

Yellowknife Condominium Corporation No. 6
Operating as Gold City Court

Financial Statements
(unaudited)

August 31, 2015

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(Unaudited)

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Review Engagement Report

To the Directors of Yellowknife Condominium Corporation No. 6 Operating as Gold City Court

We have reviewed the statement of changes in financial position of Yellowknife Condominium Corporation No. 6 Operating as Gold City Court as at August 31, 2015, and statement of operations and fund balance - general fund, statement of operations and fund balance - capital replacement reserve fund, and statement of cash flows for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the Corporation.

A review does not constitute an audit and consequently we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian accounting standards for not-for-profit organizations.

The statement of changes in financial position as at August 31, 2014 and statement of operations and cash flows for the year ended August 31, 2014 were reviewed by another accountant.

**Yellowknife, Northwest Territories
October 15, 2016**

Chartered Accountants

Yellowknife Condominium Corporation No. 6
Operating as Gold City Court

Statement of Operations and Fund Balance - General Fund
(Unaudited)

For the year ended August 31,
2014

2015

| | Budget | Actual | Actual |
|--------------------------------------|-------------------|-------------------|---------------|
| Revenue | | | |
| Condominium fees | \$ 183,120 | \$ 180,640 | \$ 224,720 |
| Interest income | - | 5,221 | 4,473 |
| Other | - | - | 5,858 |
| | 183,120 | 185,861 | 235,051 |
| Expenses | | | |
| Bank charges | 780 | 709 | 1,082 |
| Directors' stipends | 14,400 | 14,500 | 12,500 |
| Insurance | 42,000 | 65,808 | 44,953 |
| Interest on bank loan | - | - | 351 |
| Management fees | 16,750 | 16,661 | 16,092 |
| Professional fees | 6,000 | 9,090 | 1,682 |
| Property taxes | 8,000 | 4,469 | 5,484 |
| Repairs and maintenance | 70,000 | 29,405 | 58,619 |
| Utilities | 23,900 | 42,952 | 36,713 |
| | 181,830 | 183,594 | 177,476 |
| Excess revenue | 1,290 | 2,267 | 57,575 |
| General Fund, opening balance | 122,740 | 122,740 | 65,165 |
| General Fund, closing balance | \$ 124,030 | \$ 125,007 | \$ 122,740 |

Yellowknife Condominium Corporation No. 6
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Statement of Operations and Fund Balance - Capital Replacement Reserve Fund
(Unaudited)

| For the year ended August 31, | 2015 | | 2014 |
|--|-------------------|-------------------|---------------|
| | Budget | Actual | Actual |
| Revenue | | | |
| Owners' contribution to replacement reserve fund | \$ 85,680 | \$ 87,360 | \$ 43,680 |
| Interest income | 4,185 | - | - |
| | 89,865 | 87,360 | 43,680 |
| Expenses | | | |
| Major repairs and maintenance | 130,581 | 41,091 | 45,353 |
| Excess expenses | (40,716) | 46,269 | (1,673) |
| Capital Replacement Reserve Fund, opening balance | 175,132 | 175,132 | 176,805 |
| Capital Replacement Reserve Fund, closing balance | \$ 134,416 | \$ 221,401 | \$ 175,132 |

Yellowknife Condominium Corporation No. 6
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Statement of Changes in Financial Position
(Unaudited)

| As at August 31, | | | 2015 | 2014 |
|--|---------------------|---|-------------------|-------------------|
| | General Fund | Capital Replacement Reserve Fund | | |
| Assets | | | | |
| Current | | | | |
| Cash | \$ 278,315 | \$ - | \$ 278,315 | \$ 235,484 |
| Accounts receivable (note 3) | 54,989 | - | 54,989 | 37,312 |
| Prepaid expenses | 29,351 | - | 29,351 | 29,441 |
| Due from General Fund | - | 221,401 | 221,401 | 175,132 |
| | \$ 362,655 | \$ 221,401 | \$ 584,056 | \$ 477,369 |
| Liabilities | | | | |
| Current | | | | |
| Accounts payable and accrued liabilities | \$ 16,247 | \$ - | \$ 16,247 | \$ 4,365 |
| Due to Capital Replacement Reserve Fund | 221,401 | - | 221,401 | 175,132 |
| | 237,648 | - | 237,648 | 179,497 |
| Net Assets | | | | |
| General Fund | 125,007 | - | 125,007 | 122,740 |
| Capital Replacement Reserve Fund (note 7) | - | 221,401 | 221,401 | 175,132 |
| | 125,007 | 221,401 | 346,408 | 297,872 |
| | \$ 362,655 | \$ 221,401 | \$ 584,056 | \$ 477,369 |

Approved on behalf of the Board

_____ Director

_____ Director

Yellowknife Condominium Corporation No. 6
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Statement of Cash Flows
(Unaudited)

For the year ended August 31, **2015** **2014**

| | General Fund | Capital Replacement Reserve Fund | | |
|--|-------------------------|---|-------------------|------------|
| Cash provided by (used in): | | | | |
| Operating activities | | | | |
| Excess of revenue (expenditures) | \$ 2,267 | \$ 46,269 | \$ 48,536 | \$ 55,902 |
| Change in non-cash operating working capital | | | | |
| Accounts receivable | (17,677) | - | (17,677) | (10,224) |
| Accounts payable and accrued liabilities | 11,882 | - | 11,882 | (27,337) |
| Prepaid expenses | 90 | - | 90 | (4,912) |
| Net transfer to and from funds | 46,269 | (46,269) | - | - |
| | 42,831 | - | 42,831 | 13,429 |
| Change in cash position | 42,831 | - | 42,831 | 13,429 |
| Cash, beginning of year | 235,484 | - | 253,484 | 240,055 |
| Cash, end of year | \$ 278,315 | \$ - | \$ 296,315 | \$ 253,484 |

Yellowknife Condominium Corporation No. 6
Operating as Gold City Court

Notes to Financial Statements
(Unaudited)

August 31, 2015

1. Nature of Operations

Yellowknife Condominium Corporation No. 6 (the "Corporation") is a non-profit organization incorporated under the laws of the Northwest Territories. The Corporation was formed for the operation and management of the 56 unit condominiums registered as Yellowknife Condominium Corporation No. 6 commonly known as Gold City Court.

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

The Corporation qualifies as a not-for-profit organization and is exempt from income tax under Section 149(1)(l) of the *Income Tax Act*.

2. Accounting Policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

(a) Financial Instruments

The Condominium Corporation initially measures its financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Condominium Corporation subsequently measures its financial assets and liabilities at amortized cost.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

At the end of each reporting period, management assesses whether there are any indications that financial assets measured at cost or amortized cost may be impaired. If there is an indication of impairment, management determines whether a significant adverse change has occurred in the expected timing or the amount of future cash flows from the asset, in which case the asset's carrying amount is reduced to the highest expected value that is recoverable by either holding the asset, selling the asset or by exercising the right to any collateral. The carrying amount of the asset is reduced directly or through the use of an allowance account and the amount of the reduction is recognized as an impairment loss in operations. Previously recognized impairment losses may be reversed to the extent of any improvement. The amount of the reversal, to a maximum of the related accumulated impairment charges recorded in respect of the particular asset, is recognized in operations.

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Notes to Financial Statements
(Unaudited)

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2. Accounting Policies (Continued)

(b) Revenue Recognition

Condominium fees are based on the budgeted expenditure requirements of the Corporation for the year. The total expenditure requirement is allocated to individual condominiums by a weighted average of the square footage of the non common areas. These fees are recognized monthly.

Other revenue is recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Interest income is recognized as interest is earned.

(c) Fund Accounting

The Corporation follows the restricted fund method of accounting.

The General Fund accounts for the Corporation's operating and administrative activities.

The Capital Replacement Reserve Fund is externally restricted for the purpose of capital purchases and major capital repairs and maintenance expenses as required by the *Condominium Act*. At the direction of the Board, major repair and maintenance expenditures are charged to the fund in the period of acquisition or outlay. The Capital Replacement Reserve Fund is increased annually by funds collected through owners' contribution to the capital reserve fund.

(d) Use of Estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Yellowknife Condominium Corporation No. 6
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Notes to Financial Statements
(Unaudited)

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2. Accounting Policies (Continued)

(e) Related party balances

The Corporation initially measures related party balances in accordance with the substance of the transactions that gave rise to them. The Corporation subsequently measures related party balances in accordance with the Corporation's policies for financial instruments, as set out in note 2(a).

(f) Related party transactions

Related party transactions are recorded at the carrying amount, except for the following which are recorded at the exchange amount which is the amount of consideration agreed between the related parties.

Monetary related party transactions, and non-monetary related party transactions that have commercial substance, that occur in the normal course of operations.

Monetary related party transactions, and non-monetary related party transactions that have commercial substance, that are not in the normal course of operations but the change in ownership of the item transferred or the benefit of a service provided is substantive and the exchange amount is supported by independent evidence. The Corporation initially measures related party balances in accordance with the substance of the transactions that gave rise to them. The Corporation subsequently measures related party balances in accordance with the Corporation's policies for financial instruments, as set out in note 2(a).

3. Accounts receivable

The allowance for doubtful accounts in 2015 is nil (2014 - nil).

4. Related Party Transactions

The Corporation is related to the unit owners who pay condominium fees. The majority of the accounts receivable are due from unit owners. Board members are all selected from unit owners and already represent related parties.

As at year end, the following outstanding balances with board members are valued at the exchange value, agreed upon by the related parties which approximates the fair value:

| | 2015 | | 2014 |
|----------------------------|-----------------|-----------|----------|
| Accounts Receivable | | | |
| Gregory Brown | \$ 900 | \$ | - |
| Ryan and Erin Sawatzky | 900 | | - |
| | \$ 1,800 | \$ | - |
| Expenses | | | |
| Directors' Stipends | \$ 14,500 | \$ | 12,500 |

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5. Comparative Figures

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year.

6. Financial Instruments

The Condominium Corporation does not have formal financial risk management objectives and policies and it is exposed to the following risk in respect of certain of the financial instruments held:

(a) Credit risk

The Condominium Corporation is exposed to credit risk in accounts receivable from condominium owners of \$54,989 (2014 - \$37,312). Credit risk arises from the potential that a counter party will fail to perform its obligations. The Corporation's exposure to this risk is minimized by the capacity to collect outstanding balances from sale of unit.

The Condominium Corporation has cash balance in excess of deposit insurance with one financial institution. There has been no change to this risk compared to the prior year.

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7. Capital Replacement Reserve Fund

As required by the *Condominium Act*, the Corporation completed a reserve fund study in August 2014. The purpose of the reserve fund study was to outline major expected capital repair requirements and their estimated cost. Under the *Condominium Act*, the Corporation is required to have another reserve fund study completed by August 2019. As at the date of release of the financial statements, the Corporation was in the final stages of completing a new reserve study fund.

Based on an independent reserve fund study conducted in 2014, the Capital Replacement Reserve Fund should be \$184,667. The balance of Capital Reserve Study Fund as of August 31, 2015 is \$221,401 which indicates a surplus of \$36,734.

The reserve fund study identified the following anticipated capital expenditures.

| | |
|------|-----------|
| 2016 | \$ 45,000 |
| 2017 | 45,000 |
| 2018 | 198,024 |
| 2019 | 165,610 |
| 2020 | 135,759 |
| 2021 | 135,759 |
| 2022 | 135,759 |
| 2023 | 46,350 |
| 2024 | 47,741 |
| 2025 | 47,741 |
| 2026 | 47,741 |
| 2027 | 57,573 |
| 2028 | 309,480 |
| 2029 | 49,173 |
| 2030 | 69,834 |
| 2031 | 86,673 |
| 2032 | 49,173 |
| 2033 | 50,648 |
| 2034 | 365,129 |
| 2035 | 50,648 |
| 2036 | 50,648 |
| 2037 | 52,168 |
| 2038 | 52,167 |

\$ 2,241,631

Actual capital expenditures are incurred at the direction of the Board. A history of actual capital expenditures is as follows:

| | |
|------|------------|
| 2013 | \$ 130,998 |
| 2014 | 45,353 |
| 2015 | 41,091 |

\$ 176,351
