

**KINCORA RESIDENTS ASSOCIATION**  
***("Kincora Residents Association")***  
**Financial Statements**  
**Year Ended December 31, 2017**

**KINCORA RESIDENTS ASSOCIATION**  
***("Kincora Residents Association")***  
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**Year Ended December 31, 2017**

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## INDEPENDENT AUDITOR'S REPORT

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To the Owners of Kincora Residents Association ("Kincora Residents Association")

I have audited the accompanying financial statements of Kincora Residents Association, ("Kincora Residents Association"), which comprise the statement of financial position as at December 31, 2017 and the statements of revenues and expenditures 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Kincora Residents Association, ("Kincora Residents 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 16, 2018

*Murray Hunter*

CHARTERED ACCOUNTANT

**KINCORA RESIDENTS ASSOCIATION**  
**("Kincora Residents Association")**

**Statement of Financial Position**

**December 31, 2017**

	2017	2016
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 329,557	\$ 401,286
Accounts receivable ( note 8 )	95,424	62,044
Accounts receivable other	-	16
Prepaid expenses	5,170	-
	430,151	463,346
Long term investments	514,210	507,822
	<b>\$ 944,361</b>	<b>\$ 971,168</b>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 18,344	\$ 198,061
<b>NET ASSETS</b>	<b>926,017</b>	<b>773,107</b>
<b>LIABILITIES AND NET ASSETS</b>	<b>\$ 944,361</b>	<b>\$ 971,168</b>

**ON BEHALF OF THE BOARD**

\_\_\_\_\_ Director  
 \_\_\_\_\_ Director

**KINCORA RESIDENTS ASSOCIATION**  
**("Kincora Residents Association")**

**Statement of Revenues and Expenditures and Changes in Net Assets**

**Year Ended December 31, 2017**

	Budget 2017	Total 2017	Total 2016
<b>REVENUES</b>			
Residents fees assessed	\$ 264,200	\$ 264,000	\$ 264,000
Other income	8,000	22,973	13,977
Grant from City of Calgary (Note 7)	-	40,577	-
Rogers lease	18,000	16,000	16,000
	<u>290,200</u>	<u>343,550</u>	<u>293,977</u>
<b>EXPENDITURES</b>			
Insurance	5,000	5,094	4,900
Management fees	33,000	29,268	41,810
Office and administration	14,400	14,965	12,826
Professional fees	13,000	8,080	3,019
Property taxes	1,600	1,571	1,458
Repairs and maintenance	199,500	131,151	195,079
Water and sewer	3,000	(781)	1,486
Electricity	1,658	1,292	1,093
	<u>271,158</u>	<u>190,640</u>	<u>261,671</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	19,042	152,910	32,306
<b>NET ASSETS - BEGINNING OF YEAR</b>	-	<u>773,107</u>	<u>740,801</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 19,042</u>	<u>\$ 926,017</u>	<u>\$ 773,107</u>

**KINCORA RESIDENTS ASSOCIATION**  
**("Kincora Residents Association")**  
**Statement of Cash Flows**  
**Year Ended December 31, 2017**

	2017	2016
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenditures	\$ 152,910	\$ 32,306
Changes in non-cash working capital:		
Accounts receivable	(33,380)	9,344
Accounts receivable other	16	10,133
Accounts payable and accrued liabilities	(179,717)	188,908
Prepaid expenses	(5,170)	4,900
	<u>(218,251)</u>	<u>213,285</u>
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>(65,341)</b>	<b>245,591</b>
Cash - beginning of year	\$ 909,108	\$ 663,517
<b>CASH - END OF YEAR</b>	<b>\$ 843,767</b>	<b>\$ 909,108</b>
<b>CASH CONSISTS OF:</b>		
Cash	\$ 215,091	\$ 289,268
Long term investments	628,676	619,840
	<u>\$ 843,767</u>	<u>\$ 909,108</u>

**KINCORA RESIDENTS ASSOCIATION**  
**("Kincora Residents Association")**

**Notes to Financial Statements**

**Year Ended December 31, 2017**

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1. BASIS OF PRESENTATION

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations .

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2. INCORPORATION AND OPERATIONS

"Kincora Residents Association" (the Association) is an entity incorporated under the Companies Act of the Province of Alberta. The Association was formed for the purpose of holding title to the Private Kincora Amenities and for operating and maintaining the aforementioned for its members.

The Association is composed of members who are property owners or family members of the owners and residents in the Kincora subdivision. The members have access to an use of the facilities or services provided by the Association.

Each member of the Association is required to pay an annual rent charge (the "Annual Charge") as set forth in the encumbrance #031095511 which is registered against the title to the lands of each member. The encumbrance provided that the Annual Charge shall be adjusted to reflect the change in the Consumer Price Index for the City of Calgary. The Annual Charge was \$200 plus Goods and Services Tax for single-family units and \$100 plus Goods and Services Tax for multi-family units.

The fees collected by the Association are restricted for the use in the operations and maintenance of common lands and amenities.

The financial statements include only the assets, liabilities, revenues and expenses related to the operations of the Association.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Asset Recognition

These financial statements include only those assets, liabilities, revenues and expenses relating to the operations of the Corporation. These statements do not include the cost of land, buildings, improvements and the outstanding principal balances owing on mortgages which are the responsibility of the individual owners.

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 less than five years.

Revenue recognition

Revenues are recognized monthly as they are billed to the owners. Billings consist of monthly charges based upon annual budgets approved by the Board of Directors, special assessments and other charges to owners for fines and interest related to payments owed that are in arrears. Revenue includes interest earned on cash balances and investments.

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**KINCORA RESIDENTS ASSOCIATION**  
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**Notes to Financial Statements**  
**Year Ended December 31, 2017**

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

Budget

The budgeted figures are presented for comparison purposes, are unaudited and are those as approved by the Board reclassified to conform with these financial statements.

Income Taxes

The Corporation, as required by Income Tax Legislation, prepares and files annually federal and provincial income tax returns. However, as the Corporation meets certain exemptions as allowed for not-for-profit organizations, no provision for income taxes is reflected in the accompanying financial statements.

Contributed Services

Many of the activities necessary to conduct the day to day operations of the Corporation are carried out through volunteer efforts. However, due to the difficulties in determining fair values for these services, no amounts are included in the accompanying financial statements for these services.

Measurement Uncertainty

The preparation of the financial statements in accordance with Canadian generally accepted accounting principles requires the management of the Corporation to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from these estimates.

4. LONG-TERM INVESTMENTS

The long-term investments consist of the following:

	2017	2016
GICs	\$ 514,210	\$ 507,822

5. MAJOR COMMITMENTS

The Corporation has entered into contractual arrangements for the next year for the following services:

Property management	\$ 33,000
Landscaping and snow removal	162,400



**KINCORA RESIDENTS ASSOCIATION**  
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**Notes to Financial Statements**

**Year Ended December 31, 2017**

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**6. FINANCIAL INSTRUMENTS**

The carrying values of cash, restricted cash, accounts receivable, accounts payable and accrued expenses and deposits as reflected in the accompanying financial statements approximate their fair value due to relatively short-term maturities of these instruments.

As at December 31, 2017 the Corporation had invested in GIC's in its reserve fund bearing interest at rates ranging from 1.60% to 1.77%, maturing from March 2018 to September 2019. The Corporation is exposed to changes in interest rates during the period over which the GIC's mature.

The Corporation's revenues are derived from and are dependent upon the individual members of the Corporation. Accordingly, concentrations of credit risk and liquidity risk are considered to be minimal.

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**7. CITY OF CALGARY GRANT**

During the 2017 year, the Corporation received an operating grant of \$40,576 for the maintenance of municipal land.

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**8. ACCOUNTS RECEIVABLE AND SUBSEQUENT EVENT**

In accordance with with an encumbrance #031095511 which is registered against the title of the lands of each member , an annual charge is levied to each member to provide for the costs of maintaining the beautification of the association's community. These charges including interest for arrears amount to \$ 95,424 at December 31, 2017. Subsequent to year-end the Board of Directors have sought legal counsel and plan to initiate enforcement for the collection of these amounts through either settlement with owners or through litigation.

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