

**NEW DISCOVERY HOMEOWNERS ASSOCIATION**

**Financial Statements**

**December 31, 2016**

**NEW DISCOVERY HOMEOWNERS ASSOCIATION**  
**Index to Financial Statements**  
**Year Ended December 31, 2016**

---

	Page
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	2
Statement of Operations and Changes in Net Assets	3
Statement of Cash Flows	4
Notes to Financial Statements	5 - 7

---

## 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, 2016 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, 2016 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 23, 2017

*Calvista LLP*  
Chartered Professional Accountants

**CALVISTA** LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS

Suite 1635, 1632 - 14th Ave NW  
Calgary, AB T2N 1M7

TEL: 403.777.2299  
FAX: 403.777.4201


WEB: [WWW.CALVISTA.CA](http://WWW.CALVISTA.CA)


 **KRESTON**  
A member of Kreston International | A global network of independent accounting firms

**NEW DISCOVERY HOMEOWNERS ASSOCIATION**  
**Statement of Financial Position**  
**As at December 31, 2016**

	2016	2015
<b>Assets</b>		
Current		
Cash	\$ 52,374	\$ 2,345
Short term investments (Note 3)	268,621	291,587
Accounts receivable (Note 4)	22,425	30,642
Advance receivable (Note 5)	50,000	50,000
Prepaid expenses	1,926	1,539
	<u>395,346</u>	376,113
Property and equipment (Note 6)	<u>1</u>	<u>1</u>
	<u>\$ 395,347</u>	<u>\$ 376,114</u>
<b>Liabilities and Net Assets</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 20,264	\$ 32,962
Net assets (debt)	<u>375,083</u>	<u>343,152</u>
	<u>\$ 395,347</u>	<u>\$ 376,114</u>

Approved on behalf of the Board

\_\_\_\_\_  
 Director

\_\_\_\_\_  
 Director

**NEW DISCOVERY HOMEOWNERS ASSOCIATION**  
**Statement of Operations and Changes in Net Assets**  
**Year Ended December 31, 2016**

	<b>2016</b>	<b>2015</b>
<b>Revenue</b>		
Association fees	\$ 494,400	\$ 494,400
Municipal funding	21,804	21,169
Interest on late payments	2,788	3,481
Interest income	2,035	4,619
	<u>521,027</u>	<u>523,669</u>
<b>Expenses</b>		
Non- recurring expenses		
Remediation projects	52,243	6,807
Discovery Vista Point	-	6,000
Median re-landscaping	-	366,593
	<u>52,243</u>	<u>379,400</u>
Operating expenses		
Landscaping - contract	367,211	362,943
Landscaping - other charges	36,076	43,069
Winter lights	7,278	10,158
Enmax	830	1,074
Pump repairs	-	3,493
	<u>411,395</u>	<u>420,737</u>
Administrative expenses		
Merchant services charges	9,158	9,046
Auditing fees	6,600	7,159
Homeowner communication costs	5,349	5,300
Insurance	1,487	1,456
Alberta land title fees	1,128	1,300
Telephone	998	998
Mailbox rental	365	352
Bank charges	233	90
Postage	89	380
Office supplies	54	271
	<u>25,461</u>	<u>26,352</u>
	<u>489,099</u>	<u>826,489</u>
<b>Net excess (deficiency) of revenue over expenses</b>	<b>31,928</b>	<b>(302,820)</b>
Unrestricted net assets - beginning of year	<u>343,155</u>	<u>645,972</u>
<b>Unrestricted net assets - end of year</b>	<b>\$ 375,083</b>	<b>\$ 343,152</b>

**NEW DISCOVERY HOMEOWNERS ASSOCIATION****Statement of Cash Flows****Year Ended December 31, 2016**

	<b>2016</b>	<b>2015</b>
<b>Operating activities</b>		
Cash receipts from members	\$ 505,404	\$ 495,309
Cash paid to suppliers	(502,181)	(1,003,961)
Interest received	2,036	4,619
Municipal funding	21,804	21,169
	<u>27,063</u>	<u>(482,864)</u>
<b>Investing activity</b>		
Redemption of short term investments	<u>22,966</u>	420,756
<b>Increase (decrease) in cash flows</b>	<b>50,029</b>	<b>(62,108)</b>
Cash - beginning of year	<u>2,345</u>	64,453
<b>Cash - end of year</b>	<u><b>\$ 52,374</b></u>	<u>\$ 2,345</u>

# NEW DISCOVERY HOMEOWNERS ASSOCIATION

## Notes to Financial Statements

Year Ended December 31, 2016

---

### 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 Canada 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 accounting standards of not-for-profit organization 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.

---

# NEW DISCOVERY HOMEOWNERS ASSOCIATION

## Notes to Financial Statements

Year Ended December 31, 2016

---

### 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 and accrued liabilities.

---

### 3. Short term investments

	<u>2016</u>	<u>2015</u>
Cash to invest	\$ 185	\$ 185
Mutual funds	<u>268,436</u>	<u>291,402</u>
	<u>\$ 268,621</u>	<u>\$ 291,587</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

In 2015 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 2017

---

### 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 (2015- \$nil) 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 2016 \$ nil (2015 - \$6,000).

---



**NEW DISCOVERY HOMEOWNERS ASSOCIATION**

**Notes to Financial Statements**

**Year Ended December 31, 2016**

---

**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.

---