

THE GRANGE HOMEOWNERS ASSOCIATION
Financial Statements
Year Ended December 31, 2016

**THE GRANGE HOMEOWNERS ASSOCIATION
INDEX TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016**

	PAGE
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statement of financial position	2
Statement of operations	3
Statement of changes in net assets	4
Statement of cash flows	5
Notes to financial statements	6 - 8

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
THE GRANGE HOMEOWNERS ASSOCIATION

I have audited the accompanying financial statements of The Grange Homeowners Association, which comprise the statement of financial position as at December 31, 2016, and the statements of operations, 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 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 audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of The Grange Homeowners Association 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.

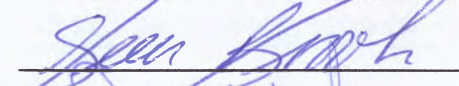


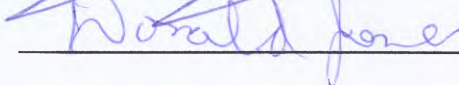
Chartered Accountant
Edmonton, Alberta
October 30, 2017

**THE GRANGE HOMEOWNERS ASSOCIATION
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2016**

	2016	2015
ASSETS		
CURRENT ASSETS		
Cash	\$ 110,407	\$ 83,120
Accounts receivable	18,472	35,460
Prepaid expenses	451	764
	129,330	119,344
EQUIPMENT (Net of accumulated amortization – Note 4)	2,457	120
	\$ 131,787	\$ 119,464
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 4,342	\$ 6,154
Deferred contributions (Note 5)	290	125
	4,632	6,279
NET ASSETS		
Net assets internally restricted for emergency purposes	10,000	3,972
Unrestricted net assets	117,155	109,213
	127,155	113,185
	\$ 131,787	\$ 119,464

ON BEHALF OF THE BOARD OF DIRECTORS


_____, Director


_____, Director

The accompanying notes are an integral part of these financial statements.

**THE GRANGE HOMEOWNERS ASSOCIATION
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	2016	2015
REVENUES		
Homeowner fees	\$ 56,916	\$ 56,916
Administrative fees	6,267	8,225
	<u>63,183</u>	<u>65,141</u>
EXPENSES		
Landscaping (Note 6)	33,953	18,463
Professional fees	7,010	6,796
Administration	2,555	1,777
Office	1,929	4,948
Insurance	1,293	1,765
Dues and fees	910	1,350
Interest and bank charges	631	70
Rental	288	741
Amortization	320	523
Telephone	315	315
Meeting costs	33	53
Bad debts	--	316
Repairs and maintenance (Note 7)	--	2,993
	<u>49,237</u>	<u>40,110</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ 13,946	\$ 25,031
OTHER INCOME		
Interest income	24	--
	<u>24</u>	<u>--</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ 13,970	\$ 25,031

The accompanying notes are an integral part of these financial statements.

**THE GRANGE HOMEOWNERS ASSOCIATION
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2016**

			2016	2015
	Restricted for specific purposes	Unrestricted	Total	Total
NET ASSETS, BEGINNING OF YEAR	\$ 3,972	\$ 109,214	\$ 113,185	\$ 88,154
Excess (deficiency) of revenues over expenses	6,028	7,941	13,970	25,031
NET ASSETS, END OF YEAR	\$ 10,000	\$ 117,155	\$127,155	\$ 113,185

The accompanying notes are an integral part of these financial statements.

**THE GRANGE HOMEOWNERS ASSOCIATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	2016	2015
CASH FLOWS FROM OPERATIONS		
Excess (deficiency) of revenues over expenses	\$ 13,970	\$ 25,031
Net changes in items not affecting cash	320	523
Net change in non-cash working capital	15,654	9,502
	29,944	35,056
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of equipment	(2,657)	--
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	27,287	35,056
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	\$ 83,120	\$ 48,064
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 110,407	\$ 83,120
CASH CONSISTS OF:		
Cash	\$ 110,407	\$ 83,120

The accompanying notes are an integral part of these financial statements.

**THE GRANGE HOMEOWNERS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

1. STATUS AND PURPOSE OF THE ORGANIZATION

The Grange Homeowners Association (the "Association") was incorporated on March 5, 2004 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 Grange community. An encumbrance has been registered against each land title (by the property developer) ensuring that all property owners are obligated to the association and allows for the collection of fees from the lots registered under the encumbrance. An elected Board of Directors from the association will determine the maintenance program and associated fees, if any, to be implemented.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the *CICA Handbook* and include the following significant accounting policies:

(a) Revenue recognition

The association follows the deferred 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 and the amount to be received can be reasonably estimated and collection is reasonably assured.

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

Investment income is recognized as revenue when earned.

(b) Contributed services

Volunteers contribute significant amounts of time each year to assist the association in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

(c) Cash and cash equivalents

The association's policy is to present bank balances and term deposits with a maturity period of three months or less from the date of acquisition under cash and cash equivalents.

Cash and cash equivalents are classified as held for trading and include cash on hand and balances with banks.

**THE GRANGE HOMEOWNERS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial instrument measurement

The association initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost.

The financial assets subsequently measured at amortized cost include cash, prepaid expenses and accounts receivable. The financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

(e) 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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

(f) Equipment

Equipment is stated at cost less accumulated amortization. Equipment is amortized over its estimated useful lives at the following rates and methods:

Equipment	20%	declining balance method
Computer equipment	55%	declining balance method
Software	100%	declining balance method

The association regularly reviews its equipment to eliminate obsolete items. In the year of acquisition, half-rates are applied.

3. INTERNAL RESTRICTIONS

The board of directors of the association allocated \$10,000 for emergency purposes and future special projects yet to be determined by the association upon start-up of the Association. This amount was reduced to \$6,028 in prior years to allow for adequate cash flow for ongoing operations.

At the 2013 annual general meeting a motion was passed donating the balance held in reserve to the Glastonbury Community League. The donation was used by the Glastonbury Community League to help fund construction of a permanent spray park in the community.

In 2016, a motion was subsequently passed by the Board of Directors to re-establish this internally restricted fund to a balance of \$10,000.

**THE GRANGE HOMEOWNERS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

4. EQUIPMENT

	Cost	Accumulated amortization	2016 Net book value	2015 Net book value
Equipment	\$ 2,657	\$ (266)	\$ 2,391	\$ --
Computer equipment	720	(654)	66	120
Computer software	587	(587)	--	--
	\$ 3,964	\$ (1,507)	\$ 2,457	\$ 120

5. DEFERRED CONTRIBUTIONS

Deferred contributions represent homeowner fees received in the current or prior periods which relate to subsequent fiscal years.

6. LANDSCAPING

In 2016 landscaping services were contracted for most focal point areas and additional areas across the community as required. The landscaping consisted of general cleanup and weeding, shrub pruning, and replenishment of fresh cedar mulch.

7. REPAIRS AND MAINTENANCE

In 2016 fences were painted and repaired as required. The association spent \$Nil on fence painting in 2016 completing the task.

In 2015 fences were painted and repaired as required. The association spent \$2,993 on fence painting and repair in 2015 completing the task.

8. FINANCIAL INSTRUMENTS

The association is exposed to various risks through its financial instruments. The following analysis presents the association's exposures to significant risk at the reporting date, December 31, 2016. Unless otherwise noted, it is management's opinion that the association is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values.

Credit Risk

The association is exposed to credit risk with respect to the accounts receivable. The Association assesses, on a continuous basis, accounts receivable on the basis of amounts it is virtually certain to receive.

Interest rate risk

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