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# **HAMPTONS HOME OWNERS ASSOCIATION**

## **FINANCIAL STATEMENTS** (Audited)

**December 31, 2013**

# HAMPTONS HOME OWNERS ASSOCIATION

December 31, 2013

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# **Brian Catibog, Chartered Accountant**

**301 - 1609 14th Street SW Calgary, AB T3C 1E4**  
**Phone: 403.244.4111 ext. 228 Fax: 403.244.4129**  
**brian.catibog@calgarycommunities.com**

## **Independent Auditor's Report**

To the Members of:  
Hamptons Home Owners Association

I have audited the financial statements of the Hamptons Home Owners Association as at December 31, 2013 and December 31, 2012 which include the Statement of Financial Position and the Statements of Operations, Changes in Net Assets, Cash Flows, and a summary of significant accounting policies and other explanatory notes for the years ended December 31, 2013 and December 31, 2012.

### **Management's Responsibility**

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 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 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 of 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 judgement, 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 entity'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 entity'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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

**Basis for Qualified Opinion**

In common with many not for profit organizations, the Hamptons Home Owners Association derives revenue from certain fund raising activities, the completeness of which is not subject to satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amounts recorded in the records of the Hamptons Home Owners Association and I was not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenses, assets and net assets.

**Qualified Opinion**

In my opinion, except for the effects of adjustments, if any, which I might have determined to be necessary had I been able to satisfy myself of the completeness of fundraising activities, these financial statements present fairly, in all material respects, the financial position of the Hamptons Home Owners Association as at December 31, 2013 and December 31, 2012 and the results of its operations and cash flows for the year ended December 31, 2013 and December 31, 2012 in accordance with Canadian accounting standards for not- for- profit organizations.

Calgary, Alberta  
October 7, 2014



Brian Catibog  
Chartered Accountant

**HAMPTONS HOME OWNERS ASSOCIATION**  
**STATEMENT OF FINANCIAL POSITION**  
(Audited)

**As at December 31, 2013**

	<u>Operating</u>	<u>Internally Restricted</u>	<u>2013 Net</u>	<u>2012 Net</u>
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and Cash Equivalents \$	837,479	471,859	1,309,338	1,154,737
Short Term Investments	-	16	16	16
Accounts Receivable	31,822	-	31,822	28,428
Prepaid Expense	2,931	-	2,931	2,833
	<u>872,232</u>	<u>471,875</u>	<u>1,344,107</u>	<u>1,186,014</u>
<b>Property and Equipment</b> (Note 3)	228,349	-	228,349	254,030
	<u>\$ 1,100,581</u>	<u>471,875</u>	<u>1,572,456</u>	<u>1,440,044</u>
<b>CURRENT LIABILITIES</b>				
Accounts Payable and Accrued Liabilities	\$ 17,062	-	17,062	7,633
<b>FUND BALANCES</b>				
Operating	1,083,519	-	1,083,519	960,536
Internally Restricted	-	471,875	471,875	471,875
	<u>1,083,519</u>	<u>471,875</u>	<u>1,555,394</u>	<u>1,432,411</u>
	<u>\$ 1,100,581</u>	<u>471,875</u>	<u>1,572,456</u>	<u>1,440,044</u>

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

See Notes to Financial Statements

**HAMPTONS HOME OWNERS ASSOCIATION**  
**STATEMENT OF CHANGES IN NET ASSETS**  
(Audited)

**For the Year Ended December 31, 2013**

	<u>Operating</u>	<u>Internally Restricted</u>	<u>2013 Net</u>	<u>2012 Net</u>
Balance, Beginning	\$ 960,536	471,875	1,432,411	1,289,816
Surplus	<u>122,983</u>	-	<u>122,983</u>	142,595
Balances, End of the Year	<u>\$1,083,519</u>	<u>471,875</u>	<u>1,555,394</u>	<u>1,432,411</u>

See Notes to Financial Statements

**HAMPTONS HOME OWNERS ASSOCIATION**  
**STATEMENT OF OPERATIONS**  
(Audited)

For the Year Ended December 31, 2013

	Operating	Internally Restricted	2013	2012
<b>REVENUE</b>				
Interest Income	10,463	-	10,463	10,804
Grants (Note 7)	41,551	-	41,551	37,040
Membership Fees	485,730	-	485,730	482,840
Soccer	-	-	-	9,753
Overdue Fees Interest	3,262	-	3,262	3,486
Rentals	788	-	788	640
Social	2,177	-	2,177	2,203
	<u>543,971</u>	-	<u>543,971</u>	<u>546,766</u>
<b>EXPENSES</b>				
Annual General Meeting	405	-	405	360
Donation Expense	1,362	-	1,362	-
Bank Charges and Interest	708	-	708	584
Community House	3,694	-	3,694	6,337
Contract Labor	14,877	-	14,877	14,153
Graffiti Control	2,136	-	2,136	2,136
Insurance	3,099	-	3,099	3,090
Internet	664	-	664	541
Landscaping, Maintenance	295,997	-	295,997	266,754
Office Administration	5,634	-	5,634	8,115
Membership Dues	375	-	375	375
Professional Fees	9,118	-	9,118	7,070
Salaries and Benefits	21,888	-	21,888	21,299
Security	18,250	-	18,250	18,448
Social Events	13,890	-	13,890	24,598
Sports and Rink	1,875	-	1,875	3,305
Telephone	1,335	-	1,335	1,325
	<u>395,307</u>	-	<u>395,307</u>	<u>378,490</u>
Excess of Revenue (Expenses) before Amortization	148,664	-	148,664	168,276
Amortization Expense	<u>(25,681)</u>	-	<u>(25,681)</u>	<u>(25,681)</u>
<b>SURPLUS</b>	<u>\$ 122,983</u>	<u>\$ -</u>	<u>\$ 122,983</u>	<u>\$ 142,595</u>

See Notes to Financial Statements

**HAMPTONS HOME OWNERS ASSOCIATION**  
**STATEMENT OF CASH FLOWS**  
(Audited)

**For the Year Ended December 31, 2013**

	<u>2013</u>	<u>2012</u>
<b>FUNDS PROVIDED BY (USED IN) OPERATIONS:</b>		
Surplus	\$ 122,983	\$ 142,595
Charges not requiring cash outlay:		
Amortization	25,681	25,681
Changes in non-cash operating working capital:		
Account receivable	(3,393)	3,126
Prepaid Expenses, unrestricted	(98)	-
Accounts payable and accrued charges	9,428	(8,531)
<b>CASH FROM OPERATIONS</b>	<u>154,601</u>	<u>162,871</u>
<b>INVESTING ACTIVITIES:</b>		
Equipment	-	(2,694)
Paving	-	(18,840)
Building Improvements	-	(29,223)
	<u>-</u>	<u>(50,757)</u>
<b>INCREASE (DECREASE) IN CASH</b>	<b>154,601</b>	<b>112,114</b>
<b>CASH, BEGINNING OF THE YEAR</b>	<u>1,154,753</u>	<u>1,042,639</u>
<b>CASH, END OF THE YEAR</b>	<u>\$ 1,309,354</u>	<u>\$ 1,154,753</u>
<b>Consisting of:</b>		
Unrestricted Cash	\$ 837,479	\$ 682,878
Restricted Cash	<u>471,875</u>	<u>471,875</u>
	<u>\$ 1,309,354</u>	<u>\$ 1,154,753</u>

See Notes to Financial Statements



**HAMPTONS HOME OWNERS ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
(Audited)

**December 31, 2013**

**1. NATURE OF THE ORGANIZATION**

The Hamptons Home Owners Association was incorporated under the Societies Act of the Province of Alberta on November 23, 1989. It is a not for profit organization providing services for the Hamptons Home Owners Community. The Association is exempt from income taxes under Section 149 of the Income Tax Act.

A membership fee shall be determined by the members at a general meeting, but in no event shall the annual assessment be less than \$100. All members are required to contribute to the Association. The amounts collected by the Association are expected to be used first for the maintenance of community features constructed by the developer and then construction of approved community facilities.

**2. SIGNIFICANT ACCOUNTING POLICIES**

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

**Fund Accounting**

The Association follows the restricted fund method of accounting for contributions.

The Operating Fund reports the assets, revenues and expenses related to administrative activities.

The Externally Restricted Fund reports the unspent funds related to funds contributed by the Alberta Government for community facilities. Internally Restricted Funds report the Association's matching portion for the Government Funds, lifecycle and reserve funding used for the development of facilities.

These internally restricted funds are not available for unrestricted purposes without the approval of the board of directors. On December 31, 2013 \$471,875 (2012: \$471,875) had been internally restricted. These funds are invested in a Savings Account with the Bank of Nova Scotia.

**Property and Equipment**

Property and Equipment are recorded at cost and amortized at the following rates:

Custodian Residence	30 years straight line
Building Improvements	20 years straight line
Paving	10 years straight line
Rink and Tennis Court	10 years straight line
Equipment	5 years straight line

**HAMPTONS HOME OWNERS ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
(Audited)

**December 31, 2013**

**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Contributions for Community Facilities**

There are no amounts recorded on the statement of financial position for contributions for community facilities, as the facilities are city owned properties and ownership of the facilities follows the title to the properties. The facilities are constructed for public use and must be approved by the City prior to construction. Community facilities consist of playground equipment, pathway connection, sports courts, play area and sports park.

**3. PROPERTY AND EQUIPMENT**

	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>2013 Net</b>	<b>2012 Net</b>
Custodian Residence	\$ 156,592	69,424	87,168	92,388
Equipment	2,694	1,077	1,617	2,155
Rink	96,293	54,956	41,337	50,966
Tennis Court	25,777	10,311	15,466	18,044
Building Improvements	50,816	6,161	44,655	47,194
Paving	51,746	13,640	38,106	43,281
	<b>\$ 383,918</b>	<b>155,569</b>	<b>228,349</b>	<b>254,030</b>

**4. MEASUREMENT UNCERTAINTY**

The preparation of financial statements in conformity with Canadian accounting standards for not-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods may be significant.

It is management's opinion, that the Association is not exposed to significant interest, currency, price or credit risks.

**5. CONTRIBUTED SERVICES**

Contributed services and donated items are recognized in the financial statements when the fair value can reasonably be estimated, when the services are used in the normal course of the Association's operations and when they otherwise would have been purchased. During the year \$Nil (2012 - \$Nil) donated goods and services were recorded in the financial statements.

A number of volunteers have made significant contributions of their time. This contributed time is not recorded in these financial statements.

**HAMPTONS HOME OWNERS ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
(Audited)

**December 31, 2013**

**6. RELATED PARTY TRANSACTIONS**

The Association is related to the Hamptons Community Association as the board of directors are the same.

	<u>2013</u>	<u>2012</u>
Assets	\$ 314	\$ 469
Liabilities	7,147	5,952
Fund Balances	<u>\$ (6,833)</u>	<u>\$ (5,483)</u>
Revenues	\$ -	\$ -
Expenses	1,350	1,321
Deficit	<u>\$ (1,350)</u>	<u>\$ (1,321)</u>

There are \$4,808 recorded in accounts receivable in the Hamptons Homeowners Association from the Hamptons Community Association and \$4,808 payable to the Hamptons Homeowners Association in the Community Association financial statements.

**7. GRANTS**

The Association spent the following grant during the year:

	<u>2013</u>	<u>2012</u>
City of Calgary - Operating Grant	\$ 38,151	\$ 37,040
City of Calgary - Life Cycle Grant	3,400	-
	<u>\$ 41,551</u>	<u>\$ 37,040</u>