

COUGAR RIDGE RESIDENTS ASSOCIATION
Financial Statements
Year Ended December 31, 2014

COUGAR RIDGE RESIDENTS ASSOCIATION

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Year Ended December 31, 2014

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CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Owners of Cougar Ridge Residents Association

We have audited the accompanying financial statements of Cougar Ridge Residents Association, which comprise the statements of financial position as at December 31, 2014 and December 31, 2013 and the statements of revenues and expenditures, changes in net assets and cash flows for the years ended December 31, 2014 and December 31, 2013, 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 audits. We conducted our audits 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 in our audits is sufficient and appropriate to provide a basis for our audit opinion.

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Independent Auditor's Report to the Owners of Cougar Ridge Residents Association *(continued)*

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Cougar Ridge Residents Association as at December 31, 2014 and December 31, 2013 and the results of its operations and its cash flows for the years then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.





Calgary, Alberta
July 5, 2016

Cremers & Elliott
CHARTERED ACCOUNTANTS

COUGAR RIDGE RESIDENTS ASSOCIATION
Statement of Financial Position
December 31, 2014

	2014	2013
ASSETS		
CURRENT		
Cash	\$ 191,737	\$ 200,728
Accounts receivable	38,633	35,173
Goods and services tax recoverable	856	282
Prepaid expenses	948	-
	\$ 232,174	\$ 236,183
 LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 315	\$ 2,730
NET ASSETS		
Operating fund	231,859	233,453
LIABILITIES AND NET ASSETS	\$ 232,174	\$ 236,183

ON BEHALF OF THE BOARD

 _____ Director
 _____ Director

CREMERS & ELLIOTT
 CHARTERED ACCOUNTANTS

See notes to financial statements

COUGAR RIDGE RESIDENTS ASSOCIATION
Statement of Revenues and Expenditures
Year Ended December 31, 2014

	Budget 2014	2014	2013
REVENUE			
Association fees	\$ 145,000	\$ 149,810	\$ 143,889
Interest and other income	2,000	9,385	2,425
	<u>147,000</u>	<u>159,195</u>	<u>146,314</u>
EXPENSES			
Landscaping and snow removal	165,500	128,534	103,833
Management fees	24,000	21,945	20,393
Office	8,000	9,085	8,266
Insurance	1,200	548	1,696
Audit fees	8,000	521	9,451
Bank charges	200	156	-
Miscellaneous administration	-	-	446
	<u>206,900</u>	<u>160,789</u>	<u>144,085</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$ (59,900)</u>	<u>\$ (1,594)</u>	<u>\$ 2,229</u>

COUGAR RIDGE RESIDENTS ASSOCIATION

Statement of Changes in Net Assets

Year Ended December 31, 2014

	2014	2013
NET ASSETS - BEGINNING OF YEAR	\$ 233,453	\$ 231,224
Deficiency of revenue over expenses	<u>(1,594)</u>	<u>2,229</u>
NET ASSETS - END OF YEAR	<u>\$ 231,859</u>	<u>\$ 233,453</u>

COUGAR RIDGE RESIDENTS ASSOCIATION

Statement of Cash Flows

Year Ended December 31, 2014

	2014	2013
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ (1,594)	\$ 2,229
Changes in non-cash working capital:		
Accounts receivable	(3,460)	16,423
Accounts payable	(2,415)	2,731
Prepaid expenses	(948)	811
GST payable (receivable)	(574)	(1,098)
	<u>(7,397)</u>	<u>18,867</u>
INCREASE (DECREASE) IN CASH FLOW	(8,991)	21,096
Cash - beginning of year	<u>200,728</u>	<u>179,632</u>
CASH - END OF YEAR	\$ 191,737	\$ 200,728
CASH CONSISTS OF:		
Cash	<u>\$ 191,737</u>	<u>\$ 200,728</u>

COUGAR RIDGE RESIDENTS ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2014

1. BASIS OF PRESENTATION

The financial statements were prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNFPO).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Residents Association is a non-profit organization and the common area assets of the association are owned proportionately by the owners of the units and as such are not reflected as assets in these financial statements. The purpose of the Residents Association is to manage the common area assets and to maintain and provide services with respect to the day to day operations of the Residents Association

The financial statements include only assets, liabilities, revenues and expenses relating to the operations of Residents Association. The statements do not include the cost of land or buildings and the outstanding principal balances owing on mortgages, which are the responsibility of the owners.

The Residents Association is a tax exempt organization for income tax purposes and has therefore made no provisions for income taxes on these financial statements.

Cash and cash equivalents

Cash includes cash and cash equivalents. Cash equivalents are investments in guaranteed certificates and are valued at cost plus accrued interest. The carrying amounts approximate fair value because they have maturities at the date of purchase of five years or less.

Measurement uncertainty

When preparing financial statements according to Canadian accounting standards for not-for-profit organizations, management makes estimates and assumptions relating to:

- reported amounts of revenues and expenses
- reported amounts of assets and liabilities
- disclosure of contingent assets and liabilities.

Estimates are based on a number of factors including historical experience, current events and actions that the Residents Association may undertake in the future, and other assumptions that management believes are reasonable under the circumstances. By their nature, these estimates are subject to measurement uncertainty and actual results could differ. In particular, estimates are used in accounting for certain items such as revenues, allowance for doubtful accounts and useful lives of capital assets.

Fund Accounting

The Residents Association follows the restricted method of accounting for contributions.

The operating fund accounts for the condominium's operating and administrative activities.

The capital replacement reserve fund reports the fee assessments from unit owners that are to be set aside and used for future costs or major repairs or replacements.

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COUGAR RIDGE RESIDENTS ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue Recognition

The Residents Association recognizes association fee assessments related to general operations as revenue of the operating fund as billed to the owners. Billings for the condominium fees consist of estimates of monthly charges based on approved budgets. All expenses are recognized as they are incurred.

The Residents Association related to the Capital Replacement Reserve Fund are recognized as revenue of the Capital Replacement Reserve Fund.

Investment income earned on the Reserve Fund Investments are recognized as revenue of the Capital Replacement Reserve Fund.

Contributed Services

Volunteer services contributed on behalf of the Residents Association in carrying out its operating activities are not recognized in these financial statements due to the difficulty of determining their fair value.

Financial Instruments

The Residents Association's financial instruments consist of cash, investment certificates, accounts receivable, prepaid association fees, prepaid expenses, and accounts payable. Unless otherwise indicated, it is management's opinion that the Residents Association is not exposed to significant interest or credit risk arising from these financial instruments. Accounts receivable and accounts payable are initially measured at fair value and subsequently measured at amortized cost. Gain and losses are recognized in the statement of operations. The fair value of cash, accounts receivable, and accounts payable approximate their carrying values due to their short term nature.

Reserve Fund Investments

The Residents Association has elected to classify its Guaranteed Investment Certificates held in the reserve fund as held for trading. As such, the investments are measured at fair value and any gains or losses are recognized in the statement of operations or allocated to the restricted fund as required.

Capital Replacement Reserve Fund

The Capital Replacement Reserve Fund is a fund required under the By-laws of the Residents Association to be established and maintained for the repair or replacement of any real and personal property owned by the Residents Association and the common property where such repair or replacement does not occur annually. When expenditures of a capital nature or for a major repair are incurred, they are charged against the reserve. The amount to be allocated to the Reserve Fund from operations is determined by the Board of Directors of the Residents Association.

Budget

The budget figures that appear on the statement of operating income are those approved by the Board of Directors and are presented for comparison purposes only. They have not been audited or reviewed but they have been reclassified to conform to the presentation in these financial statements.

COUGAR RIDGE RESIDENTS ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2014

3. FINANCIAL INSTRUMENTS

The Residents Association is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Residents Association's risk exposure and concentration as of December 31, 2014.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Residents Association is exposed to this risk mainly in respect of its receipt of funds from its unit holders and payment from its account payable.

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 Residents Association is mainly exposed to interest rate risk.

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. In seeking to minimize the risks from interest rate fluctuations, the Residents Association manages exposure through its normal operating and financing activities. The Residents Association is exposed to interest rate risk primarily through its floating interest rate in reserve fund investments.

4. COMPARATIVE FIGURES

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