

NEW DISCOVERY HOMEOWNERS ASSOCIATION

Financial Statements

December 31, 2017

NEW DISCOVERY HOMEOWNERS ASSOCIATION
Index to Financial Statements
For the Year Ended December 31, 2017

	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 - 6

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, 2017 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, 2017 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
April 14, 2018

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

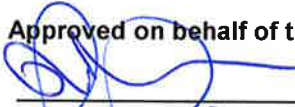



A member of Kreston International | A global network of independent accounting firms

NEW DISCOVERY HOMEOWNERS ASSOCIATION
Statement of Financial Position
As at December 31, 2017

	2017	2016
Assets		
Current		
Cash	\$ 28,542	\$ 52,374
Short term investments (Note 3)	270,808	268,621
Accounts receivable (Note 4)	21,686	22,425
Advance receivable (Note 5)	26,317	50,000
Prepaid expenses	1,612	1,926
	<u>348,965</u>	395,346
Property and equipment (Note 6)	<u>1</u>	<u>1</u>
	<u>\$ 348,966</u>	<u>\$ 395,347</u>
Liabilities and Net assets		
Current		
Accounts payable and accrued liabilities	\$ 38,144	\$ 20,264
Net assets	310,822	375,083
	<u>\$ 348,966</u>	<u>\$ 395,347</u>

Approved 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, 2017

	2017	2016
Revenue		
Association fees	\$ 494,400	\$ 494,400
Municipal funding	22,458	21,804
Interest on late payments	2,186	2,788
Interest income	2,863	2,035
	521,907	521,027
Expenses		
Non-recurring expenses		
Median re-landscaping	145,863	-
DRCA Park	23,683	-
Remediation projects	-	52,243
	169,546	52,243
Operating expenses		
Landscaping - contract	367,211	367,211
Landscaping - other charges	13,317	36,076
Winter lights	6,002	7,278
Enmax	1,750	830
Pump repairs	650	-
	388,930	411,395
Administrative expenses		
Merchant services charges	9,439	9,158
Auditing fees	6,300	6,600
Homeowner communication costs	5,776	5,349
Alberta land title fees	1,530	1,128
Insurance	1,488	1,487
Legal fees	1,172	-
Telephone	998	998
Postage	396	89
Mailbox rental	378	365
Bank charges	215	233
Office supplies	-	54
	27,692	25,461
	586,168	489,099
(Deficiency) excess of revenue over expenses	(64,261)	31,928
Unrestricted net assets - beginning of year	375,083	343,155
Unrestricted net assets - end of year	\$ 310,822	\$ 375,083

See notes to financial statements

NEW DISCOVERY HOMEOWNERS ASSOCIATION
Statement of Cash Flows
For the Year Ended December 31, 2017

	2017	2016
Operating activities		
Cash receipts from members	\$ 497,325	\$ 505,404
Cash paid to suppliers	(544,292)	(502,181)
Interest received	2,864	2,036
Municipal funding	22,458	21,804
	<u>(21,645)</u>	27,063
Investing activity		
Redemption (purchase) of short term investments	(2,187)	22,966
Increase (decrease) in cash flow	(23,832)	50,029
Cash - beginning of year	<u>52,374</u>	2,345
Cash - end of year	\$ 28,542	\$ 52,374

NEW DISCOVERY HOMEOWNERS ASSOCIATION

Notes to Financial Statements

For the Year Ended December 31, 2017

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

For the Year Ended December 31, 2017

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>2017</u>	<u>2016</u>
Cash to invest	\$ 185	\$ 185
Mutual funds	<u>270,623</u>	<u>268,436</u>
	<u>\$ 270,808</u>	<u>\$ 268,621</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. In June 2017, the DRCA engaged the services of ULS Maintenance & Landscaping Inc. to undertake a landscaping project within the DRCA Park. The advance receivable was reduced to \$26,317 (2016: \$50,000) in 2017 by the cost of the project undertaken by the DRCA.

6. Property and equipment

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. 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.
