

**Springbank Hill Homeowners Association  
Financial Statements**  
For the year ended December 31, 2005  
(Unaudited)

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## Review Engagement Report

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### To the Members of Springbank Hill Homeowners Association

We have reviewed the statement of financial position of Springbank Hill Homeowners Association as at December 31, 2005 and the statements of operations, change in net assets and cash flows for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the Association.

A review does not constitute an audit and consequently we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian generally accepted accounting principles.

*Bob Dunwoody*

**Chartered Accountants**

Calgary, Alberta  
July 18, 2006

**Springbank Hill Homeowners Association  
Statement of Financial Position**

December 31	2005	2004 (Unaudited) (Audited)
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**Assets**

**Current**

Cash	\$ 7,448	\$ 2,847
Accounts receivable	1,505	4,534
Prepaid expenses	<u>3,069</u>	<u>2,646</u>
	<u>12,022</u>	<u>10,027</u>

**Property and equipment**

Fence and signage	3,841	3,841
Less accumulated amortization	<u>(1,405)</u>	<u>(1,021)</u>
	<u>2,436</u>	<u>2,820</u>
	<b>\$ 14,458</b>	<b>\$ 12,847</b>

**Liabilities and Fund Balances**

**Current**

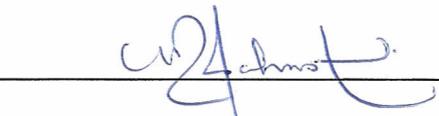
Accounts payable and accrued liabilities	<u>\$ 10,602</u>	<u>\$ 7,626</u>
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**Net assets**

Net assets invested in property and equipment	2,436	2,820
Unrestricted net assets	<u>1,420</u>	<u>2,401</u>
	<u>3,856</u>	<u>5,221</u>
	<b>\$ 14,458</b>	<b>\$ 12,847</b>

Approved on behalf of the Board:

 \_\_\_\_\_ Director

 \_\_\_\_\_ Director

The accompanying notes are an integral part of these financial statements.

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**Springbank Hill Homeowners Association  
Statement of Operations**

For the year ended December 31

	2005 (Unaudited)	2004 (Audited)
<b>Revenue</b>		
Homeowners fees	\$ 74,235	\$ 74,509
Interest	<u>251</u>	<u>240</u>
	<u>74,486</u>	<u>74,749</u>
<b>Expenditures</b>		
Amortization	384	384
Insurance	5,301	2,526
Interest and bank charges	30	44
Landscaping (Note 3)	61,896	60,090
Newsletter	133	75
Office and miscellaneous	1,139	2,426
Professional fees	5,092	6,652
Provision for uncollectible fees (Note 5)	<u>1,876</u>	<u>-</u>
	<u>75,851</u>	<u>72,197</u>
<b>Excess (deficiency) of revenue over expenditures for the year</b>	<b>\$ (1,365)</b>	<b>\$ 2,552</b>

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The accompanying notes are an integral part of these financial statements.

**Springbank Hill Homeowners Association  
Statement of Changes in Net Assets  
(Unaudited)**

For the year ended December 31

2005  
(Unaudited)      2004  
(Audited)

	Invested in property and equipment	Unrestricted	Total	Total
<b>Balance, beginning of year</b>	\$ 2,820	\$ 2,401	\$ 5,221	\$ 2,669
Excess (deficiency) of revenue over expenditures	<u>(384) <sup>(1)</sup></u>	<u>(981)</u>	<u>(1,365)</u>	<u>2,552</u>
<b>Balance, end of year</b>	<u>\$ 2,436</u>	<u>\$ 1,420</u>	<u>\$ 3,856</u>	<u>\$ 5,221</u>

(1) Consists of amortization expense

2006

2436	1420	3856	
(384)	3859 <del>4204</del>	<del>3920</del> <del>(445)</del> <del>3475</del>	3920 (445)
<u>2052</u>	<u>5774</u>	<u>1330</u>	
	5279		445 for donations

**Springbank Hill Homeowners Association**  
**Statement of Cash Flows**  
**(Unaudited)**

For the year ended December 31

	2005 (Unaudited)	2004 (Audited)
<b>Cash flows from operating activities</b>		
Excess of revenue over expenditures for the year	\$ (1,365)	\$ 2,552
Item not involving cash		
Amortization	<u>384</u>	<u>384</u>
	(981)	2,936
Changes in non-cash working capital balances		
Accounts receivable	3,029	2,552
Prepaid expenses	(423)	(2,646)
Accounts payable	<u>2,976</u>	<u>(4,832)</u>
	<u>4,601</u>	<u>(1,990)</u>
<b>Increase (decrease) in cash</b>	<b>4,601</b>	<b>(1,990)</b>
Cash, beginning of year	<u>2,847</u>	<u>4,837</u>
<b>Cash, end of year</b>	<b>\$ 7,448</b>	<b>\$ 2,847</b>

The accompanying notes are an integral part of these financial statements.

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**Springbank Hill Homeowners Association**  
**Notes to Financial Statements**  
**(Unaudited)**

December 31, 2005

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**1. Purpose of the Association**

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Springbank Hill Homeowners Association (the "Association") was formed December 4, 1997 and control passed from the developer to the homeowners on January 1, 2001. The Association was established to provide for the management, supervision, and maintenance of the common amenities of the Springbank Hill subdivision. The required contributions will be established annually by the board of directors as elected by the homeowners. The Association is incorporated under the Societies Act of Alberta as a not-for-profit organization and under section 149(1)(l) of the Income Tax Act is exempt from the payment of income taxes.

The Association entered into a landscape maintenance agreement with the City of Calgary. The agreement provides that the Association may apply for an annual grant to provide landscaping maintenance on certain land in the Springbank Hill subdivision. The agreement expires in 2025 and is renewable.

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**2. Significant Accounting Policies**

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The financial statements of the Association have been prepared by management in accordance with Canadian generally accepted accounting principles. The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The financial statements have, in management's opinion, been properly prepared using careful judgement with reasonable limits of materiality and within the framework of the significant accounting policies summarized below.

(a) Revenue recognition

The Association follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

(b) Government assistance

Government assistance from the City of Calgary is applied to reduce landscaping expenditures.

(c) Property and equipment

Property and equipment are recorded at cost. Amortization is provided for on a straight line basis at rates designed to amortize the cost of the asset over its estimated useful life as follows:

Fence	10%
Signage	10%

(d) Cash

Cash consists of a bank balance and is currently held with one financial institution and, as such, the Company is exposed to concentration of credit risk.

(e) Financial instruments

The Association carries various financial instruments. Unless otherwise noted, it is management's opinion that the Association is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

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**Springbank Hill Homeowners Association**  
**Notes to Financial Statements**  
**(Unaudited)**

December 31, 2005

**2. Significant Accounting Policies - continued**

(f) Contributed materials and services

Volunteers contributed services during the year to assist the Organization in carrying out its activities. Because of the difficulty in determining their fair value, donated volunteer services are not recognized in the financial statements.

Contributed materials and other services are recorded at fair value at the date of the donation only when the fair value can be reasonably estimated and when the materials and services are used in the normal course of the Organization's operations and would otherwise have been purchased.

**3. Landscaping**

**2005**  
**(Unaudited)**                      **2004**  
**(Audited)**

Landscaping expenditures are for maintenance of common grounds and is recorded net of funding from the City.

Landscaping expenditures	\$	<b>84,318</b>	\$	83,184
Funding from the City of Calgary		<u>(22,422)</u>		<u>(23,094)</u>
		<u><b>\$ 61,896</b></u>		<u>\$ 60,090</u>

**4. Commitment**

The Association has entered into a landscaping contract with ULS Maintenance & Landscaping Inc. for the 2006 year. The total commitment, not including GST, is as follows:

	<b>Monthly payment</b>	<b>Total</b>
Summer months (April - October)	\$ 8,750	\$ 61,250
Winter months (November - March)	1,035	<u>5,175</u>
		<u><b>\$ 66,425</b></u>

The contract can be cancelled by either party with 60 days written notice.

**5. Provision for uncollectible fees**

While the Association is actively working to collect unpaid homeowner fees in accordance with accounting principles, a bad debt provision of \$1,876 has been recorded in their financial statements. This provision is based on 100% of fees still unpaid for the March 31, 2004 year and 30% of the fees still unpaid for the March 31, 2005 year.