

FIRESIDE HOMEOWNERS' ASSOCIATION
Financial Statements
Year Ended December 31, 2018

FIRESIDE HOMEOWNERS' ASSOCIATION

Index to Financial Statements

Year Ended December 31, 2018

	Page
AUDITORS' REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Revenues and Expenditures and Changes in Net Assets	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 8
Expenses (<i>Schedule 1</i>)	9

CREMERS & ELLIOTT

CHARTERED ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Owners of Fireside Homeowners' Association

Opinion

We have audited the financial statements of Fireside Homeowners' Association (the Homeowners Association), which comprise the statement of financial position as at December 31, 2018, and the statements of revenues and expenditures and changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Homeowners Association as at December 31, 2018, 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.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Homeowners Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Homeowners Association's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Homeowners Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Homeowners Association's financial reporting process.

(continues)

Currently not being used

Independent Auditor's Report to the Owners of Fireside Homeowners' Association *(continued)*

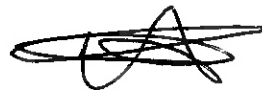
Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Homeowners Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Homeowners Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Homeowners Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Calgary, Alberta
March 12, 2019



Cremers & Co. Chartered Accountants LLP


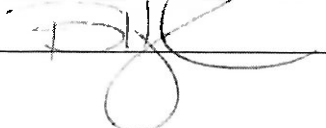
FIRESIDE HOMEOWNERS' ASSOCIATION

Statement of Financial Position

December 31, 2018

	Operating Fund 2018	Total 2018	Total (Unaudited) 2017
ASSETS			
CURRENT			
Cash	\$ 72,307	\$ 72,307	\$ 82,827
Accounts receivable	17,957	17,957	15,277
Prepaid expenses	1,133	1,133	-
	<u>\$ 91,397</u>	<u>\$ 91,397</u>	<u>\$ 98,104</u>
LIABILITIES AND NET ASSETS			
CURRENT			
Accounts payable	\$ 4,026	\$ 4,026	\$ 4,638
	4,026	4,026	4,638
Prepaid condominium fees	13,267	13,267	-
	17,293	17,293	4,638
NET ASSETS (Note 2)	<u>74,104</u>	<u>74,104</u>	<u>93,466</u>
	<u>\$ 91,397</u>	<u>\$ 91,397</u>	<u>\$ 98,104</u>

ON BEHALF OF THE BOARD


 _____ Director

 _____ Director

FIRESIDE HOMEOWNERS' ASSOCIATION
Statement of Revenues and Expenditures and Changes in Net Assets
Year Ended December 31, 2018

	Budget	Operating Fund	Total	Total (Unaudited)
	2018	2018	2018	2017
REVENUE				
Association fees	\$ 33,000	\$ 36,550	\$ 36,550	\$ 31,951
Interest and other income	-	1,832	1,832	1,445
	33,000	38,382	38,382	33,396
EXPENSES (Schedule 1)	22,300	57,744	57,744	12,756
NET EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	10,700	(19,362)	(19,362)	20,640
NET ASSETS - BEGINNING OF YEAR	-	93,466	93,466	72,826
NET ASSETS - END OF YEAR	\$ 10,700	\$ 74,104	\$ 74,104	\$ 93,466

FIRESIDE HOMEOWNERS' ASSOCIATION

Statement of Cash Flows

Year Ended December 31, 2018

	2018	(Unaudited) 2017
FUND ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ (19,362)	\$ 20,640
Changes in non-cash working capital:		
Accounts receivable	(2,680)	(6,753)
Accounts payable	(612)	3,438
Prepaid expenses	(1,133)	-
Prepaid condominium fees	13,267	-
	8,842	(3,315)
INCREASE (DECREASE) IN CASH FLOW	(10,520)	17,325
Cash - beginning of year	82,827	65,502
CASH - END OF YEAR	72,307	82,827
CASH CONSISTS OF:		
Cash	\$ 72,307	\$ 82,827

FIRESIDE HOMEOWNERS' ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2018

1. BASIS OF PRESENTATION

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Homeowners Association is a non-profit organization and the common area assets of the Homeowners Association are owned proportionately by the owners of the units and as such are not reflected as assets in these financial statements. The purpose of the Homeowners Association is to manage the common area assets and to maintain and provide services with respect to the day to day operations of the homeowners association.

The financial statements include only assets, liabilities, revenues and expenses relating to the operations of Homeowners Association. The statements do not include the cost of land or buildings and the outstanding principal balances owing on mortgages, which are the responsibility of the owners.

The Homeowners Association is a tax exempt organization for income tax purposes and has therefore made no provisions for income taxes on these financial statements.

Measurement uncertainty

When preparing financial statements according to Canadian accounting standards for not-for-profit organizations, management makes estimates and assumptions relating to:

- reported amounts of revenues and expenses
- reported amounts of assets and liabilities
- disclosure of contingent assets and liabilities.

Estimates are based on a number of factors including historical experience, current events and actions that the Homeowners Association may undertake in the future, and other assumptions that management believes are reasonable under the circumstances. By their nature, these estimates are subject to measurement uncertainty and actual results could differ. In particular, estimates are used in accounting for certain items such as revenues, allowance for doubtful accounts and useful lives of capital assets.

Cash and cash equivalents

Cash includes cash and cash equivalents. Cash equivalents are investments in guaranteed certificates and are valued at cost plus accrued interest. The carrying amounts approximate fair value because they have maturities at the date of purchase of less than five years.

Fund Accounting

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

The operating fund accounts for the Homeowners Association's operating and administrative activities.

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FIRESIDE HOMEOWNERS' ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue Recognition

The Homeowners Association recognizes association fee assessments related to general operations as revenue of the operating fund as billed to the owners. Billings for the association's fees consist of the annual encumbrance. All expenses are recognized as they are incurred.

Contributed Services

Volunteer services contributed on behalf of the Homeowners Association in carrying out its operating activities are not recognized in these financial statements due to the difficulty of determining their fair value.

Financial Instruments

The Homeowners Association's financial instruments consist of cash, investment certificates, accounts receivable, prepaid expenses, and accounts payable. Unless otherwise indicated, it is management's opinion that the Homeowners Association is not exposed to significant interest or credit risk arising from these financial instruments. Accounts receivable and accounts payable are initially measured at fair value and subsequently measured at amortized cost. Gains and losses are recognized in the statement of operations. The fair value of cash, accounts receivable, and accounts payable approximate their carrying values due to their short term nature.

Budget

The budget figures that appear on the statement of operating income are those approved by the Board of Directors and are presented for comparison purposes only. They have not been audited or reviewed but they have been reclassified to conform to the presentation in these financial statements.

3. FINANCIAL INSTRUMENTS

The Homeowners Association is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Homeowners Association's risk exposure and concentration as of December 31, 2018.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Homeowners Association is exposed to this risk mainly in respect of its accounts payable.

Market risk

Market Risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The Homeowners Association is mainly exposed to interest rate risk.

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FIRESIDE HOMEOWNERS' ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2018

3. FINANCIAL INSTRUMENTS *(continued)*

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Homeowners Association manages exposure through its normal operating and financing activities. The Homeowners Association is exposed to interest rate risk primarily through its reserve fund investments.

4. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation, and prior years figures are unaudited.

FIRESIDE HOMEOWNERS' ASSOCIATION

Expenses

(Schedule 1)

Year Ended December 31, 2018

	Budget	Operating Fund	Total	Total (Unaudited)
	2018	2018	2018	2017
OPERATING EXPENSES				
Management fees	\$ -	\$ 13,582	\$ 13,582	\$ -
Website	-	10,584	10,584	-
Landscaping and snow removal	-	8,748	8,748	-
Community events	5,000	7,526	7,526	-
Utilities	4,000	5,972	5,972	3,531
Office expenses	3,300	3,994	3,994	4,725
Bad debts	-	2,676	2,676	-
Audits	1,500	2,105	2,105	1,329
Bank charges	500	1,101	1,101	482
Insurance	2,000	834	834	1,928
General repairs and maintenance	6,000	622	622	761
	\$ 22,300	\$ 57,744	\$ 57,744	\$ 12,756