Attainable Homes Calgary Corporation

Audit Findings Report
For the Year Ended December 31, 2018

April 30, 2019

This report is intended solely for the use of the Audit Committee and should not be distributed without our prior consent. We accept no responsibility to third parties who use this communication.

TABLE OF CONTENTS

Purpose

This report summarizes certain key audit findings and responses to assessed audit risks which we believe to be of interest to assist the Audit Committee in discharging their responsibilities in connection with the audited financial statements of Attainable Homes Calgary Corporation (the "Corporation") for the year ended December 31, 2018.

We would like to express our appreciation for the cooperation we received from the officers and employees of the Corporation with whom we worked during our audit. We look forward to meeting with the Audit Committee to discuss the content of this report and answering any questions you may have.

Status of the Audit

We have substantially completed our audit of the financial statements of the Corporation for the year ended December 31, 2018.

Outstanding Items

The following items require completion prior to issuing our auditor's report:

- receipt of management representation letter (Appendix C);
- subsequent events review to audit report date;
- receipt of legal enquiry response; and
- approval of the financial statements by the Board of Directors.

Independent Auditor's Report

Our draft independent auditor's report is attached (Appendix B). We expect that our independent auditor's report will contain a *"Material Uncertainty Related to Going Concern"* paragraph drawing attention to the Corporation's going concern disclosure. Our report will not be qualified with respect to this matter. We expect that our independent auditor's report will contain an *"Other Matters"* paragraph disclosing that the previous year's financial statements were audited by another auditor.

Significant Audit Findings

Materiality

Final overall materiality was $549,000 based on 4% of net assets. Final specific materiality for items that affect cash flow from operations was $299,000 based on 2% of expenses. These were changed from overall planning materiality of $530,000 and specific planning materiality of $265,000, as communicated in our Audit Services Plan upon receipt of final numbers.

Accounting Policies

Management is responsible for selecting and applying appropriate accounting policies. The Audit Committee is responsible to review accounting policies adopted by the Corporation and where alternative policies are available, determine the most appropriate policies to be adopted in the circumstances. If the Audit Committee believes that the adoption of or change in accounting policies may produce inappropriate or misleading financial reporting, this concern must be discussed with management and us.

Our views on the qualitative aspects of accounting practices used in the Corporation's financial reporting are intended to assist the Audit Committee in its review of the financial statements. Policies affecting the understandability, relevance, reliability and comparability of the financial statements are:

Changes in significant accounting policies, including adoption of new standards.	There were no new accounting policies adopted by the Corporation during the year, however, the application of the Corporation's equity receivable policy did change. Previously, the Corporation discounted its equity receivables as financial instruments and incorporated the time value of money, which was calculated based on the estimated interest rate applicable to similar financing arrangements to value these receivables. It was determined that equity loans should not be considered financial instruments, but rather should be classified as loans receivable under section 3050 of the Public Section Accounting Standards. Under this standard loans receivables should be initially reported at cost and valuation allowances should be used to reflect loans receivable at the lower of cost and net recoverable value. Net recoverable value at December 31, 2018, as determined by management, was the minimum repayment on all equity receivables and is not discounted under section 3050. Further to this, under Section 3400, and as per the Corporation's revenue recognition policy, revenue from the sale of a housing unit and land is recognized upon the transfer of title and when collectability is reasonably assured. It was determined that given economic conditions that existed upon closing of the 2018 equity receivables, the collectability of the full face value of the loans were not reasonably assured at the date of issue, resulting in a reduction in revenue recognized relating to the sale of homes sold in 2018 in the amount of $220,843. We have reviewed the impact of the application of this policy on the 2017 financial statements and have concluded that no restatement is required for the 2017 fiscal year. The resulting prior year misstatement of $102,120 has been included in our summary of likely aggregate misstatements (Appendix E).
Accounting policies unique to the industry, or relate to controversial or emerging areas.	No significant items to report.
Existence of alternative policies and methods.	No significant items to report.
Effect of timing of occurrence and recognition of transactions relating to when accounting policies are adopted.	No significant items to report.

Conclusion:

We reviewed the significant accounting policies selected and applied by management and in our judgment, we believe that the accounting policies are, in all material respects, acceptable under Canadian public sector accounting standards and are appropriate to the particular circumstances of the Corporation.

Accounting Estimates, Unusual Transactions and Financial Statement Disclosures

Our risk-based audit approach focused on obtaining sufficient appropriate audit evidence to reduce the risk of material misstatement in the financial statements to an appropriate level.

The following is a summary of key issues and significant risks of material misstatement, whether due to fraud or error, encompassing areas of estimates and related judgments and assumptions, significant or unusual transactions and sensitive financial statement disclosures, identified during the audit:

Issue/risk area	***Valuation of inventory*** *Valuation of inventory, specifically homes (units), due to the nature of units held, the length of time units have been held, and current economic conditions.*
Management's approach	The Corporation tested impairment of units held at December 31, 2018 and concluded that, based on management's estimates of net realizable value, an impairment charge of $579,300 was required.
Our response	We have reviewed the inputs, techniques and assumptions used by management, including comparing to recent appraisals and recent sales of comparable units in the developments, and are in agreement with management's assessment of the valuation of inventory units held at December 31, 2018.
Issue/risk area	***Equity Receivables - Allowance*** *Valuation of equity receivables, due to the significant assumptions used in the calculations to assess fair value, as well as current economic conditions.*
Management's approach	Given current real estate market conditions which contributed to losses on equity receivables settled in 2017, there continues to be indicators that equity receivables may not be fully recoverable. In addition, over the past few years, the Corporation has realized a few losses on equity receivables as a result of foreclosures. Therefore, it was determined by management that an allowance should be recorded on outstanding equity receivables relating specifically to estimated foreclosures of units in the future. Based on the above factors, management has recorded an allowance of $314,923 on equity receivables for the year ended December 31, 2018, bringing all outstanding equity receivables to their minimum repayments. Significant assumptions used in these allowance calculations include expected future market pricing and appreciation of units to be resold, expected timing of unit sales and estimated foreclosure rates. Changes to these assumptions can have significant impact on the calculation of the valuation on equity receivables.

Our response	We have reviewed management's assessment of the collectability of equity receivables, their estimation processes and calculations and conclude that they are reasonable and the allowance recorded to December 31, 2018 is appropriate.
Issue/risk area	***Occurrence of Revenue*** *Occurrence of revenue, due to the nature and timing of the recording of revenue.*
Management's approach	Revenue is recorded on possession of units.
Our response	We agreed a sample of amounts recorded in revenue to purchase and sale agreements, final statements of adjustments, and certificates of title and agree that the criteria for the recognition of revenue has been met.
Issue/risk area	***Management Override of Control*** *Management override of control is, by definition, a significant risk.*
Our response	During the course of our audit, we designed and performed audit procedures to respond to the risks of management override of controls. Our procedures included assessing appropriateness of general journal entries and other adjustments on a test basis, performing random audit procedures, reviewing accounting estimates for biases and evaluating business rationale for transactions outside the normal course of business. These procedures did not reveal any evidence of management override of controls and, as such, no additional audit procedures were performed.

Conclusion:

We reviewed all significant accounting estimates and agree that they are, in all material respects, free of possible management bias and of material misstatement. The audit procedures performed in the areas noted above were consistent with those set out in our Audit Services Plan. The accounting treatment of the items noted above and related disclosures are appropriate and in accordance with Canadian public sector accounting standards. We were able to obtain sufficient appropriate audit evidence to reduce the risk of material misstatement in the financial statements to an appropriate low level.

Misstatements and Adjustments

Adjustments

During our audit, we identified accounting differences that required adjustment. These differences were adjusted by management after discussion with us (Appendix D).

Likely Aggregate Misstatements

During our audit, we aggregated uncorrected financial statement misstatements. Management deemed the effects of these misstatements to be immaterial, both individually and in the aggregate, to the financial statements. Management has not corrected these misstatements. We are required to request that the Audit Committee consider adjusting the financial statements for these misstatements although we acknowledge that the amounts are immaterial (Appendix E).

APPENDICES

Appendix A

Other Required Communication

Illegal Acts, Fraud, Intentional Misstatements and Errors	Testing during our audit did not reveal any illegal, improper or questionable payments or acts, nor any acts committed with the intent to deceive, involving either misappropriation of assets or misrepresentation of financial information.
Related Party Transactions	We conducted tests and procedures to identify related parties and transactions. Our audit did not reveal any related parties or significant related party transactions that were not disclosed to us by management, nor did it reveal any significant related party transactions which give rise to suspected fraud. There has been no disagreement between management and ourselves regarding the accounting for and disclosure of related party transactions.
Deficiencies in Internal Controls	A financial statement audit is not designed to and we are not providing any assurance on internal controls. During our audit, we identified some significant deficiencies in internal controls that were primarily related to the turnover in senior management. Specifically, we noted the following: • *Segregation of Duties* The Corporation has a limited number of individuals performing accounting and control functions in addition to having access to Corporation assets. While lack of segregation of duties is common in entities of similar size, we recommend that whenever practical, duties be segregated to help ensure that errors or misappropriations are prevented or detected by management to safeguard Corporation assets. If segregation is not practical or cost effective, senior management should supervise these duties and follow up on any significant or unusual transactions. • *Review of Sales Contracts* We noted that sales contracts are not being reviewed by the finance group prior to providing the contract to the customer. As a result, we found two contracts where the equity loan was higher than the maximum allowed under the program. Management should ensure that the terms of the contract are reviewed and approved prior to finalization. • *Reviews and Approvals* We noted the reviews and approvals were not documented for journal entries, approval of second mortgages, calculation of the equity receivable valuation or finance manager review of the closing documents received from the lawyer. We suggest that management review the control processes and ensure that appropriate review and approval is documented.

Appendix A
Other Required Communication

Deficiencies in Internal Controls (continued)	During our audit, we also identified the following deficiencies in internal controls which are not considered significant: • *Large Payments* We noted several transfers over $100,000 that only had one level of approval. In addition, we noted three transactions over $100,000 that were not included in the report provided to the Board. Both of these weaknesses increase the risk that large unauthorized expenditures could be made. We recommend that two signatures should be required for all transfers, and that management reconcile the large transactions report to the bank statements to ensure the report is complete. • *Account Reconciliations* We noted that a number of balance sheet accounts are not being reconciled on a monthly basis, which resulted in many discrepancies being found at year-end. We recommend that all significant balance sheet accounts be reconciled at least quarterly. • *Reconciliation of Data* We noted that a number of spreadsheets are being kept to track same or similar data, but at times there are inconsistencies between these spreadsheets. These inconsistencies could result in the inaccurate interpretation of data and errors in accounting. We recommend that one comprehensive database is maintained for all aspects of the business and that it is reconciled to accounting records at least quarterly.
Disagreements with Management	During our audit, we did not have any significant disagreements with management.
Consultations with Other Accountants	We are not aware of any consultations that have taken place with other accountants.
Cooperation of Management	We received full cooperation of management and other personnel during our audit and we had full and unrestricted access to all records and personnel required to complete our audit. We encountered no significant difficulties during our audit that should be brought to the attention of the Audit Committee.

Appendix B

Draft Independent Auditor's Report

Independent Auditor's Report

To the Shareholder of Attainable Homes Calgary Corporation

Opinion

We have audited the financial statements of Attainable Homes Calgary Corporation (the "Corporation"), which comprise the statement of financial position as at December 31, 2018, and the statements of operations and accumulated operating surplus, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2018, and its financial statements and its cash flows for the year ended December 31, 2018 in accordance with Canadian public sector accounting standards.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates the Corporation incurred a net loss for the year ended December 31, 2018 of $2,845,820 and had negative cash flows from operations of $5,827,051. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Corporation's ability to continue as a going concern. Our opinion is not modified in respect to this matter.

Other Matter

The financial statements of the Corporation for the year ended December 31, 2017 were audited by another auditor who expressed an unqualified opinion on those statements on April 19, 2018.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, 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 Corporation’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 Corporation or to cease operations, or has no realistic alternative but to do so.

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

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 Corporation'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 Corporation'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 Corporation 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.

CHARTERED PROFESSIONAL ACCOUNTANTS

Appendix C

Draft Management Representation Letter

ATTAINABLE HOMES CALGARY CORPORATION

April 30, 2019

RSM Alberta LLP
Chartered Professional Accountants
#1400, 777 - 8 Avenue S.W.
Calgary, Alberta
T2P 3R5

Dear Sirs:

We are providing this letter in connection with your audit of the financial statements of Attainable Homes Calgary Corporation as at December 31, 2018 and for the year then ended, for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of Attainable Homes Calgary Corporation in accordance with Canadian public sector accounting standards.

We acknowledge that we are responsible for the fair presentation of the financial statements in accordance with Canadian public sector accounting standards and for the design and implementation of internal control to prevent and detect fraud and error. We have assessed the risk that the financial statements may be materially misstated as a result of fraud, and have determined such risk to be low. Further, we acknowledge that your examination was planned and conducted in accordance with Canadian generally accepted auditing standards so as to enable you to express an opinion on the financial statements. We understand that while your work includes an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, it is not designed to identify, nor can it necessarily be expected to disclose fraud, shortages, errors and other irregularities, should any exist.

Certain representations in this letter are described as being limited to matters that are material. An item is considered material, regardless of its monetary value, if it is probable that its omission from or misstatement in the financial statements would influence the decision of a reasonable person relying on the financial statements.

We confirm, to the best of our knowledge and belief, as of April 30, 2019, the following representations were made to you during your audit.

Financial statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated January 17, 2019, for the preparation of the financial statements in accordance with Canadian public sector accounting standards; in particular, the financial statements are fairly presented in accordance therewith.

2. The Corporation's significant accounting policies are disclosed in the financial statements and:

   (a) there have been no changes in the Corporation's accounting policies.

   (b) the accounting policies selected and applied are appropriate in the circumstances.

   (c) significant assumptions used in making accounting estimates, including those measured at fair value, are reasonable.

Appendix C
Draft Management Representation Letter

ATTAINABLE HOMES CALGARY CORPORATION

3. Significant matters have not arisen that would require a restatement of the comparative financial statements, except as disclosed in the financial statements and which are adequately accounted for and disclosed.

4. The financial statements, which have been prepared on a going concern basis, assume that the Corporation will be able to meet its commitments, continue its operations, realize its assets and discharge its liabilities in the normal course of business. The financial statements do not reflect adjustments to the carrying values of assets and liabilities that may be necessary should the Corporation be unable to achieve sufficient cash flows to continue as a going concern. Such adjustments could be material. The Corporation's ability to continue on as a going concern is dependent on its ability to achieve cash flows from operations and arrange additional financing. We have disclosed to you the Corporation's future plans in relation to its going concern assessment and the feasibility of these plans. There is no assurance that this financing or cash flows from operations will be available to the Corporation and, accordingly, there is doubt about the Corporation's ability to continue as a going concern.

Completeness of information

5. We have provided you with:

   - access to all information of which we are aware that is relevant to the preparation of the financial statements, such as records, documentation and other matters;
   - additional information that you have requested from us for the purpose of this audit;
   - unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence; and
   - all minutes of the meetings of shareholders, directors and committees of directors, or summaries of recent meetings for which minutes have not yet been prepared.

6. The minute books of the Corporation are a complete record of all meetings and resolutions of the Corporation throughout the year and to the present date.

7. All transactions have been recorded in the accounting records and are reflected in the financial statements.

8. We are unaware of any known or probable instances of non-compliance with the requirements of regulatory agencies, applicable securities commissions or governmental authorities, including their financial reporting requirements.

9. We are unaware of any instances of non-compliance or suspected non-compliance with laws or regulations the effects of which should be considered when preparing financial statements.

10. We have identified to you all known related parties and all known related party relationships and transactions, including guarantees, non-monetary transactions and transactions for no consideration.

11. We have communicated to you all deficiencies in internal control of which management is aware.

Appendix C
Draft Management Representation Letter

ATTAINABLE HOMES CALGARY CORPORATION

Fraud and error

12. We have no knowledge of fraud or suspected fraud affecting the Corporation involving management; employees who have significant roles in internal control; or others, where the fraud could have a non-trivial effect on the financial statements.

13. We have no knowledge of any allegations of fraud or suspected fraud affecting the Corporation's financial statements communicated by employees, former employees, analysts, regulators or others.

14. We believe that the effects of the uncorrected financial statement misstatements summarized in the accompanying schedule are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Recognition, measurement and disclosure

15. We believe that the significant assumptions used in arriving at the fair values of financial instruments as measured and disclosed in the financial statements are reasonable and appropriate in the circumstances.

16. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the financial statements.

17. All related party relationships and transactions have been appropriately measured and disclosed in the financial statements.

18. We are aware of the environmental laws and regulations that impact on our Corporation and we are in compliance. There are no known environmental liabilities that have not been accrued for or disclosed in the financial statements.

19. The nature of all material measurement uncertainties has been appropriately disclosed in the financial statements, including all estimates where it is reasonably possible that the estimate will change in the near term and the effect of the change could be material to the financial statements.

20. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel. Any such items have been accounted for and disclosed in accordance with Canadian public sector accounting standards.

21. We confirm that there are no derivative or off-balance sheet financial instruments held at the year ended December 31, 2018.

22. We confirm that we have made the appropriate determination, accounting and disclosure in the financial statements of the costs, assets and obligations associated with employee future benefits.

23. All liabilities, both actual and contingent, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.

Appendix C
Draft Management Representation Letter

ATTAINABLE HOMES CALGARY CORPORATION

24. The Corporation has satisfactory title to, or control over, all assets, and there are no liens or encumbrances on the Corporation's assets or assets pledged as collateral that are not disclosed in the notes to the financial statements.

25. We have disclosed to you, and the Corporation has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

26. We confirm the appropriateness of accounting policies and the application thereof for complex areas of accounting and areas involving management's judgment and estimates, for example:

    - valuation of inventory;
    - valuation of equity receivables; and
    - valuation of land and site development cost.

27. There have been no events subsequent to the statement of financial position date up to the date hereof that would require recognition or disclosure in the financial statements other than that disclosed in the notes to the financial statements. Further, there have been no events subsequent to the date of the comparative financial statements that would require adjustment of those financial statements and the related notes.

28. The terms of your engagement, as set out in your letter to us dated January 17, 2019, are still in effect and we agree with the terms as set out.

Journal entry approval

29. We approve of and acknowledge responsibility for the journal entries summarized in the accompanying schedule.

Yours very truly,

Jaydan Tait, President and CEO

Brian Pincott, Director and Audit and Accountability Chair

/tdb

Attainable Homes Calgary Corporation
Year End: December 31, 2018
Journal Entries
Date: 01/01/2018 To 12/31/2018

Number	Date	Name	Account No	Reference	Annotation	Debit	Credit	Recurrence	Misstatement
RSM01	12/31/2018	Accounts Payable - HoldBacks	2621	CC1-1			128,977.07		
RSM01	12/31/2018	Work-In-Progress - WIP Estimating, Design, Eng	1500-1501	CC1-1		128,977.07			
		To record 2018 Holdbacks							
RSM02	12/31/2018	Other Deposits	1486	H77-1		2,000.00			
RSM02	12/31/2018	Security Deposits	2623	H77-1			2,000.00		
		To reverse J/E 18-803							
RSM03	12/31/2018	Accounts Receivable	1060	H77-1		962.50			
RSM03	12/31/2018	Other Deposits	1486	H77-1			2,000.00		
RSM03	12/31/2018	Inventoy Unit Legal Fees	8868	H77-1		1,272.50			
RSM03	12/31/2018	Inventory Operating Cost	8869	H77-1			235.00		
		To Correct SaleEntry							
RSM04	12/31/2018	GST/HST Payable	2680	D2-1		439.45			
RSM04	12/31/2018	Suspense Liabilities	2699	D2-1			14,658.31		
RSM04	12/31/2018	Suspense Liabilities	2699	D2-1		2,085.36			
RSM04	12/31/2018	Professional Fees	8859	D2-1		11,731.00			
RSM04	12/31/2018	Inventory Operating Cost	8869	D2-1		192.50			
RSM04	12/31/2018	Inventory Operating Cost	8869	D2-1		210.00			
		To correct entry JE18-662 for purchase of 12 Units							
RSM05	12/31/2018	Trust Liability (offset)	2237	A2 / A2-2		65,851.80			
RSM05	12/31/2018	Security Deposits	2623	A2 / A2-2			2,000.00		
RSM05	12/31/2018	Security Deposits	2623	A2 / A2-2			2,000.00		
RSM05	12/31/2018	Security Deposits	2623	A2 / A2-2			13,400.99		
RSM05	12/31/2018	Security Deposits	2623	A2 / A2-2			2,000.00		
RSM05	12/31/2018	Security Deposits	2623	A2 / A2-2			13,795.00		
RSM05	12/31/2018	Security Deposits	2623	A2 / A2-2			14,400.00		
RSM05	12/31/2018	Security Deposits	2623	A2 / A2-2			2,000.00		
RSM05	12/31/2018	Security Deposits	2623	A2 / A2-2			2,000.00		
RSM05	12/31/2018	Accrued Liabilities	2626	A2 / A2-2			12,170.45		
RSM05	12/31/2018	Suspense Liabilities	2699	A2 / A2-2			2,085.36		
		Reclass Trust Liability Account							

Attainable Homes Calgary Corporation

Year End: December 31, 2018
Journal Entries
Date: 01/01/2018 To 12/31/2018

Number	Date	Name	Account No	Reference	Annotation	Debit	Credit	Recurrence	Misstatement
RSM06	12/31/2018	Equity Loan Write-Off	4200	N4 / N5.1 / 30			298.50		
RSM06	12/31/2018	Equity Loan Write-Off	4200	N4 / N5.1 / 30			11,159.12		
RSM06	12/31/2018	Gain/Loss - Equity Loan Rec	8680	N4 / N5.1 / 30			588,227.31		
RSM06	12/31/2018	Gain/Loss - Equity Loan Rec	8680	N4 / N5.1 / 30		250,826.00			
RSM06	12/31/2018	Equity G/L Receivable Disc	1699-1729	N4 / N5.1 / 30		627,220.00			
RSM06	12/31/2018	Equity G/L Receivable Disc	1699-1729	N4 / N5.1 / 30			282,514.00		
RSM06	12/31/2018	Sales - Redstone	4000-4014	N4 / N5.1 / 30		20,942.64			
RSM06	12/31/2018	Sales - Arbours II, III	4000-4018	N4 / N5.1 / 30		22,940.00			
RSM06	12/31/2018	Sales - Orchard Sky	4000-4022	N4 / N5.1 / 30		25,970.00			
RSM06	12/31/2018	Sales - Varsity	4000-4023	N4 / N5.1 / 30		11,250.00			
RSM06	12/31/2018	Sales - Chalet No.6	4000-4024	N4 / N5.1 / 30		41,226.17			
RSM06	12/31/2018	Sales - Buffalo	4000-4029	N4 / N5.1 / 30		85,173.00			
RSM06	12/31/2018	Sales - Sunalta	4000-4030	N4 / N5.1 / 30		10,410.00			
RSM06	12/31/2018	Sales - Ashbury	4000-4032	N4 / N5.1 / 30		2,931.50			
RSM06	12/31/2018	Equity Loan Write-Off - DVV I	4200-4201	N4 / N5.1 / 30		2,487.50			
RSM06	12/31/2018	Equity Loan Write-off - DVV II	4200-4202	N4 / N5.1 / 30			13,875.00		
RSM06	12/31/2018	Equity Loan Write-off - DVV II	4200-4202	N4 / N5.1 / 30		2,862.50			
RSM06	12/31/2018	Equity Loan Write-off - DVV II	4200-4202	N4 / N5.1 / 30			137.50		
RSM06	12/31/2018	Equity Loan Write -Off - BH	4200-4203	N4 / N5.1 / 30			14,687.40		
RSM06	12/31/2018	Equity Loan Write-Off - Cr Apt	4200-4204	N4 / N5.1 / 30			18,643.16		
RSM06	12/31/2018	Equity Loan Write-Off - Cr Apt	4200-4204	N4 / N5.1 / 30		11,159.12			
RSM06	12/31/2018	Equity Loan Write-Off - SV 4000	4200-4205	N4 / N5.1 / 30			13,705.00		
RSM06	12/31/2018	Equity Loan Write-Off - SV 5000	4200-4207	N4 / N5.1 / 30			22,350.00		
RSM06	12/31/2018	Equity Loan Write-off - CT	4200-4208	N4 / N5.1 / 30			11,000.00		
RSM06	12/31/2018	Equity Loan Write-Off - WBP	4200-4209	N4 / N5.1 / 30			24,023.06		
RSM06	12/31/2018	Equity Loan Write-Off - 51 Oak	4200-4210	N4 / N5.1 / 30			26,760.00		
RSM06	12/31/2018	Equity Loan Write-Off - Evanston	4200-4212	N4 / N5.1 / 30			11,715.00		
RSM06	12/31/2018	Equity Loan Write-Off - Evanston	4200-4212	N4 / N5.1 / 30			2,862.50		
RSM06	12/31/2018	Equity Loan Write-Off - Evanston	4200-4212	N4 / N5.1 / 30		137.50			
RSM06	12/31/2018	Equity Loan Write-Off - GB	4200-4215	N4 / N5.1 / 30			23,133.00		
RSM06	12/31/2018	Equity Loan Write-off - Redstone	4200-4216	N4 / N5.1 / 30			11,048.00		
RSM06	12/31/2018	Equity Loan Write-Off - SM2000	4200-4217	N4 / N5.1 / 30			10,550.00		
RSM06	12/31/2018	Equity Loan Write-Off - MP	4200-4220	N4 / N5.1 / 30			15,905.50		
RSM06	12/31/2018	Equity Loan Write-Off - Arbours	4200-4223	N4 / N5.1 / 30			6,781.88		
RSM06	12/31/2018	Equity Loan Write-Off - Arbours	4200-4223	N4 / N5.1 / 30			6,160.00		
		To adjust 2018 equity receivable to bring all amounts to minimum repayment (undiscounted)							
CLIENT01	12/31/2018	Security Deposits	2623	H77-2			2,000.00		
CLIENT01	12/31/2018	Suspense Liabilities	2699	H77-2		2,600.00			
CLIENT01	12/31/2018	Interest Expense	8720	H77-2			600.00		

Attainable Homes Calgary Corporation
Year End: December 31, 2018
Journal Entries
Date: 01/01/2018 To 12/31/2018

Number	Date	Name	Account No	Reference	Annotation	Debit	Credit	Recurrence	Misstatement
		To Correct Sales Entry							
CLIENT02	12/31/2018	Security Deposits	2623	H77-3		2,000.00			
CLIENT02	12/31/2018	Legal Fees	8859-8860	H77-3			2,000.00		
		Correcting Sales Entry							
CLIENT03	12/31/2018	Accounts Receivable	1060	H77-4		195.75			
CLIENT03	12/31/2018	Suspense Liabilities	2699	H77-4			1,300.00		
CLIENT03	12/31/2018	Inventoy Unit Legal Fees	8868	H77-4		1,104.25			
		Correct Sales Entry							
CLIENT04	12/31/2018	Accounts Receivable	1060	H77-5		1,115.39			
CLIENT04	12/31/2018	Suspense Liabilities	2699	H77-5			2,171.44		
CLIENT04	12/31/2018	Inventoy Unit Legal Fees	8868	H77-5		1,056.05			
		Correct Sales Entry							
CLIENT05	12/31/2018	Accounts Receivable	1060	H77-6		264.95			
CLIENT05	12/31/2018	Suspense Liabilities	2699	H77-6			1,336.75		
CLIENT05	12/31/2018	Inventoy Unit Legal Fees	8868	H77-6		1,071.80			
		Correct Sales Entry							
CLIENT06	12/31/2018	Suspense Liabilities	2699	H77-8		220.66			
CLIENT06	12/31/2018	Inventory Operating Cost	8869	H77-8			220.66		
		Correct sales entry (only part of suggested client entry recorded)							
CLIENT07	12/31/2018	ATB Chequing - 843063200	1007	H77-10		300.00			
CLIENT07	12/31/2018	ATB Chequing - 843063200	1007	H77-10			60.41		
CLIENT07	12/31/2018	Suspense Liabilities	2699	H77-10			239.59		
		To correct part of JE18-800							
						1,339,186.96	**1,339,186.96**		

Attainable Homes Calgary Corporation
Year End: December 31, 2018
Journal Entries
Date: 01/01/2018 To 12/31/2018

Number	Date	Name	Account No	Reference	Annotation	Debit	Credit	Recurrence	Misstatement

Net Income (Loss) **(2,845,821.58)**

SUMMARY OF LIKELY AGGREGATE MISSTATEMENTS

Client: Attainable Homes Calgary Corporation   Year-end: 31-Dec-18

Record dollar value used for trivial errors (consider 5% of materiality or less) *(1)* $27,450

Description of misstatement *(3)*	W/P Ref	Proposed Adjustments Dr (Cr) *(2)*: Income Statement: *Identified Misstatements (4)*	Proposed Adjustments Dr (Cr) *(2)*: Income Statement: *Likely Aggregate Misstatements (5)*	Balance Sheet: Assets	Balance Sheet: Liabilities	Balance Sheet: Other Equity	Balance Sheet: Closing Retained Earnings *(6)*	Impact on items with a specific materiality *(7)*		
Allowance on Second Mortgages	W0	$31,687	$31,687	($31,687)			$31,687			
GST Self Assessment on RTO Units	KK2			$37,734	($37,734)		$0			
Overstatement of equity receivable at December 31, 2018	N3.1	$33,518	$33,518	($33,518)			$33,518			
Impact of 2017 understatement of equity receivables not booked on 2018 Statement of Operations	N3.2	$102,120	$102,120							
2017 underaccrual of payables	200	($161,232)	($161,232)							
							$0			
							$0			
							$0			
							$0			
							$0			
							$0			
							$0			
							$0			
							$0			
							$0			
(A) Totals			$6,093	($27,471)	($37,734)	$0	$65,205	$0	$0	$0
(B) Effect of cummulative unadjusted misstatements from previous years not including immediately prior year (i.e. prior year B+C+E) *(9)*										
(C) Effect of unadjusted non-reversing misstatements from prior year (i.e. prior year column N)) *(10)*										
(D) Effect of unadjusted reversing misstatements from prior year (i.e prior year column M) (11*)*										
(E) Effect of gradual reversals of prior years non reversing misstatements - current year effect only *(12)*							$0			
(F) Aggregate likely misstatements (C+D+E+F)			$6,093	($27,471)	($37,734)	$0	$65,205	$0	$0	$0
(G) Final materiality *(12)*			$549,000	$549,000	$549,000	$549,000	$549,000			
(H) Amount remaining for further possible misstatements (G-F) *(13)*			$542,907	$521,529	$511,266	$549,000	$483,795	$0	$0	$0