

Financial Statements of

**Springside Residents' Association**

Year ended December 31, 2018  
(Unaudited)

# Springside Resident's Association

## Statements of Financial Position

As at December 31, 2018 with comparative information for 2017

(Unaudited)

(in Canadian dollars)

|  | <u>December 31, 2018</u> | <u>December 31, 2017</u> |
|--|--------------------------|--------------------------|
| <b>ASSETS</b>                          |                          |                          |
| <b>Current Assets</b>                  |                          |                          |
| <b>Chequing/Savings</b>                |                          |                          |
| Bank - ATB Chequing                    | 121,835                  | 156,588                  |
| <b>Total Chequing/Savings</b>          | <u>121,835</u>           | <u>156,588</u>           |
| <b>Accounts Receivable</b>             |                          |                          |
| Accounts Receivable (Note 3)           | 7,900                    | 4,952                    |
| <b>Total Accounts Receivable</b>       | <u>7,900</u>             | <u>4,952</u>             |
| <b>Other Current Assets</b>            |                          |                          |
| Prepays & Deposits                     | 22                       | 194                      |
| <b>Total Other Current Assets</b>      | <u>22</u>                | <u>194</u>               |
| <b>Total Current Assets</b>            | <u>129,757</u>           | <u>161,734</u>           |
| <b>TOTAL ASSETS</b>                    | <u><u>129,757</u></u>    | <u><u>161,734</u></u>    |
| <b>LIABILITIES &amp; EQUITY</b>        |                          |                          |
| <b>Liabilities</b>                     |                          |                          |
| <b>Current Liabilities</b>             |                          |                          |
| <b>Accounts Payable</b>                |                          |                          |
| Accounts Payable                       | 1,575                    | 93                       |
| <b>Total Accounts Payable</b>          | <u>1,575</u>             | <u>93</u>                |
| <b>Other Current Liabilities</b>       |                          |                          |
| Accrued Payables                       | 433                      | 0                        |
| Prepaid Dues                           | 125                      | 0                        |
| <b>Total Other Current Liabilities</b> | <u>558</u>               | <u>0</u>                 |
| <b>Total Current Liabilities</b>       | 2,133                    | 93                       |
| <b>Long Term Liabilities</b>           |                          |                          |
| Deferred Liability (Note 4)            | 3,966                    | 6,611                    |
| <b>Total Long Term Liabilities</b>     | <u>3,966</u>             | <u>6,611</u>             |
| <b>Total Liabilities</b>               | 6,099                    | 6,704                    |
| <b>Retained Earnings</b>               | 157,676                  | 190,860                  |
| <b>Net Income (Loss)</b>               | <u>(34,018)</u>          | <u>(35,830)</u>          |
| <b>Total Equity</b>                    | <u>123,658</u>           | <u>155,030</u>           |
| <b>TOTAL LIABILITIES &amp; EQUITY</b>  | <u><u>129,757</u></u>    | <u><u>161,734</u></u>    |

# Springside Resident's Association

## Statement of Profit & Loss

Year ended December 31, 2018 with comparative information for 2017

(Unaudited)

(in Canadian dollars)

|   | <u>2018</u>     | <u>2017</u>     |
|---|-----------------|-----------------|
| <b>INCOME</b>                           |                 |                 |
| Annual Dues Income                      | 76,125          | 76,125          |
| Interest Income                         | 81              | 100             |
| Late Payment Fee Income                 | 365             | 821             |
| Legal Fee Recoveries (Note 1)           | 7,834           | -               |
| <b>Total Income</b>                     | <u>84,404</u>   | <u>77,046</u>   |
| <b>EXPENSE</b>                          |                 |                 |
| <b>Administrative Expenses</b>          |                 |                 |
| General Administration (Note 2)         | 37,866          | 18,265          |
| Online Payment Services                 | 2,486           | 2,336           |
| Website Maintenance                     | 2,267           | 1,407           |
| <b>Total Administrative Expenses</b>    | <u>42,620</u>   | <u>22,008</u>   |
| <b>Bad Debt Expense</b>                 | 25              | -               |
| <b>Collection Expenses</b>              |                 |                 |
| Collections Administration              | 1,710           | 7,896           |
| Legal Fees (Note 2)                     | 8,153           | 899             |
| <b>Total Collection Expenses</b>        | <u>9,864</u>    | <u>8,795</u>    |
| <b>Community Events</b>                 | 559             | 551             |
| <b>Insurance</b>                        | 1,132           | 1,147           |
| <b>Maintenance</b>                      |                 |                 |
| Fence Maintenance                       | 2,709           | 1,050           |
| Landscape Maintenance-Contract (Note 2) | 53,828          | 57,910          |
| Landscape Projects-Extras (Note 2)      | 7,686           | 21,415          |
| <b>Total Maintenance</b>                | <u>64,223</u>   | <u>80,375</u>   |
| <b>Total Expense</b>                    | <u>118,422</u>  | <u>112,876</u>  |
| <b>NET INCOME (LOSS)</b>                | <u>(34,018)</u> | <u>(35,830)</u> |

## Notes to Financial Statements

(Unaudited)

### 1 Legal Fee Recoveries

**Legal Fee Recoveries** are related to the Legal Fees in Note 2. This account represents the recovery of legal costs incurred to collect Annual Fees in arrears. These are the responsibility of the Homeowner as per the Encumbrance. As per the Accounts Receivable detail, the SRA has collected all but one legal fee for \$6,900 from a single homeowner which the SRA is actively pursuing.

### 2 Expenses

- a. **Legal Fees** relate to costs incurred to collect Annual SRA Fees that were in arrears. These costs are the responsibility of the Homeowner as per the Encumbrance. In 2018, a breakdown in the relationship between the legal counsel employed by the SRA to collect fees that were in arrears and an expelled Board Member forced the SRA to pay the outstanding legal fees, (owed by homeowners), in order to recover the SRA fees already collected by the lawyer. The SRA has collected all but one legal fee for \$6,900 from a single homeowner which the SRA is actively pursuing.

#### b. General Administration Cost Breakdown

|   | <u>2018</u>      | <u>2017</u>      |
|---|------------------|------------------|
| Consulting / Support <sup>1</sup>                                     | 23,520           | 12,664           |
| Invoicing/Reminder Notices (sent with Special Meeting notice in 2018) | -                | 1,008            |
| Special Meeting 1 <sup>2</sup>  | 4,710            | -                |
| Special Meeting 2 <sup>2</sup>  | 7,505            | -                |
| Annual General Meeting (AGM) <sup>3</sup>                             | -                | 2,867            |
| Digital Post Mailbox  | 146              | 124              |
| QuickBooks setup  | 1,407            | -                |
| Bylaws Review   | -                | 1,513            |
| Supplies  | 578              | 90               |
|   | <u>\$ 37,866</u> | <u>\$ 18,265</u> |

<sup>1</sup> **Consulting support** includes attendance and write-up of minutes for monthly board meetings, distribution of annual fee notices to homeowners, home sale inquiries, fee income reconciliation and refunds for overpayments, Foothills Landscaping liaison, membership register maintenance, overdue collections/liaison with Legal, management of SRA email, AGM notice preparation, signage and mailouts. Total consulting support costs were higher in 2018 due to a full change out of the Board resulting in no historical knowledge left on the Board, which resulted in a heavy reliance on consulting support. Furthermore, there was no volunteer support in 2018 and a reduced number of board members due to a conflict of interest.

#### <sup>2</sup>2018 Special Meeting Cost Breakdown

|                    | <u>Meeting 1</u> | <u>Meeting 2</u> |
|--------------------|------------------|------------------|
| Signage            | 393              | 403              |
| Postage            | 527              | 762              |
| Consulting/Support | 3,071            | 5,460            |
| Printing           | 719              | 880              |
|                    | <u>\$ 4,710</u>  | <u>\$ 7,505</u>  |

<sup>2</sup>The purpose of **Special Meeting 1** was to have an election to establish a new Board of Directors after the prior Board was expelled at the 2017 AGM in November 2017. Consulting support included preparation of the Notice, Agenda and other supporting documents in the Notice package, organization of printing, postage and mailing of Notice & Agenda et al, arranging required street signage, securing & arranging venue, preparation of ballots, registration list and presentation.

The purpose of **Special Meeting 2** was to respond to a petition which was signed by the required % of the then Members of the Association requesting that such a special general meeting be called. Due to the timing of this request, the meeting fell on and around when the 2018 AGM was planned, and so that AGM was postponed until early 2019. Consulting support included preparation of the Notice, Agenda and other supporting documents in the Notice package, organization of printing, postage and mailing of Notice & Agenda et al, arranging required street signage, securing & arranging venue, preparation of ballots, registration list and presentation.

<sup>3</sup>No **Annual General Meeting** was held in 2018. The AGM was intended to be held in November 2018 but was delayed due to a petition to hold a Special Meeting which required the AGM to be delayed until 2019.

- c. **2018 Landscape Contract** costs were lower due than the prior year due to the exclusion of grass/weed maintenance along 85th Street due to ongoing construction at the 85th Street/Bow Trail interchange.
- d. **2018 Landscape Projects / Extras** costs were lower than the prior year due to a reduction in the number of "catchup" projects undertaken in the year. The costs in 2018 relate to the purchase of 8 new large planters placed along Wentworth Drive.
- e. All expenditures have been expensed in the financial statements. None have been capitalized even if they may benefit more than one year. Expenses which may benefit more than one year include Landscaping Projects e.g. planting of perennials or purchase of planter pots and Fence Maintenance e.g. replacement of fence caps and painting of exterior side stucco.

**3 Accounts Receivable**

|  | <u>Current</u> | <u>&gt; 90 days</u> | <u>Total</u> |
|--|----------------|---------------------|--------------|
| 2018 Annual Fees - 8 homeowners        |                | 1,000               | 1,000        |
| Legal costs - 1 homeowner <sup>1</sup> |                | 6,900               | 6,900        |
| TOTAL                                  | \$ -           | 7,900               | 7,900        |

<sup>1</sup> Legal costs incurred by homeowner related to collection of annural fees over several years.

**4 Deferred Liability**

In 2017 it was determined that certain properties did not have an encumbrance on title and therefore, billings to these properties were discontinued. The deferred liability represents annual dues collected from these unencumbered SRA properties for the years 2015 & 2016. Amounts received have been recorded as a deferred liability and removed from revenue in 2015 and 2016. The amounts related to 2015 have been written off against Equity in 2018 with the balance to be written off in 2019.

**5 Accounting**

The recognition, measurement, presentation and disclosure principles in these financial statements may not be in accordance with the requirements of any of the financial reporting frameworks in the CPA Canada Handbook - Accounting.