

**KINCORA RESIDENTS ASSOCIATION**  
**(*"Kincora Residents Association"*)**  
**Financial Statements**  
**Year Ended December 31, 2016**

**KINCORA RESIDENTS ASSOCIATION**  
*("Kincora Residents Association")*  
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**Year Ended December 31, 2016**

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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, 2016 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.

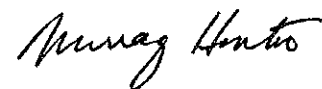
I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### 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, 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.

The financial statements for the year ended December 31, 2015 were audited by another accounting firm and are presented for comparative purposes only.

Calgary, Alberta  
August 16, 2017



CHARTERED ACCOUNTANT

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

**Statement of Financial Position**

**December 31, 2016**

	2016	2015
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 401,286	\$ 63,517
Accounts receivable	62,044	71,388
Accounts receivable other	16	10,149
Prepaid expenses	-	4,900
	463,346	149,954
Long term investments	507,822	600,000
	\$ 971,168	\$ 749,954
 <b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 198,061	\$ 9,153
<b>NET ASSETS</b>	773,107	740,801
<b>LIABILITIES AND NET ASSETS</b>	\$ 971,168	\$ 749,954

**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, 2016**

	Budget 2016	Total 2016	Total 2015
<b>REVENUES</b>			
Residents fees assessed	\$ 264,000	\$ 264,000	\$ 264,000
Rogers lease	16,000	16,000	16,000
Other income	8,200	13,977	22,411
	<u>288,200</u>	<u>293,977</u>	<u>302,411</u>
<b>EXPENDITURES</b>			
Insurance	4,941	4,900	4,706
Management fees	41,789	41,810	41,810
Office and administration	9,875	12,826	10,930
Professional fees	13,000	3,019	2,800
Property taxes	1,600	1,458	1,341
Repairs and maintenance	208,365	195,079	193,558
Water and sewer	3,000	1,486	-
Electricity	1,658	1,093	1,651
	<u>284,228</u>	<u>261,671</u>	<u>256,796</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	3,972	32,306	45,615
<b>NET ASSETS - BEGINNING OF YEAR</b>	-	740,801	695,186
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 3,972</u>	<u>\$ 773,107</u>	<u>\$ 740,801</u>

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

**Statement of Cash Flows**  
**Year Ended December 31, 2016**

	2016	2015
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenditures	\$ 32,306	\$ 45,615
Changes in non-cash working capital:		
Accounts receivable	9,344	-
Accounts receivable other	10,133	(24,058)
Accounts payable and accrued liabilities	188,908	(463)
Prepaid expenses	4,900	(194)
	<u>213,285</u>	<u>(24,715)</u>
<b>INCREASE IN CASH FLOW</b>	<b>245,591</b>	<b>20,900</b>
Cash - beginning of year	<u>663,517</u>	<u>642,617</u>
<b>CASH - END OF YEAR</b>	<b>\$ 909,108</b>	<b>\$ 663,517</b>
<b>CASH CONSISTS OF:</b>		
Cash	\$ 289,268	\$ 63,517
Long term investments	<u>619,840</u>	<u>600,000</u>
	<u>\$ 909,108</u>	<u>\$ 663,517</u>

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

**Notes to Financial Statements**  
**Year Ended December 31, 2016**

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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.

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**Notes to Financial Statements**  
**Year Ended December 31, 2016**

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

Reserve for Major Repairs and Replacements

The Corporation, as required under the Condominium Property Act of Alberta, has established a reserve for financing future major repairs and replacements of the common elements. The assessments to finance major repairs and replacements are determined annually by the Board of Directors. Only major repairs and replacements are charged directly to the reserve. Minor repairs and equipment purchases are charged to general operations.

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.

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4. LONG-TERM INVESTMENTS

The reserve fund assets consisted of the following:

	2016	2015
GICs	\$ 507,822	\$ 600,000

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

**Year Ended December 31, 2016**

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5. CAPITAL DISCLOSURES

The Association's objective when managing capital is to safeguard its ability to continue as a going concern with sufficient capital to pay monthly operating costs as they come due as well as to fund major repairs from time to time.

The Association prepares an annual budget of operating costs and repairs with expected funding sources. This budget is approved by the Board of Directors.

In order to maintain or adjust the capital structure, the Association may increase monthly assessments or may assess the members special levies.

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6. MAJOR COMMITMENTS

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

Property management	\$	<b>33,000</b>
Landscaping and snow removal		<b>190,000</b>

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7. 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, 2016 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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