
	<u>826,489</u>	<u>715,386</u>
Deficiency of revenue over expenses	(302,820)	(149,386)
Unrestricted net assets - beginning of year	<u>645,972</u>	<u>795,358</u>
Unrestricted net assets - end of year	\$ 343,152	\$ 645,972

The accompanying notes are an integral part of these financial statements.

NEW DISCOVERY HOMEOWNERS ASSOCIATION
Statement of Cash Flows
Year Ended December 31, 2015

	2015	2014
Operating activities		
Cash receipts from members	\$ 495,309	\$ 503,331
Cash paid to suppliers	(1,003,961)	(544,303)
Interest received	4,619	11,519
Contribution received (Note 7)	-	35,000
Municipal funding	21,169	20,553
Cash flow from (used by) operating activities	<u>(482,864)</u>	<u>26,100</u>
Investing activity		
Redemption (purchase) of short term investments	<u>420,756</u>	<u>(10,143)</u>
Cash flow from (used by) investing activity	<u>420,756</u>	<u>(10,143)</u>
Increase (decrease) in cash flow	(62,108)	15,957
Cash - beginning of year	<u>64,453</u>	<u>48,496</u>
Cash - end of year	<u>\$ 2,345</u>	<u>\$ 64,453</u>

NEW DISCOVERY HOMEOWNERS ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2015

1. Purpose of the organization

New Discovery Homeowners Association (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. Summary of significant accounting policies

Basis of presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Handbook, 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:

Revenue recognition

The Association follows the deferred method of accounting for contributions. Association dues are recognized as income in the fiscal period to which they relate. Payments received in advance are reported as unearned revenue.

Income taxes

As a not-for-profit organization, the Association is not subject to income taxes under Section 149(1)(l) 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.

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. 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.

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NEW DISCOVERY HOMEOWNERS ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2015

2. Summary of significant accounting policies (continued)

Financial instruments

The Association initially measures its financial assets and financial liabilities at fair value. It subsequently measures all of its financial assets and financial liabilities at amortized cost. The financial assets measured at amortized cost include cash, short term investments and accounts receivable. The financial liabilities measured at amortized cost include accounts payable.

3. Short term investments

	2015	2014
Cash to invest	\$ 185	\$ 267,168
Mutual funds	291,402	445,174
	<u>\$ 291,587</u>	<u>\$ 712,342</u>

4. Accounts receivable

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

5. Advance receivable

During the year the Association advanced \$50,000 to Discovery Ridge Community Association (DRCA) as part of their commitment to share in the cost of developing the DRCA Park. The funds are being held by the DRCA until such time that the installation of the landscaping feature commences, which is expected to occur in 2016.

6. 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.

7. Contributions

At its June 2013 Annual General Meeting, the membership voted in favour of a motion that resulted in the Association registering its Encumbrance on title to 11 of the 15 properties that were part of the Discovery Vista Point development within Discovery Ridge. On condition that the Discovery Vista Point homeowners join the Association, or form a homeowners association of their own, the Developer of the former Griffith Estate lands agreed to contribute a sum total of \$nil (2014 - \$35,000) towards the provision for landscaping improvements to the island at the end of the cul-de-sac as well as replacement of the existing wood fence along the pathway with a black chain link fence in conformity with the guidelines for fencing that was in place for the entire community. Once the Association completed the process of registering its Encumbrance on title of 11 of the 15 properties, the Association undertook to manage the landscaping project and fence replacement incurring costs in 2015 totaling \$6,000 (2014 - \$37,075).

NEW DISCOVERY HOMEOWNERS ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2015

8. Financial instruments

Management has determined that the Association is not exposed to significant credit or interest rate risk, but does have some market risk due to the nature of investments held.
