Uplands of MacTaggart Homeowners Association Ltd.

Financial Statements
December 31, 2016

MICHAEL WILDE, CA
CHARTERED ACCOUNTANT
PROFESSIONAL CORPORATION

INDEPENDENT AUDITOR'S REPORT

To: The Members of
Uplands of MacTaggart Homeowners Association Ltd.

I have audited the accompanying financial statements of **Uplands of MacTaggart Homeowners Association Ltd.**, which comprise the statement of financial position as at December 31, 2016, and the statements of operations 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 association'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 association'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.

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INDEPENDENT AUDITOR'S REPORT, continued

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 Uplands of MacTaggart Homeowners Association Ltd. 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.

Edmonton, Alberta
June 26, 2017

Chartered Accountant

Uplands of MacTaggart Homeowners Association Ltd.

Statement of Financial Position
December 31, 2016

		2016		2015
Assets				
Current				
Cash	$	**49,978**	$	11,946
Accounts receivable		**15,820**		46,495
Encumberance (note 4)		**1**		1
	$	**65,799**	$	58,442
Liability and fund balances				
Current				
Accounts payable and accrued liabilities	$	**8,295**	$	4,048
Net assets		**57,504**		54,394
	$	**65,799**	$	58,442

Approved on behalf of the board

Members __________________________

Uplands of MacTaggart Homeowners Association Ltd.

Statement of Operations and Changes in Net Assets
For the year ended December 31, 2016

	2016	2015
Revenues		
Homeowner fees	$ 14,800	$ 14,800
Expenditures		
Repairs and maintenance	5,796	-
Accounting fees	4,247	4,245
Legal fees	1,621	1,959
Interest and bank charges	26	152
	11,690	6,356
Excess of revenues over expenditures	3,110	8,444
Net assets, beginning of year	54,394	45,950
Net assets, end of year	$ 57,504	$ 54,394

Uplands of MacTaggart Homeowners Association Ltd.

Statement of Cash Flows
December 31, 2016

	2016	2015
Cash flows from operating activities		
Excess of revenues over expenditures	$ **3,110**	$ 8,444
Change in non-cash working capital items	**34,922**	(15,735)
Change in cash position	**38,032**	(7,291)
Cash, beginning of year	**11,946**	19,237
Cash, end of year	$ **49,978**	$ 11,946

See accompanying notes

1. Nature of operations

Uplands of MacTaggart Homeowners Association Ltd. (the association) was incorporated on November 16, 2006 under the Societies Act of Alberta and is not subject to income tax under Paragraph 149(1)(l) of the Canadian Income Tax Act. The association was formed to provide the opportunity to enhance and augment the level of maintenance within the community.

2. Basis of presentation

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

3. Significant accounting policies

(a) Revenue recognition

The association follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenue from homeowner fees is recognized as revenue in the period to which the fee relates. Homeowner fees received in advance are recorded as deferred revenue.

Gifts in kind are recorded at fair market value when the fair value can be reasonably determined

Investment income is recognized as revenue when earned.

(b) Measurement uncertainty

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 disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

3. **Significant accounting policies, continued**

(c) **Contributed services**

Directors, committee members and members volunteer their time to assist in the association's activities. While these services benefit the association considerably, a reasonable estimate of their amount and fair value cannot be made and, accordingly, these contributed services are not recognized in the financial statements.

(d) **Cash and cash equivalents**

Cash and cash equivalents include cash and short-term investments with maturities of three months or less from their date of acquisition, which are readily convertible into a known amount of cash, and are subject to an insignificant risk to changes in their fair value.

(e) **Financial instrument classification**

Measurement:
Financial instruments are recorded at fair value when acquired or issued, except for certain non-arms length transactions. The association subsequently measures its financial instruments at fair value, cost and amortized cost. Investments in equity instruments that are quoted in an active market are measured at fair value based on settlement date.

Financial instruments measured at fair value include cash.

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

Impairment:
Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. A previously recognized impairment loss may reversed to the extent of the improvement, directly or by adjusting an allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

Transaction costs:
Transaction costs are recognized in the statement of operations in the period incurred, except for financial instruments that will be subsequently measured at amortized cost.

4. **Encumberance**

An encumberance has been registered against each land title (by the original owner) within the development area ensuring that all property owners are obligated to the association. This encumberance allows for the collection of annual fees from the lots registered under the encumberance. An elected Board of Directors from the association will determine the maintenance program associated fees, if any, to be implemented. The encumberance has been in effect since January 1, 2008.

5. **Deferred contributions**

Deferred contributions represent homeowner fees received in the current or prior periods which related to subsequent fiscal years. There are no deferred contributions at this time.

6. **Financial instruments**

The association is exposed to the following risks in respect of certain of the financial instruments held:

(a) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The association is exposed to credit risk from members. However, the association has a significant number of members which minimizes concentration of credit risk.

(b) Interest rate risk

The association is exposed to interest rate risk arising from its cash and cash equivalents. The association does not use derivative investments to reduce exposure to this risk.

7. **Comparative amounts**

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.