

FIRESIDE HOMEOWNERS' ASSOCIATION

Financial Statements

Year Ended December 31, 2022

FIRESIDE HOMEOWNERS' ASSOCIATION

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Year Ended December 31, 2022

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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, 2022, 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, 2022, 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 (ASNPO)

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 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 these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

We were engaged to conduct an audit, in accordance with Canadian generally accepted auditing standards, on the financial statements prepared by the Association's management in accordance with Canadian accounting standards for not-for-profit organizations. We were not engaged to, nor do we, provide any assurance as to whether the Association is in compliance with all aspects of The Societies Act and we were not engaged to, nor do we, provide any assurance as to the adequacy of the reserve fund to cover future major expenditures and replacements.

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 ASNPO, 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 related 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.

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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.



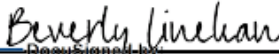
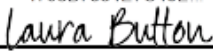
Calgary, Alberta
March 10, 2023

C&E LLP Chartered Professional Accountants

FIRESIDE HOMEOWNERS' ASSOCIATION
Statement of Financial Position
December 31, 2022

	Operating Fund	Total	Total
	2022	2022	2021
ASSETS			
CURRENT			
Cash	\$ 98,693	\$ 98,693	\$ 93,549
Accounts receivable	6,649	6,649	8,088
Goods and services tax recoverable	786	786	988
Prepaid expenses	5,682	5,682	1,683
TOTAL ASSETS	\$ 111,810	\$ 111,810	\$ 104,308
LIABILITIES			
CURRENT			
Accounts payable	\$ 3,190	\$ 3,190	\$ 3,171
Prepaid HOA fees	34,606	34,606	28,969
	37,796	37,796	32,140
NET ASSETS	74,014	74,014	72,168
TOTAL LIABILITIES AND NET ASSETS	\$ 111,810	\$ 111,810	\$ 104,308

ON BEHALF OF THE BOARD

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 _____ Director
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FIRESIDE HOMEOWNERS' ASSOCIATION
Statement of Revenues and Expenditures and Changes in Net Assets
Year Ended December 31, 2022

	Budget	Operating Fund	Total	Total
	2022	2022	2022	2021
REVENUE				
HOA fees	\$ 60,950	\$ 60,950	\$ 60,950	\$ 58,350
Interest and other income	2,768	5,477	5,477	9,917
	63,718	66,427	66,427	68,267
EXPENSES (Schedule 1)	63,718	64,581	64,581	71,945
NET EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	-	1,846	1,846	(3,678)
NET ASSETS - BEGINNING OF YEAR	-	72,168	72,168	75,846
NET ASSETS - END OF YEAR	\$ -	\$ 74,014	\$ 74,014	\$ 72,168

FIRESIDE HOMEOWNERS' ASSOCIATION
Statement of Cash Flows
Year Ended December 31, 2022

	2022	2021
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ 1,846	\$ (3,678)
Changes in non-cash working capital:		
Accounts receivable	1,439	8,566
Accounts payable	19	22
Prepaid expenses	(3,999)	(793)
Goods and services tax payable	202	(243)
Prepaid HOA fees	5,637	6,085
	<u>3,298</u>	<u>13,637</u>
INCREASE IN CASH FLOW	5,144	9,959
Cash - beginning of year	<u>93,549</u>	<u>83,590</u>
CASH - END OF YEAR	\$ 98,693	\$ 93,549

FIRESIDE HOMEOWNERS' ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2022

1. BASIS OF PRESENTATION

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

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.

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.

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.

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FIRESIDE HOMEOWNERS' ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2022

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

Contributed Services and Materials

Volunteer services and materials 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

Financial instruments are recorded at fair value when acquired or issued, with the exception of any related party transactions that are measured at the carrying amount or exchange amount, as appropriate. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income of the appropriate fund. All other financial instruments are reported as amortized cost, and tested for impairment at each reporting date. Transaction costs are recognized as an expense in the period incurred for all financial instruments subsequently measured at fair value. Financial instruments that are subsequently measured at amortized cost are adjusted by the transaction costs and financing fees that are directly attributed to their organization, issuance or assumption.

All financial assets and financial liabilities are measured at amortized cost, unless noted.

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.

Capital assets

Capital assets are recorded as expenses in the year they are acquired.

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, 2022.

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, 2022

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.

FIRESIDE HOMEOWNERS' ASSOCIATION

Expenses

(Schedule 1)

Year Ended December 31, 2022

	Budget	Operating Fund	Total	Total
	2022	2022	2022	2021
EXPENSES				
Management fees	\$ 30,300	\$ 31,595	\$ 31,595	\$ 28,913
Audit and legal	2,000	6,025	6,025	9,463
Irrigation/seasonal	8,100	5,559	5,559	9,234
Insurance	4,730	4,985	4,985	2,283
Utilities	6,000	4,942	4,942	5,442
Landscaping and snow removal	6,650	4,525	4,525	13,763
Repairs and maintenance	3,000	3,157	3,157	-
Office expenses	1,188	1,867	1,867	811
Bank charges	1,250	1,771	1,771	1,841
Website	500	155	155	195
	\$ 63,718	\$ 64,581	\$ 64,581	\$ 71,945