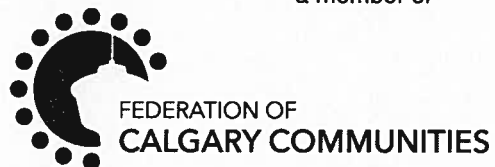


1135215 ALBERTA SOCIETY
operating as
ROCKY RIDGE RANCH HOMEOWNERS ASSOCIATION

FINANCIAL STATEMENTS
(Audited)

December 31, 2014

a member of



1135215 ALBERTA SOCIETY
operating as
ROCKY RIDGE RANCH HOMEOWNERS ASSOCIATION

December 31, 2014

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Independent Auditor's Report

To the Members of the 1135215 Alberta Society o/a
Rocky Ridge Ranch Homeowners Association

I have audited the financial statements of the 1135215 Alberta Society o/a Rocky Ridge Ranch Homeowners Association as at December 31, 2014 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 year then ended.

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 audit opinion.

Opinion

In my opinion, these financial statements present fairly, in all material respects, the financial position of 11325215 Alberta Society o/a Rocky Ridge Ranch Homeowners Association as at December 31, 2014 and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



Calgary, Alberta
June 16, 2015

Nancy Murdoch
Chartered Accountant

**1135215 ALBERTA SOCIETY
o/a ROCKY RIDGE RANCH HOMEOWNERS ASSOCIATION
STATEMENT OF FINANCIAL POSITION**

As at December 31, 2014

	2014	2013
ASSETS		
Current Assets		
Cash and cash equivalents, unrestricted	\$ 9,991	\$ 18,141
Internally restricted assets (Note 3)	270,955	248,603
Short term investments, unrestricted (Note 4)	175,000	25,000
Accounts receivable	33,566	31,602
Goods and Services Tax receivable	15,087	9,078
Prepaid expenses and deposits	6,868	6,704
Cash held in trust	-	22,922
	511,467	362,050
Capital assets (Note 5)	384,714	279,289
Long term internally restricted assets (Note 4)	-	185,954
	\$ 896,181	\$ 827,293

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable and accrued liabilities	\$ 32,911	\$ 16,390
Damage deposits held	10,800	13,300
Unearned revenue	2,260	525
	45,971	30,215
Deferred capital contributions (Note 6)	5,243	9,858
	51,214	40,073
Net Assets		
Unrestricted	574,012	352,663
Capital reserve (Note 7)	270,955	434,557
	844,967	787,220
	\$ 896,181	\$ 827,293

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS

_____ Director

_____ Director

See Notes to the Financial Statements

**1135215 ALBERTA SOCIETY
o/a ROCKY RIDGE RANCH HOMEOWNERS ASSOCIATION
STATEMENT OF CHANGES IN NET ASSETS**

For the Year Ended December 31, 2014

	Unrestricted	Capital Reserve	2014 Totals	2013 Totals
Balance, beginning of the year	\$ 329,741	434,557	764,298	628,523
Prior period adjustment (Note 9)	22,922	-	22,922	22,922
As restated	352,663	434,557	787,220	651,445
Excess of revenues over expenses	57,749	-	57,749	135,775
Net transfer between funds (Note 7)	163,603	(163,603)	-	-
Balances, end of the year	\$ 574,015	270,954	844,967	787,220

See Notes to the Financial Statements

**1135215 ALBERTA SOCIETY
o/a ROCKY RIDGE RANCH HOMEOWNERS ASSOCIATION
STATEMENT OF OPERATIONS**

For the Year Ended December 31, 2014

	<u>2014</u>	<u>2013</u>
REVENUE		
Amortization of deferred capital contributions (Note 7)	\$ 1,311	\$ 2,465
Interest and other	21,244	20,641
Maintenance contract- City of Calgary	38,090	38,090
Membership fees	549,781	542,450
Program revenue	36,349	31,004
Gain on disposal of asset	(4,312)	-
Rental income	63,465	56,602
	<u>705,928</u>	<u>691,252</u>
EXPENSES		
Advertising and public relations	701	1,341
Amortization	89,846	57,925
Contract work	19,175	17,564
Electronic processing fees	9,971	9,367
Insurance	9,734	9,355
Interest and bank charges	569	799
Landscaping	28,260	33,147
Office supplies and administrative expense	15,669	13,654
Professional fees	70,096	40,221
Program expenses	24,352	22,304
Repairs and maintenance	18,271	16,801
Salaries and benefits	269,032	266,312
Security	1,453	227
Social events	14,130	2,822
Utilities	48,134	38,988
Vehicle	28,786	24,650
	<u>648,179</u>	<u>555,477</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ 57,749</u>	<u>\$ 135,775</u>

See Notes to the Financial Statements

**1135215 ALBERTA SOCIETY
o/a ROCKY RIDGE RANCH HOMEOWNERS ASSOCIATION
STATEMENT OF CASH FLOWS**

For the Year Ended December 31, 2014

	2014	2013
Cash Flows from Operating Activities		
Excess of Revenue (Deficit)	\$ 57,749	\$ 135,775
Charges not requiring cash outlay:		
Amortization	89,846	57,925
Amortization of deferred capital contributions	(1,311)	(2,465)
Disposal of old playground	(56,798)	-
Changes in non-cash operating working capital:		
Accounts receivable	20,958	(10,907)
Goods and services tax receivable	(6,010)	(3,871)
Prepaid expenses and deposits	(164)	(490)
Accounts payable and accruals	16,520	1,110
Damage deposits held	(2,500)	5,500
Unearned revenue	1,735	(1,825)
Net Increase in Working Capital	120,025	180,752
Cash Flows From Investing Activities		
Purchase of capital assets	(202,940)	(110,687)
Net investment in guaranteed investment certificates excluding cash equivalents	-	(26,974)
Redemption of GICs	709,474	-
Purchase of GICs	(613,558)	-
	(107,024)	(137,661)
Increase (Decrease) in Cash	13,001	43,091
Cash and cash equivalents, beginning of the year	79,387	36,296
Cash and cash equivalents, end of the year	\$ 92,388	\$ 79,387
Cash and cash equivalents consists of:		
Unrestricted cash and cash equivalents	\$ 9,991	\$ 18,141
Internally restricted cash and cash equivalents	82,397	61,246
	\$ 92,388	\$ 79,387

See Notes to the Financial Statements

1135215 ALBERTA SOCIETY

o/a ROCKY RIDGE RANCH HOMEOWNERS ASSOCIATION NOTES TO THE FINANCIAL STATEMENTS

December 31, 2014

1. NATURE OF THE ORGANIZATION

1135215 Alberta Society o/a Rocky Ridge Ranch Homeowners Association ("the Association") was incorporated under the Societies Act of Alberta on October 27, 2004 as a not-for-profit organization which operates amenities exclusively for the use of its members. The Association is exempt from income tax under section 149(1)(l) of the Income Tax Act.

In 2004, Marquis Development Inc. turned the ownership of the Rocky Ridge Ranch Centre and surrounding lands and amenities over to the Association for nominal consideration of \$1.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Basis of Accounting

Management has concluded that the going concern basis of accounting is appropriate for the Association.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, balances with banks and short term deposits with original maturities of three months or less.

Capital Assets

Capital assets are initially recorded at cost. Amortization is provided using the declining balance method at rates intended to amortize the cost of assets over their estimated useful lives as follows:

Automotive	30%
Computer equipment	45%
Computer software	100%
Facility equipment	20%
Furniture and fixtures	20%
Recreational facilities	20% and 4%
Trees	5%

1135215 ALBERTA SOCIETY

o/a ROCKY RIDGE RANCH HOMEOWNERS ASSOCIATION NOTES TO THE FINANCIAL STATEMENTS

December 31, 2014

2. SIGNIFICANT ACCOUNTING POLICIES Continued

Revenue Recognition

The Association follows the deferral method of accounting for externally restricted assets where revenue is recorded when the related expense occurs. Membership fees are recognized as revenue over the term of the annual memberships. Rental revenues are recognized when services are provided. Unrestricted interest income is recognized as revenue when earned.

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 disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Accounts receivable are stated after evaluation as to their collectibility and an allowance for doubtful accounts is provided for where considered necessary. Amortization is based on the estimated useful lives of property and equipment.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues and expenses in the periods in which they become known.

3. INTERNALLY RESTRICTED CASH RESERVE

Funds comprising the internally restricted capital reserve are held as follows:

ATB T-Bill Savings Bank Account	\$ 82,397
ATB Financial GIC, 2.75%, matures May 17, 2015, redeemable	<u>188,558</u>
	<u>\$ 270,955</u>

4. GUARANTEED INVESTMENT CERTIFICATES, UNRESTRICTED

This GIC is held as collateral by ATB Financial as security for the Association's credit card.

ATB Financial GIC, 1.6%, matures October 23, 2015	\$ 25,000
ATB Financial GIC, 1.05%, matures March 28, 2015	50,000
ATB Financial GIC, 1.05%, matures March 28, 2015	50,000
ATB Financial GIC, 1.05%, matures March 28, 2015	<u>50,000</u>
	<u>\$ 175,000</u>

1135215 ALBERTA SOCIETY

o/a ROCKY RIDGE RANCH HOMEOWNERS ASSOCIATION NOTES TO THE FINANCIAL STATEMENTS

December 31, 2014

5. CAPITAL ASSETS

	Cost	Accumulated Amortization	2014 Net Book Value	2013 Net Book Value
Automotive	\$ 59,723	58,623	1,100	1,571
Computer equipment	15,310	13,928	1,382	2,058
Computer software	9,508	9,508	-	-
Facility equipment	228,575	154,376	74,199	87,189
Furniture and fixtures	37,390	23,719	13,671	15,989
Recreational facilities	541,203	271,800	269,403	147,532
Trees	33,326	8,367	24,959	24,950
	\$ 925,035	540,321	384,714	279,289

6. DEFERRED CAPITAL CONTRIBUTIONS

In 2008, the Association received \$25,000 from Decker Management Ltd. This donation, in its entirety, was used to assist in the construction of recreational facilities for the Association. This amount is being recognized as revenue over the useful life of the corresponding assets. During the year, \$1,638 (2013 - \$2,048) was amortized to revenue.

In 2005, the Association received \$24,622 from the Province of Alberta. This grant, in its entirety, was used to assist in the construction of playground facilities for the Association. This amount is being recognized as revenue over the life of the corresponding assets. During the year, the remaining amount of \$3,305 was amortized to revenue because the old playground was disposed of to build the new playground (2013 - \$1,032).

7. CAPITAL RESERVE

A reserve has been set up for future capital expenditures expected to be made by the Association. Additions to or drawings from the reserve are at the discretion of the Board of Directors. During the year \$163,603 was transferred from the capital reserve for capital replacements (2013 - addition of \$138,207). The funds held in reserve earned interest of \$6,667 (2013 - \$7,028).

1135215 ALBERTA SOCIETY

o/a ROCKY RIDGE RANCH HOMEOWNERS ASSOCIATION NOTES TO THE FINANCIAL STATEMENTS

December 31, 2014

8. PRIOR PERIOD ADJUSTMENT

During the year it was noted that the amount held as an accrued trust liability had originally been paid by the Association and not by the developer. The original amount had been expensed, therefore a prior period adjustment has been made. The net effect of this adjustment in the prior year is as follows:

Decrease in accrued encumbrance transfer fees	\$22,922
Increase in net assets	\$22,922

9. CONTRIBUTED SERVICES AND GOODS

Contributed services and donated items are recognized in the financial statements when fair value can be reasonably estimated, when the services or goods are used in the normal course of the Association's operations and when they would otherwise have been purchased. In the current year no contributed goods or services were recorded (2013- \$nil).

A number of volunteers have made significant contributions of their time to carry out the service delivery activities of the Association. The value of this contributed time is not reflected in these financial statements.

10. FINANCIAL INSTRUMENTS

Measurement of financial instruments

The Association initially measures its financial assets and financial liabilities at fair value. The Association subsequently measures all its financial assets and financial liabilities at cost or amortized cost. Changes in fair value of these financial instruments are recognized in net income.

Financial instruments measured at amortized cost include cash and cash equivalents, cash held in trust, accounts receivable, investments and accounts payable.

Risk

It is management's opinion that the Association is not exposed to significant interest, currency, price, market or credit risks arising from these financial instruments.