Yellowknife Condominium Corporation No. 6
Operating as Gold City Court

Financial Statements
(unaudited)

August 31, 2018

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(Unaudited)

August 31, 2018 **Page**

Crowe

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Independent Practitioner's Review Engagement Report

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

We have reviewed the accompanying financial statements of Yellowknife Condominium Corporation No. 6 that comprise the statement of financial position as at August 31, 2018, and the statements of operations and fund balance - general fund, operations and fund balance - capital replacement reserve fund, 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.

Practitioner's Responsibility
Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Yellowknife Condominium Corporation No. 6 as at August 31, 2018, 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.

Crowe MacKay LLP

Yellowknife, Northwest Territories
May 23, 2019

Chartered Professional 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,		2018	2017
	Budget	**Actual**	Actual
Revenue			
Condominium fees	$ 209,720	$ 206,939	$ 209,720
Interest income	-	2,902	-
	209,720	**209,841**	209,720
Expenses			
Bank charges	780	577	1,514
Directors' stipends	14,500	21,600	16,400
Insurance	65,000	48,937	56,331
Management fees	13,600	13,170	12,853
Professional fees	6,000	19,047	17,003
Property taxes	8,000	5,525	5,610
Repairs and maintenance	60,000	31,010	72,312
Utilities	38,100	41,125	49,893
	205,980	**180,991**	231,916
Excess revenue (expenses) before the following:	**3,740**	**28,850**	(22,196)
Insurance recovery	**-**	**22,932**	18,309
Water damage expenses	**-**	**(22,932)**	(18,309)
Excess revenue (expenses)	**3,740**	**28,850**	(22,196)
General Fund, opening balance	**108,691**	**108,691**	130,887
General Fund, closing balance	**$ 112,431**	**$ 137,541**	$ 108,691

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,		2018	2017
	Budget	**Actual**	Actual
Revenue			
Owners' contribution to replacement reserve fund	$ 92,680	**$ 95,461**	$ 92,680
Interest income	3,693	**965**	-
	96,373	**96,426**	92,680
Expenses			
Major repairs and maintenance	**45,000**	**26,916**	47,109
Excess Revenue	**51,373**	**69,510**	45,571
Capital Replacement Reserve Fund, opening balance	**265,176**	**265,176**	219,605
Capital Replacement Reserve Fund, closing balance	**$ 316,549**	**$ 334,686**	$ 265,176

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

As at August 31,	General Fund	Capital Replacement Reserve Fund	2018	2017
Assets				
Current				
Cash and cash equivalents	$ 148,150	$ 266,141	$ 414,291	$ 324,427
Condo fees receivable (note 3)	36,658	9,982	46,640	69,418
Prepaid expenses	28,282	-	28,282	21,000
Due from General Fund	-	58,563	58,563	265,176
	$ 213,090	$ 334,686	**$ 547,776**	$ 680,021
Liabilities				
Current				
Accounts payable and accrued liabilities	$ 16,986	$ -	$ 16,986	$ 40,978
Due to Capital Replacement Reserve Fund	58,563	-	58,563	265,176
	75,549	-	**75,549**	306,154
Net Assets				
General Fund	137,541	-	**137,541**	108,691
Capital Replacement Reserve Fund (note 6)	-	334,686	**334,686**	265,176
	137,541	334,686	**472,227**	373,867
	$ 213,090	$ 334,686	**$ 547,776**	$ 680,021

Approved on behalf of the Board _____ Director _____ Director

Yellowknife Condominium Corporation No. 6
Operating as Gold City Court

Statement of Cash Flows
(Unaudited)

For the year ended August 31,	General Fund	Capital Replacement Reserve Fund	2018	2017
Cash provided by (used in):				
Operating activities				
Excess of revenue	$ 28,850	$ 69,510	$ **98,360**	$ 23,375
Change in non-cash operating working capital				
Condo fees receivable	32,760	(9,982)	**22,778**	(8,035)
Accounts payable and accrued liabilities	(23,992)	-	**(23,992)**	9,019
Prepaid expenses	(7,282)	-	**(7,282)**	10,395
Net transfer to and from funds	(206,613)	206,613	**-**	-
	(176,277)	266,141	**89,864**	34,754
Change in cash position	**(106,859)**	**312,781**	**89,864**	34,754
Cash and cash equivilents, beginning of year	**324,427**	**-**	**324,427**	289,673
Cash and cash equivilents, end of year	**$ 217,568**	**$ 312,781**	**$ 414,291**	$ 324,427

1. Nature of Operations

Yellowknife Condominium Corporation No. 6 (the "Corporation") is a not-for-profit organization incorporated under the laws of the Northwest Territories. The Corporation was formed for the operation and management of the common property and any assets of the owners. Under Section 149(1)(l) of the *Income Tax Act* for Canada, the Corporation qualifies as a not-for-profit entity and is exempt from income tax.

2. Significant 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

Financial assets originated or acquired or financial liabilities issued or assumed in an arm's length transaction are initially measured at their fair value. In the case of a financial asset or financial liability not subsequently measured at its fair value, the initial fair value is adjusted for financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption. Such fees and costs in respect of financial assets and liabilities subsequently measured at fair value are expensed.

The Corporation subsequently measures the following financial assets and financial liabilities at amortized cost:

Financial assets measured at amortized cost include cash and condo fees 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.

2. Accounting Policies (Continued)

(b) Common area tangible capital assets

Units and any real property directly associated with the units, including common areas, are not recognized as tangible capital assets of the Corporation since they are owned by the unit holders.

(c) Revenue Recognition

Condominium fees are based on the budgeted expenditure requirements of the Corporation for the year. The total expenditures are allocated to individual condominiums by a weighted average of the square footage. Condominium fees relating to operations and internally restricted for capital replacement are recognized as revenue when the amounts are due from the owners. 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.

(d) 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 fair value.

(e) Fund Accounting

The Corporation follows the restricted fund method of accounting. The General Fund (unrestricted) accounts for the Corporation's operating and administrative activities. The Capital Replacement Reserve Fund (restricted) reports the funds set aside to be used for future costs of major repairs and replacements. At the direction of the Board, expenditures are charged to the fund in the period of acquisition or outlay. The Corporation is required by the Condominium Act to establish a reserve fund used solely for the major repair and replacement of common elements and assets of the condominium. The Capital Replacement Reserve Fund is increased annually by revenue which is an estimate of capital replacement requirements and reduced by capital expenditures.

(f) 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 updated amounts of revenues and expenses during the period. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

(g) Restricted Cash

Restricted cash consists of funds which use is specifically for the capital replacement reserve. Restricted cash is not available for general business use.

2. Accounting Policies (Continued)

(h) 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.

(i) 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).

(j) Cash and cash equivalents

Cash and cash equivalents consist of the operating bank account and the reserve fund bank account.

3. Condo fees receivable

There is no allowance for doubtful accounts in the current or prior year.

4. Related Party Transactions

The Corporation is related to the unit owners who pay condominium fees. Board members are elected unit owners.

	2018	2017
Revenues - Condominium owners:		
Condominium Fees	**$ 302,400**	$ 302,400
Expenses		
Directors' Stipends	**$ 21,600**	$ 16,400
Accounts Receivable	**46,640**	69,418

5. Financial Instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of the financial statements in assessing the extent of risk related to financial instruments.

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Corporation is exposed to credit risk through its cash and short-term investments. There is a concentration of credit risk as the Corporation maintains its cash and short-term investments with a large federally regulated financial institution in Canada and the amounts exceed the federally insured limits. There has been no change to this risk compared to the prior year.

The Corporation is additionally exposed to credit risk in condo fees receivable of $46,640 (2017 - $69,418). Exposure to this risk is mitigated by the Corporation's capacity to collect outstanding balances upon sale of the unit or through liens. There has been no change to this risk compared to the prior year.

(b) Interest rate risk

Interest rate risk is the risk that the Corporation has interest rate exposure on its value of financial instruments will not meet future requirements due to the rate of return being insufficient. The Reserve Fund incorporated a long-term interest rate of 2% on investments to meet the anticipated future expenditure required. The Corporation is exposed to interest rate risk because its restricted funds are not held in investments earning this level of interest. There has been no change to this risk compared to the prior year.

(c) Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they become due. The Corporation does have a liquidity risk in the accounts payable and accrued liabilities of $16,986 (2017 - $40,978). The Corporation manages liquidity risk by reviewing forecasted cash flows from operating activities, forecasted financing activities and forecasted investing activities including budgeted capital expenditures and related financing. There has been no change to this risk compared to the prior year.

6. Capital Replacement Reserve Fund

The Capital Replacement Reserve Fund is externally restricted for capital purchases, major capital repairs and maintenance expenses that were identified in the *Reserve Fund Report*. Unforeseen maintenance expenses and cost overruns are charged to the General Fund.

Under resolution of the Board, the Capital Replacement Reserve Fund is increased annually by the amount approved in the budget, which was based on the Reserve Fund Report and such other information as was available to the Board.

6. Capital Replacement Reserve Fund (Continued)

The reserve is determined on the basis of expected repair and replacement costs and the life expectancy of the common elements and assets of the Corporation. The evaluation of the adequacy of the reserve fund is based upon assumptions as to future interest and inflation rates and estimates of the life expectancy of the building components and their replacement costs. These factors are subject to change over time and changes may be material; accordingly the Condominium Act requires reserve fund studies to be updated every five years

	2018	2017
Budgeted reserve requirement		
Balance, beginning of year	**$ 285,689**	**$ 233,341**
Contribution to reserve from condo owner fees	95,461	92,680
Contributions to reserve from designated interest income	5,713	4,668
Expenditure from reserve funds	**45,000**	45,000
Balance, end of year	**$ 341,863**	**$ 285,689**
Actual Reserve		
Balance, beginning of year	**$ 265,176**	**$ 219,605**
Contribution to reserve from condo owner fees	95,461	92,680
Contributions to reserve from designated interest income	965	-
	361,602	312,285
Expenditure from reserve funds	(26,916)	(47,109)
Balance, end of year	**334,686**	**265,176**
Reserve deficit	**$ (7,177)**	**$ (20,513)**

The Reserve Fund report was completed in August 2014 and has been effective since September 2014.

7. Comparative figures

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