
HALIFAX COUNTY CONDOMINIUM CORPORATION #144

FINANCIAL STATEMENTS
AUGUST 31, 2019

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HALIFAX COUNTY CONDOMINIUM CORPORATION #144:

Opinion

We have audited the financial statements of Halifax County Condominium Corporation #144 (the "Corporation"), which comprise the statement of financial position as at August 31, 2019, and the statements of general fund revenue, expenditures and fund balance, reserve fund revenue, expenditures and fund balance and contingency fund revenue, expenditures and fund balance and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Halifax County Condominium Corporation #144 as at August 31, 2019, 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.

Basis for Opinion

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

Responsibilities of Management and Those Charged with Governance 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.

In preparing these financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to a 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

Our 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 our 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.

**Levy
Casey
Carter
MacLean**
Chartered Professional
Accountants

Stuart S. MacLean Inc.
J.E. Melvin Inc.
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INDEPENDENT AUDITOR'S REPORT (CONTINUED)

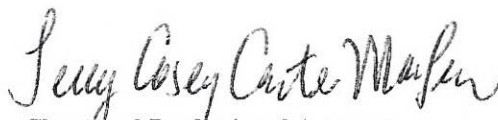
Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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

- 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 our 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 we conclude that a material uncertainty exists, we are required to draw attention in our independent auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent 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.

We 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 we identify during our audit.

Halifax, Nova Scotia
January 9, 2020


Chartered Professional Accountants

HALIFAX COUNTY CONDOMINIUM CORPORATION #144**STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2019**

ASSETS

	<u>General Fund</u>	<u>Reserve Fund</u>	<u>Contingency Fund</u>	<u>Total 2019</u>	<u>Total 2018</u>
Current					
Cash	\$ 1,762	\$ 10,648	\$ -	\$ 12,410	\$ 54,787
Short term investments (note 3)	-	86,032	3,843	89,875	55,168
Receivables	5	-	-	5	5
Interfund balance	(3,163)	3,163	-	-	-
Prepaid expenses	<u>8,425</u>	<u>-</u>	<u>-</u>	<u>8,425</u>	<u>8,116</u>
	<u>\$ 7,029</u>	<u>\$ 99,843</u>	<u>\$ 3,843</u>	<u>\$ 110,715</u>	<u>\$ 118,076</u>

LIABILITIES

Current					
Payables and accruals, trade	\$ <u>3,834</u>	\$ <u>11,315</u>	\$ <u>-</u>	\$ <u>15,149</u>	\$ <u>6,114</u>

FUND BALANCES

Unrestricted	3,195	-	-	3,195	3,516
Internally restricted (note 3)	<u>-</u>	<u>88,528</u>	<u>3,843</u>	<u>92,371</u>	<u>108,446</u>
	<u>3,195</u>	<u>88,528</u>	<u>3,843</u>	<u>95,566</u>	<u>111,962</u>
	<u>\$ 7,029</u>	<u>\$ 99,843</u>	<u>\$ 3,843</u>	<u>\$ 110,715</u>	<u>\$ 118,076</u>

On Behalf of the Board_____
Director_____
Director

HALIFAX COUNTY CONDOMINIUM CORPORATION #144**STATEMENT OF GENERAL FUND REVENUE, EXPENDITURES AND FUND BALANCE
YEAR ENDED AUGUST 31, 2019**

	<u>Budget</u>	<u>2019</u>	<u>2018</u>
Revenue			
Condominium fees	\$ 61,200	\$ 61,200	\$ 61,200
Other income	<u>-</u>	<u>298</u>	<u>375</u>
	<u>61,200</u>	<u>61,498</u>	<u>61,575</u>
Expenditures			
Electricity	4,050	4,177	3,915
General maintenance	13,188	13,699	12,544
Insurance	9,400	9,322	8,972
Interest and bank charges	200	151	258
Landscaping and grounds	1,524	1,371	1,468
Office expenses	120	207	357
Professional fees	2,012	2,013	2,013
Water	<u>5,624</u>	<u>5,117</u>	<u>5,259</u>
	<u>36,118</u>	<u>36,057</u>	<u>34,786</u>
Excess of revenue over expenditures	25,082	25,441	26,789
General fund balance, beginning of year	3,516	3,516	3,570
Transfers to reserve fund	<u>(25,762)</u>	<u>(25,762)</u>	<u>(26,843)</u>
General fund balance, end of year	<u>\$ 2,836</u>	<u>\$ 3,195</u>	<u>\$ 3,516</u>

HALIFAX COUNTY CONDOMINIUM CORPORATION #144**STATEMENT OF RESERVE FUND REVENUE, EXPENDITURES AND FUND BALANCE
YEAR ENDED AUGUST 31, 2019**

	<u>2019</u>	<u>2018</u>
Interest revenue	\$ <u>1,242</u>	\$ <u>300</u>
Expenditures		
Bank charges	47	25
Contract repairs	41,354	33,572
Reserve fund study	<u>1,725</u>	<u>-</u>
	<u>43,126</u>	<u>33,597</u>
Deficiency of revenue over expenditures	(41,884)	(33,297)
Reserve fund, beginning of year	104,650	111,104
Transfers from general fund	<u>25,762</u>	<u>26,843</u>
Reserve fund, end of year	\$ <u><u>88,528</u></u>	\$ <u><u>104,650</u></u>

HALIFAX COUNTY CONDOMINIUM CORPORATION #144

**STATEMENT OF CONTINGENCY FUND REVENUE, EXPENDITURES AND FUND BALANCE
YEAR ENDED AUGUST 31, 2019**

	<u>2019</u>	<u>2018</u>
Interest revenue	\$ 47	\$ 15
Contingency fund, beginning of year	<u>3,796</u>	<u>3,781</u>
Contingency fund, end of year	\$ <u>3,843</u>	\$ <u>3,796</u>

HALIFAX COUNTY CONDOMINIUM CORPORATION #144**STATEMENT OF CASH FLOWS
YEAR ENDED AUGUST 31, 2019**

	<u>2019</u>	<u>2018</u>
Operating Activities		
Cash received for condominium fees	\$ 61,200	\$ 61,200
Cash received for other income	298	375
Cash paid for operating expenses	(36,648)	(41,980)
Cash paid for contract repairs - reserve	<u>(33,818)</u>	<u>(31,590)</u>
Net cash outflow from operating activities	<u>(8,968)</u>	<u>(11,995)</u>
Investing Activities		
Proceeds on disposal of investment	51,591	25,541
Purchase of investments	<u>(85,000)</u>	<u>-</u>
Net cash inflow (outflow) from investing activities	<u>(33,409)</u>	<u>25,541</u>
Increase (decrease) in cash during the year	(42,377)	13,546
Cash, beginning of year	<u>54,787</u>	<u>41,241</u>
Cash, end of year	<u><u>\$ 12,410</u></u>	<u><u>\$ 54,787</u></u>
Represented by:		
General fund cash	\$ 1,762	\$ 4,584
Reserve fund cash	<u>10,648</u>	<u>50,203</u>
	<u><u>\$ 12,410</u></u>	<u><u>\$ 54,787</u></u>

HALIFAX COUNTY CONDOMINIUM CORPORATION #144

NOTES TO FINANCIAL STATEMENTS AUGUST 31, 2019

1. Purpose of the organization

The Corporation was registered without share capital on May 25, 1990 under the Nova Scotia Condominiums Act to administer the common areas of the development registered as Halifax County Condominium Corporation #144. Under the Income Tax Act of Canada, the Corporation qualifies as a not-for-profit organization and is exempt from income tax.

2. Significant accounting policies

(a) Basis of presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

(b) Cash and cash equivalents

Cash and cash equivalents consists of cash on hand and balances with banks.

(c) Common areas

The common areas managed by the Corporation are owned proportionately by the unit owners and consequently are not reflected as assets in these financial statements.

(d) Fund accounting

The Corporation follows the restricted fund method of accounting for contributions. The general fund reports the contributions from members and the expenses of the operations. The restricted funds are set up and used to report as per note 3. Any interfund balance is non-interest bearing with no set terms of repayment.

(e) Revenue recognition

Owners assessments are recognized as revenue in the statement of general fund revenue, expenditures and fund balance monthly based on the budget distributed to owners each year. Special assessments are recognized as revenue when they become payable by the owners to the Corporation. Interest and other revenue are recognized as revenue of the related fund when earned.

(f) Capital assets

Minor capital assets are expensed in the year they are purchased.

(g) Contributed services

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

HALIFAX COUNTY CONDOMINIUM CORPORATION #144

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2019

2. Significant accounting policies (continued)

(h) Use of estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates, as additional information becomes available in the future.

(i) Financial instruments

The Corporation initially measures its financial assets and financial liabilities at fair value, adjusted by the amount of transaction costs directly attributable to the instrument. The Corporation subsequently measures all of its financial assets and financial liabilities at amortized cost. Transaction costs are amortized on the straight line basis over the term of the instrument.

3. Internally restricted funds

Contingency fund

Under the provisions of the by-laws of the Corporation, the Corporation was required to create an initial contingency fund. All unit owners were to contribute two times the monthly assessment at the time the unit was purchased. The fund shall be used towards meeting the deficits and other common costs deemed necessary.

The funds of the Contingency Fund are held in an interest bearing GIC with TD Canada Trust.

Reserve fund

The Corporation, as required by the Condominium Act, 1989, has established a reserve fund for financing future major repairs and replacements of the common elements and assets. The Reserve is evaluated on the basis of expected repair and replacement costs and life expectancy of the common elements and assets of the Corporation. Such evaluation is based on numerous assumptions as to future events. The Condominium Act requires that the reserve fund be reviewed by a qualified engineer after five years and a comprehensive study is to be completed after the study has been in place for ten years.

The directors have used a comprehensive reserve fund study by Bluenose Engineering dated May 2019 and such other information as was available to them in evaluating the adequacy of annual contributions to the reserve fund for major repairs and maintenance. The study recommended a reserve fund balance of \$95,399 on August 31, 2019. The balance at August 31, 2019 in the reserve fund is \$88,528 which is 93% of the recommended reserve fund balance.

Recommended annual contributions over the next five years per the study are as follows:

2020	\$	25,000
2021	\$	25,000
2022	\$	25,000
2023	\$	25,000
2024	\$	25,000

HALIFAX COUNTY CONDOMINIUM CORPORATION #144

NOTES TO FINANCIAL STATEMENTS AUGUST 31, 2019

3. Internally restricted funds (continued)

Reserve fund (continued)

The funds in the Reserve Fund are held with TD Canada Trust as follows:

<u>Investment</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
Interest bearing bank account			\$ 10,648
GIC	Feb 1, 2020	2.10%	86,032
Add: amount owing from the general fund			3,163
Less: payables and accruals			<u>(11,315)</u>
Total			<u>\$ 88,528</u>

4. Budget information

The budget figures presented are for comparison purposes and are unaudited.

5. Financial instruments

The following are the significant risks that the Corporation is exposed to through its financial instruments:

(a) Credit risk

Credit risk is the risk that another party will fail to honour a financial obligation and will, as a result, cause a financial loss for the Corporation. The Corporation is exposed to credit risk relating to its accounts receivable balance. This risk is mitigated by the collection process afforded to the Corporation under the Nova Scotia Condominium Act.

(b) Liquidity risk

Liquidity risk is the risk that the Corporation will be unable to fulfill its obligations on a timely basis. The Corporation mitigates this risk by preparing budgets and cash forecasts in order to ensure that it has sufficient cash to fulfill its obligations.

6. Subsequent event

Subsequent to the year end, the Corporation discovered leaks in two units. The total damages amounted to \$13,994 and were funded with monies held in the reserve fund.
