FAIRMONT ESTATES CONDOMINIUM ASSOCIATION

COMPILED FINANCIAL STATEMENTS

AUGUST 31, 2020 AND 2019

Board of Directors
Fairmont Estates Condominium Association
Anaconda, Montana

Management is responsible for the accompanying financial statements of Fairmont Estates Condominium Association, which comprise the statements of assets, liabilities, and net assets-income tax basis as of August 31, 2020, and the related statements of revenues, expenses, and changes in net assets-income tax basis for the year then ended in accordance with the income tax basis of accounting. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit nor review the financial statements, nor were we required to perform any procedures to verify the accuracy nor completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The financial statements are prepared in accordance with the income tax basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared on the income tax basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Association's assets, liabilities, fund balances, revenues, and expenses. Accordingly, these financial statements are not designed for those who are not informed about such matters.

The financial statements of Fairmont Estate Condominium Association as of August 31, 2019, were subjected to a compilation engagement by another accountant who has ceased operation and whose report dated September 30, 2019, stated that he/she have not audited or reviewed the August 31, 2019 financial statements and, accordingly, do not express and opinion, a conclusion, nor provide any form of assurance on these financial statements.

Scharfe, Kato & Co., PC
October 15, 2020

FAIRMONT ESTATES CONDOMINIUM ASSOCIATION
STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS-INCOME TAX BASIS
AUGUST 31, 2020 AND 2019

ASSETS

	2020	2019
CURRENT ASSETS		
Cash, including interest-bearing deposits	$ 577,036	$ 547,375
Assessments receivable (net of estimated uncollectibles of $588,467/$563,622	25,745	81,978
Prepaid Expenses	62,112	56,189
Total Current Assets	664,893	685,542
PROPERTY AND EQUIPMENT		
Office equipment	61,685	61,685
Land	45,000	45,000
	106,685	106,685
Less accumulated depreciation	(56,515)	(53,363)
Total Property and Equipment	50,170	53,322
OTHER ASSETS		
Time share units held for sale	19,200	19,200
Total Assets	$ 734,263	$ 758,064

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	$ 3,452	$ 4,425
Property taxes payable	19,667	17,333
Accrued liabilities	13,352	14,536
Assessments received in advance	26,125	82,875
Total Current Liabilities	62,596	119,169
LONG-TERM LIABILITIES		
Notes payable	37,000	
Total Long-Term Liabilities	37,000	-
Total Liabilities	99,596	119,169
NET ASSETS		
Undesignated	671,667	638,895
Total Net Assets	671,667	638,895
Total Liabilities and Net Assets	$ 734,263	$ 758,064

FAIRMONT ESTATES CONDOMINIUM ASSOCIATION
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS-INCOME TAX BASIS
FOR THE FISCAL YEAR ENDED AUGUST, 31, 2020

	OPERATIONS	CAPITAL IMPROVEMENTS	TOTAL
Revenues			
Regular assessments	$ 656,352		$ 656,352
Bonus time	20,645		20,645
Late charges	4,408		4,408
Interest income	10,252		10,252
Miscellaneous income	3,453		3,453
Total Revenues	695,110	-	695,110
FIXED EXPENSES			
Amenity fees	72,622		72,622
Insurance	42,205		42,205
Property taxes	30,934		30,934
Total Fixed Expenses	145,761	-	145,761
OPERATING EXPENSES			
Repairs and maintenance	32,189		32,189
Telephone	2,881		2,881
Utilities	64,268		64,268
Wages-housekeeping	96,417		96,417
Wages-maintenance	44,515		44,515
Water charges	7,698		7,698
Cable television	5,505		5,505
Laundry	3,626		3,626
Refuse disposal	2,255		2,255
Refunds	2,567		2,567
Total Operating Expenses	261,921	-	261,921
ADMINISTRATIVE EXPENSES			
Accounting	6,860		6,860
Advertising	150		150
Meeting expense	990		990
Bank charges	5,850		5,850
Depreciation expense	3,152		3,152
Internet costs	834		834
Management fee	160,888		160,888
Office expenses	11,358		11,358
Recording fees	903		903
Office wages	28,604		28,604
Payroll taxes	18,765		18,765
Total Administrative Expenses	238,354	-	238,354
RESERVE EXPENDITURES			
Appliances		1,721	1,721
Floor coverings		229	229
Furnishings		9,461	9,461
Remodel-refurbish		495	495
Landscaping/painting		507	507
Other		8,295	8,295
Total Reserve Expenditures	-	12,413	20,708
Total Expenses	$ 646,036	$ 12,413	$ 666,744

FAIRMONT ESTATES CONDOMINIUM ASSOCIATION
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS-INCOME TAX BASIS
FOR THE FISCAL YEAR ENDED AUGUST, 31, 2020

	OPERATIONS	CAPITAL IMPROVEMENTS	TOTAL
OTHER INCOME AND EXPENSES			
Sale of units	$ 7,920		$ 7,920
Cost of sales	(792)		(792)
Upgrade fees	575		575
Income taxes	(3,296)		(3,296)
Total Other Income (Expenses)	4,407	-	4,407
Excess (Deficiency) of Revenues Over Expenses	$ 53,480	$ (12,413)	$ 32,772
Net Assets as of August 31, 2019			638,895
Net Assets as of August 31, 2020			$ 671,667

FAIRMONT ESTATES CONDOMINIUM ASSOCIATION
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS-INCOME TAX BASIS
FOR THE FISCAL YEAR ENDED AUGUST, 31, 2019

	OPERATIONS	CAPITAL IMPROVEMENTS	TOTAL
Revenues			
Regular assessments	$ 728,175		$ 728,175
Bonus time	19,620		19,620
Bad debt recovery through deed backs	4,964		4,964
Late charges	5,183		5,183
Interest income	8,607		8,607
Miscellaneous income	8,146		8,146
Total Revenues	774,695	-	774,695
FIXED EXPENSES			
Amenity fees	71,161		71,161
Insurance	43,245		43,245
Property taxes	27,226		27,226
Total Fixed Expenses	141,632	-	141,632
OPERATING EXPENSES			
Repairs and maintenance	29,894		29,894
Telephone	3,057		3,057
Utilities	69,747		69,747
Wages-housekeeping	97,951		97,951
Wages-maintenance	46,777		46,777
Water charges	6,786		6,786
Cable television	5,918		5,918
Laundry	2,381		2,381
Refuse disposal	2,665		2,665
Refunds	1,629		1,629
Total Operating Expenses	266,805	-	266,805
ADMINISTRATIVE EXPENSES			
Accounting	6,975		6,975
Advertising	160		160
Meeting expense	1,864		1,864
Bank charges	4,395		4,395
Depreciation expense	4,482		4,482
Internet costs	459		459
Management fee	159,527		159,527
Newsletter	734		734
Office expenses	14,512		14,512
Recording fees	924		924
Office wages	33,317		33,317
Payroll taxes	18,829		18,829
Total Administrative Expenses	246,178	-	246,178
RESERVE EXPENDITURES			
Appliances		27,462	27,462
Floor coverings		822	822
Furnishings		34,019	34,019
Remodel-refurbish		22,938	22,938
Landscaping/painting		455	455
Total Reserve Expenditures	-	85,696	85,696
Total Expenses	$ 654,615	$ 85,696	$ 740,311

FAIRMONT ESTATES CONDOMINIUM ASSOCIATION
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS-INCOME TAX BASIS
FOR THE FISCAL YEAR ENDED AUGUST, 31, 2019

	OPERATIONS	CAPITAL IMPROVEMENTS	TOTAL
OTHER INCOME AND EXPENSES			
Sale of units	$ 2,450		$ 2,450
Cost of sales	(245)		(245)
Upgrade fees	650		650
Miscellaneous expense	(1,076)		(1,076)
Income taxes	(1,649)		(1,649)
Total Other Income (Expenses)	130	-	130
Excess (Deficiency) of Revenues Over Expenses	$ 120,210	$ (85,696)	$ 34,514
Net Assets as of August 31, 2018			604,381
Net Assets as of August 31, 2019			$ 638,895