

**NEW DISCOVERY HOMEOWNERS
ASSOCIATION**

FINANCIAL STATEMENTS

Year Ended December 31, 2008



NEW DISCOVERY HOMEOWNERS ASSOCIATION
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For the Year Ended December 31, 2008

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AUDITORS' REPORT

To the Members of New Discovery Homeowners Association:

We have audited the statement of financial position of New Discovery Homeowners Association as at December 31, 2008 and the statements of operations and changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Partners

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June 4, 2009

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NEW DISCOVERY HOMEOWNERS ASSOCIATION
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
For the Year Ended December 31, 2008

	2008	2007
REVENUE		
Association fees	\$ 485,607	\$ 422,339
Municipal funding		
Operating grant	19,954	17,712
Community standards fund	-	7,475
Interest on late payments	24,388	24,081
Interest income	12,223	15,237
	<u>542,172</u>	<u>486,844</u>
EXPENSES		
Non-recurring expenses		
Entrance median project	89,656	-
Accounting software	408	-
New trees	-	38,664
Garbage cans	-	7,626
Winter lights	-	12,943
	<u>90,064</u>	<u>59,233</u>
Operating expenses		
Landscaping - contract	350,296	297,314
Landscaping - other charges	25,858	25,388
Winter lights	7,607	6,343
Enmax	1,989	1,524
Snow removal	-	35,828
Garbage removal	-	9,373
Weed control	-	17,808
	<u>385,750</u>	<u>393,578</u>
Administrative expenses		
Auditing fees	5,250	5,550
Homeowner communication costs	4,672	5,080
Merchant services charges	3,285	2,031
Legal fees	1,670	-
Insurance	1,282	117
Alberta land title fees	1,168	4,050
Telephone	815	602
Accounting fees	668	13,175
Postage	601	396
Office supplies	353	376
Mailbox rental	128	128
Bank charges	24	26
Unrecoverable fees	-	394
	<u>19,916</u>	<u>31,925</u>
	<u>495,730</u>	<u>484,736</u>
EXCESS OF REVENUE OVER EXPENSES	46,442	2,108
UNRESTRICTED NET ASSETS, BEGINNING OF YEAR	513,172	511,064
UNRESTRICTED NET ASSETS, END OF YEAR	\$ 559,614	\$ 513,172



NEW DISCOVERY HOMEOWNERS ASSOCIATION
STATEMENT OF FINANCIAL POSITION
As at December 31, 2008

	2008	2007
ASSETS		
CURRENT		
Cash	\$ 474,513	409,103
Accounts receivable (Note 3)	110,398	189,757
Prepaid expenses	2,119	2,317
	<u>587,030</u>	<u>601,177</u>
PROPERTY (Note 4)	<u>1</u>	<u>1</u>
	<u>\$ 587,031</u>	<u>\$ 601,178</u>
LIABILITIES		
CURRENT		
Accounts payable	24,342	\$ 83,991
Unearned revenue	3,075	4,015
	<u>27,417</u>	<u>88,006</u>
NET ASSETS		
UNRESTRICTED	<u>559,614</u>	<u>513,172</u>
	<u>\$ 587,031</u>	<u>\$ 601,178</u>

APPROVED ON BEHALF OF THE BOARD

 Director

 Director



NEW DISCOVERY HOMEOWNERS ASSOCIATION

STATEMENT OF CASH FLOWS

For the year Ended December 31, 2008

	2008	2007
OPERATING ACTIVITIES		
Cash receipts from members	\$ 588,414	\$ 387,654
Interest received	12,223	15,237
Grants received	19,954	25,187
Cash paid to suppliers	<u>(555,181)</u>	<u>(418,425)</u>
Cash flow from operating activities	<u>65,410</u>	<u>9,653</u>
INCREASE IN CASH	65,410	9,653
Cash, beginning of the year	<u>409,103</u>	<u>399,450</u>
CASH, END OF YEAR	\$ 474,513	\$ 409,103



NEW DISCOVERY HOMEOWNERS ASSOCIATION
NOTES TO THE AUDITED FINANCIAL STATEMENTS
For the year ended December 31, 2008

1. DESCRIPTION OF OPERATIONS

The Association is incorporated as a not-for-profit corporation under Part 9 of the Companies Act of Alberta, to operate and maintain certain lands and amenities within the residential community known as New Discovery in the City of Calgary. The Association was incorporated on February 18, 2000 and had no active operations until January 1, 2003.

Pursuant to the "Agreement for Development, the Initial Management of and Delivery of Amenities to New Discovery Homeowners Association" dated February 18, 2000 between the Association and the Developer, the Developer will construct the New Discovery amenities ("Amenities") at its cost, and thereafter transfer the Amenities to the Association at a nominal cost. On completion of each phase of the New Discovery subdivision, the Association will take title to and assume the operation and maintenance of the Amenities from the Developer as the Final Acceptance Certificate is issued by the City of Calgary for that phase.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and, in management's opinion, have been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below.

a) Revenue Recognition

Association dues are recognized as income in the fiscal period to which they relate. Payments received in advance are reported as unearned revenue.

b) Income tax

As a not-for-profit organization, the Association is not subject to income taxes under Section 149(1)(1) of the Income Tax Act (Canada). However, the Association's interest income may be subject to income taxes under Section 149(5) of the Income Tax Act (Canada). Because any income taxes payable would relate only to the Association's interest income, the income tax provision, if any, would be netted against the interest income for financial statement presentation purposes.

c) Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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. Estimates of eventual recovery of association dues receivable are subject to inherent limitation based on the initial possession date by a home purchaser. Management has, in the past, provided allowances for potential timing differences between when a phase has been serviced and actual possession date. As completion of all phases nears, this allowance has now been eliminated. Actual results could differ from these estimates.

3. ACCOUNTS RECEIVABLE

Accounts receivable are secured by an annual charge of \$300 on the title of each residential unit constructed in the New Discovery subdivision.



NEW DISCOVERY HOMEOWNERS ASSOCIATION
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4. PROPERTY

In accordance with the development agreement for the New Discovery subdivision, the title of the land on which the Amenities are situated was transferred to the Association for a nominal amount. The land is restricted for public use and green space.

5. FINANCIAL INSTRUMENTS

The Association's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities. 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 approximate their carrying values, unless otherwise noted.

6. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

