

CONDOMINIUM CORPORATION NO. 1710503
(*"Vogue"*)
Financial Statements
Year Ended December 31, 2020

CONDOMINIUM CORPORATION NO. 1710503

("Vogue")

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Year Ended December 31, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Owners of Condominium Corporation No. 1710503 "Vogue"

Opinion

I have audited the financial statements of Condominium Corporation No. 1710503 "Vogue" (the corporation), which comprise the statement of financial position as at December 31, 2020, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the corporation as at December 31, 2020, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the corporation in accordance with ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, 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.

In preparing the financial statements, management is responsible for assessing the corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the corporation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

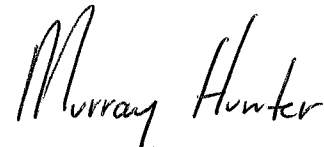
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Independent Auditor's Report to the Owners of Condominium Corporation No. 1710503 (continued)

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the corporation's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Calgary, Alberta
June 23, 2021



MURRAY HUNTER PROFESSIONAL CORPORATION
Chartered Professional Accountant

CONDOMINIUM CORPORATION NO. 1710503

("Vogue")

Statement of Financial Position

December 31, 2020

	Operating Fund	Reserve Fund	2020	2019
ASSETS				
CURRENT				
Cash and cash equivalents	\$ 138,495	\$ 466,975	\$ 605,470	\$ 489,468
Accounts receivable	4,072	-	4,072	17,422
Prepaid expenses	22,388	-	22,388	144,749
Due from reserve fund	1,754	-	1,754	-
	<u>166,709</u>	<u>466,975</u>	<u>633,684</u>	<u>651,639</u>
Resident manager unit and equipment (<i>Net of accum. amortization</i>) (Note 6)	516,301	-	516,301	596,199
	<u>\$ 683,010</u>	<u>\$ 466,975</u>	<u>\$ 1,149,985</u>	<u>\$ 1,247,838</u>
LIABILITIES AND NET ASSETS				
CURRENT				
Accounts payable and accrued liabilities	\$ 123,600	\$ -	\$ 123,600	\$ 289,225
Security deposits	1,000	-	1,000	1,000
Current portion of long term debt (note 9)	8,670	-	8,670	8,147
Current portion of obligations under capital lease (Note 10)	21,297	-	21,297	19,646
Goods and services tax payable	278	-	278	267
Due to operating fund	-	1,754	1,754	-
	<u>154,845</u>	<u>1,754</u>	<u>156,599</u>	<u>318,285</u>
Long term debt (note 9)	382,269	-	382,269	390,939
Obligations under capital lease (Note 10)	1,854	-	1,854	23,151
	<u>538,968</u>	<u>1,754</u>	<u>540,722</u>	<u>732,375</u>
NET ASSETS				
Operating fund	144,042	-	144,042	253,835
Reserve fund	-	465,221	465,221	261,628
	<u>144,042</u>	<u>465,221</u>	<u>609,263</u>	<u>515,463</u>
	<u>\$ 683,010</u>	<u>\$ 466,975</u>	<u>\$ 1,149,985</u>	<u>\$ 1,247,838</u>

ON BEHALF OF THE BOARD

_____ Director

_____ Director

CONDOMINIUM CORPORATION NO. 1710503

("Vogue")

Statement of Revenues and Expenditures Operating Fund

Year Ended December 31, 2020

	Budget 2020	Actual 2020	Actual 2019
REVENUES			
Condominium fees	\$ 1,293,867	\$ 1,293,867	\$ 1,255,993
Interest and other income	2,100	30,317	20,497
Commercial condo fees	22,215	22,215	21,363
Less: contributions to reserve	(203,940)	(203,940)	(198,000)
Less: principle mortgage repayment	(7,200)	-	-
	1,107,042	1,142,459	1,099,853
EXPENDITURES			
Interior building cleaning/salaries	76,600	56,191	58,623
Amortization	-	29,898	27,010
Concierge/building operator	145,080	108,369	141,071
Management fees	57,000	57,000	57,000
Insurance and appraisal	151,000	153,015	104,131
Non-deductible repairs	10,000	79,836	6,624
Insurance deductible	25,000	-	-
Interest on long term debt	22,800	21,785	23,205
Interest on obligations under capital lease	4,740	3,760	5,244
Landscaping and snow removal	2,300	1,480	3,270
Elevator	40,175	53,727	46,431
Office	13,600	15,333	10,418
Waste and recycling	12,800	15,001	12,192
Contingency	10,000	-	420
Resident manager unit expenses	8,397	10,020	8,485
Impairment loss (Note 6)	-	50,000	-
Professional fees	7,000	4,347	3,538
Repairs and maintenance	155,950	208,261	183,749
Security	2,000	29,497	9,714
Natural gas	80,000	84,069	71,446
Water and sewer	79,800	71,317	73,295
Electricity	192,000	189,173	194,491
Telephone	8,700	10,173	10,256
	1,104,942	1,252,252	1,050,613
NET EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,100	(109,793)	49,240
NET ASSETS - BEGINNING OF YEAR	-	253,835	204,595
NET ASSETS - END OF YEAR	\$ 2,100	\$ 144,042	\$ 253,835

CONDOMINIUM CORPORATION NO. 1710503
("Vogue")
Statement of Revenues and Expenditures Reserve Fund
Year Ended December 31, 2020

	Actual 2020	Actual 2019
REVENUES		
Contributions from operating fund	\$ 203,940	\$ 198,000
Interest income	1,407	1,885
	<u>205,347</u>	<u>199,885</u>
EXPENDITURES		
Reserve fund study	-	15,750
Interior repairs	1,754	79,418
	<u>1,754</u>	<u>95,168</u>
EXCESS OF REVENUES OVER EXPENDITURES	203,593	104,717
Replacement reserve balance, beginning of year	<u>261,628</u>	<u>156,911</u>
Replacement reserve balance, end of year	\$ 465,221	\$ 261,628

CONDOMINIUM CORPORATION NO. 1710503

("Vogue")

**Statement of Cash Flows
Year Ended December 31, 2020**

	2020	2019
OPERATING ACTIVITIES		
Excess of revenues over expenditures - operating fund	\$ (109,793)	\$ 49,240
Excess of revenues over expenditures - reserve fund	203,593	104,717
Amortization of resident manager suite and equipment	29,898	27,010
Impairment loss on resident manager suite	50,000	-
	<u>173,698</u>	<u>180,967</u>
Changes in non-cash working capital:		
Accounts receivable	13,350	35,498
Insurance claim receivable	-	939
Accounts payable and accrued liabilities	(165,625)	158,275
Prepaid expenses	122,361	(45,030)
Goods and services tax payable	11	-
Security deposits	-	1,000
	<u>(29,903)</u>	<u>150,682</u>
Cash flow from operating activities	<u>143,795</u>	<u>331,649</u>
INVESTING ACTIVITY		
Purchase of fitness equipment	-	(59,464)
Cash flow from (used by) investing activity	<u>-</u>	<u>(59,464)</u>
FINANCING ACTIVITIES		
Loan repayment	(8,147)	(7,772)
Capital lease	(19,646)	42,797
Cash flow from (used by) financing activities	<u>(27,793)</u>	<u>35,025</u>
INCREASE IN CASH FLOW	116,002	307,210
Cash and cash equivalents - beginning of year	<u>489,468</u>	<u>182,258</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 605,470</u>	<u>\$ 489,468</u>

CONDOMINIUM CORPORATION NO. 1710503

("Vogue")

Notes to Financial Statements

Year Ended December 31, 2020

1. BASIS OF PRESENTATION

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

2. INCORPORATION AND OPERATIONS

The Condominium Corporation No. 1710503, operating as "Vogue" (the Corporation) was incorporated in accordance with the provisions of the Condominium Property Act of Alberta.

The purpose of the Corporation is to manage and maintain the common elements (as defined in the Corporation's By-Laws) and to provide common services for the benefit of the owners of the residential units comprising the complex.

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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CONDOMINIUM CORPORATION NO. 1710503

("Vogue")

Notes to Financial Statements

Year Ended December 31, 2020

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

Fund Accounting

The Corporation maintains two funds within its accounts from revenue it receives from its owners, an operating fund and a reserve fund. As required by the Condominium Act of Alberta, these funds which contain bank accounts and at times, qualified investments, are to be maintained separately. The commingling of these funds is not permitted.

Restricted Reserve Fund - 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. This fund consists of investment income and fee assessments to the owners as required and is reduced by capital expenditures incurred. The reserve fund is restricted by law and is to be used for the purpose of financing future repairs and replacements of the common elements. These restricted funds are not available for other purposes.

Operating Fund

This fund includes the Corporation's annual fees and operating expenses related to the common areas including minor repairs and maintenance. Any operating surplus is available to be used for the future deficits or expenses not anticipated by the budget. If there are any operating deficits, these amounts should be assessed to the owners to repay the deficit.

Resident manager suite and equipment

Resident manager suite and equipment is stated at cost or deemed cost less accumulated amortization and is amortized over its estimated useful life on a declining balance basis at the following rates and methods:

Resident managers suite	4%
Equipment	15%

The corporation regularly reviews its resident manager suite and equipment to eliminate obsolete items.

Resident manager suite and equipment acquired during the year but not placed into use are not amortized until they are placed into use.

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.

(*continues*)

CONDOMINIUM CORPORATION NO. 1710503

("Vogue")

Notes to Financial Statements

Year Ended December 31, 2020

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

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. ADEQUACY OF RESERVE FOR MAJOR REPAIRS AND REPLACEMENTS

The Board of Directors has utilized such information as was available to them in evaluating the adequacy of the reserve. Such evaluation is based on numerous assumptions as to future events and utilizes the information provided through an independent engineering reserve fund study completed in 2019. The Board's evaluation is that the existing reserve, together with anticipated annual assessments, will provide sufficient funds to finance the cost of future major repairs and replacements of the common elements. The engineering study recommended a balance to be maintained in the reserve fund of \$491,962 as at December 31, 2020.

5. RESTRICTIONS ON NET ASSETS

Net assets internally restricted have been restricted through the annual budget process and are to be used for purposes of financing future major repairs and replacements of the common elements. These internally restricted amounts are not available for other purposes without the approval of the Board of Directors.

6. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Resident manager suite	\$ 575,250	\$ 105,703	\$ 469,547	\$ 541,195
Fitness equipment	59,464	12,710	46,754	55,004
	<u>\$ 634,714</u>	<u>\$ 118,413</u>	<u>\$ 516,301</u>	<u>\$ 596,199</u>

As at December 31, 2020 indications of impairment associated with the Resident Managers unit were present. As a result an impairment loss on the property was totaling \$50,000 was incurred by the condominium corporation.

CONDOMINIUM CORPORATION NO. 1710503

("Vogue")

Notes to Financial Statements

Year Ended December 31, 2020

7. MAJOR COMMITMENTS

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

Property management	\$	58,140
Mechanical		39,388
Janitorial		46,320
Concierge		92,537
Building operator		56,700
Elevator		36,396

8. 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.

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.

CONDOMINIUM CORPORATION NO. 1710503

("Vogue")

Notes to Financial Statements

Year Ended December 31, 2020

9. PROMISSORY NOTE

	<u>2020</u>	<u>2019</u>
TD commercial banking Loan bearing interest at 5.50% per annum, repayable in monthly blended payments of \$2,496.	\$ 390,939	\$ 399,086
Amounts payable within one year	<u>(8,670)</u>	<u>(8,147)</u>
	<u>\$ 382,269</u>	<u>\$ 390,939</u>

Principal repayment terms are approximately:

2021	\$ 8,670
2022	9,158
Thereafter	<u>373,111</u>
	<u>\$ 390,939</u>

The loan repayments will be paid over the next five years as part of the annual condominium fees paid by owners.

10. OBLIGATIONS UNDER CAPITAL LEASE

	<u>2020</u>	<u>2019</u>
Capital lease bearing interest at 8.01 % per annum, repayable in monthly blended payments of \$1,866.13. The lease matures on January 1, 2022	\$ 23,151	\$ 42,797
Amounts payable within one year	<u>(21,297)</u>	<u>(19,646)</u>
	<u>\$ 1,854</u>	<u>\$ 23,151</u>

Future minimum capital lease payments are approximately:

Total minimum lease payments	<u>\$ 1,854</u>
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11. RESIDENT MANAGER UNIT

During the 2018 fiscal year the Resident Manager's unit was purchased for \$572,250 (including GST) plus closing costs. The property tax assessed value of the resident manager unit at December 31, 2020 is \$459,000.

12. COMPARATIVE FIGURES

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