

STRATA PLAN N.W. 2040  
FINANCIAL STATEMENTS  
AUGUST 31, 2006  
(Unaudited - See Notice to Reader)



# Marsh & Marsh Inc.

CHARTERED ACCOUNTANTS

#405 - 1901 ROSSER AVE.

BURNABY, B.C. V5C 6S3

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## NOTICE TO READER

We have compiled the statement of financial position of Strata Plan N.W. 2040 as at August 31, 2006 and the statements of operations and changes in fund balances for the year then ended from information provided by management. We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of such information. Readers are cautioned that these statements may not be appropriate for their purposes.

Burnaby, B.C.  
September 28, 2006

  
Chartered Accountants

STRATA PLAN N.W. 2040  
STATEMENT OF FINANCIAL POSITION  
AS AT AUGUST 31, 2006  
(Unaudited - See Notice to Reader)

	<u>Operating Fund</u>	<u>Contingency Reserve Fund</u>	<u>Total 2006</u>	<u>Total 2005</u>
Current Assets				
Cash	\$ 18,590	\$ 38,862	\$ 57,452	\$ 17,755
Term deposit	-	34,815	34,815	72,414
Due from interfund	-	-	-	-
Accounts receivable	543	-	543	584
Prepaid expenses	974	-	974	5,991
	<u>\$ 20,107</u>	<u>\$ 73,677</u>	<u>\$ 93,784</u>	<u>\$ 96,744</u>
Current Liabilities				
Accounts payable and accrued liabilities	\$ 106	\$ -	\$ 106	\$ 107
	<u>106</u>	<u>-</u>	<u>106</u>	<u>107</u>
Fund Balances				
Unrestricted	20,001	-	20,001	3,972
Internally restricted - (Note 3)	-	73,677	73,677	92,665
	<u>20,001</u>	<u>73,677</u>	<u>93,678</u>	<u>96,637</u>
	<u>\$ 20,107</u>	<u>\$ 73,677</u>	<u>\$ 93,784</u>	<u>\$ 96,744</u>

Approved by the Directors

Susan L. Akers Director  
Prong Director

STRATA PLAN N.W. 2040  
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED AUGUST 31, 2006  
(Unaudited - See Notice to Reader)

	Operating Fund 2006	Operating Fund 2005	Contingency Reserve Fund	Total 2006	Total 2005
Income					
Assessments	\$ 73,250	\$ 68,958	\$ -	\$ 73,250	\$ 68,958
Interest	1,146	2,301	-	1,146	2,301
Miscellaneous	255	140	-	255	140
	<u>74,651</u>	<u>71,399</u>	<u>-</u>	<u>74,651</u>	<u>71,399</u>
Expenditures					
Accounting and legal	1,813	1,787	-	1,813	1,787
Administration	733	1,420	-	733	1,420
Bank charges	98	-	-	98	-
Electricity	466	452	-	466	452
Grounds improvement	91	661	-	91	661
Insurance	11,795	11,671	-	11,795	11,671
Landscape maintenance	12,257	13,916	-	12,257	13,916
Maintenance	11,571	20,512	38,786	50,357	66,442
	<u>38,824</u>	<u>50,419</u>	<u>38,786</u>	<u>77,610</u>	<u>96,349</u>
Excess of income over expenditures from operations	<u>35,827</u>	<u>20,980</u>	<u>(38,786)</u>	<u>(2,959)</u>	<u>(24,950)</u>
Interfund transfers and other					
Contingency reserve provision	(15,826)	(17,008)	15,826	-	-
Transfer from operating fund	(3,972)	3,513	3,972	-	-
	<u>(19,798)</u>	<u>(13,495)</u>	<u>19,798</u>	<u>-</u>	<u>-</u>
	16,029	7,485	(18,988)	(2,959)	(24,950)
Fund balances, beginning of year	<u>3,972</u>	<u>(3,513)</u>	<u>92,665</u>	<u>96,637</u>	<u>121,587</u>
Fund balances, end of year	<u>\$ 20,001</u>	<u>\$ 3,972</u>	<u>\$ 73,677</u>	<u>\$ 93,678</u>	<u>\$ 96,637</u>

STRATA PLAN N.W. 2040  
STATEMENT OF CHANGES IN CONTINGENCY RESERVE FUND  
FOR THE YEAR ENDED AUGUST 31, 2006  
(Unaudited - See Notice to Reader)

	<u>General 2006</u>	<u>Painting 2006</u>	<u>Roofing 2006</u>	<u>Total 2006</u>
Balance, beginning of year	\$ 24,186	\$ 41,479	\$ 27,000	\$ 92,665
Add: Transfer to operating fund	-	11,826	4,000	15,826
Transfer from expense	<u>3,972</u>	<u>-</u>	<u>-</u>	<u>3,972</u>
	28,158	53,305	31,000	112,463
Deduct: Special repairs expense	<u>-</u>	<u>38,786</u>	<u>-</u>	<u>38,786</u>
Balance, end of year	<u>\$ 28,158</u>	<u>\$ 14,519</u>	<u>\$ 31,000</u>	<u>\$ 73,677</u>

	<u>General 2005</u>	<u>Painting 2005</u>	<u>Roofing 2005</u>	<u>Total 2005</u>
Balance, beginning of year	\$ 27,699	\$ 74,401	\$ 23,000	\$ 125,100
Add: Transfer from operating fund	(3,513)	-	-	(3,513)
Transfer from expense	<u>-</u>	<u>13,008</u>	<u>4,000</u>	<u>17,008</u>
	24,186	87,409	27,000	138,595
Deduct: Special repairs expense	<u>-</u>	<u>45,930</u>	<u>-</u>	<u>45,930</u>
Balance, end of year	<u>\$ 24,186</u>	<u>\$ 41,479</u>	<u>\$ 27,000</u>	<u>\$ 92,665</u>

STRATA PLAN N.W. 2040  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2006  
(Unaudited - See Notice to Reader)

Note 1 Nature and Purpose of Organization

The purpose of the Strata is the maintenance of a thirty-six unit strata townhome complex.

Note 2 Significant Accounting Policies

The financial statements are not necessarily in accordance with Canadian generally accepted accounting principles. Outlined below are those policies the Strata considered particularly significant.

Fund Accounting

The Strata follows the restricted fund method of accounting.

The Operating Fund reports the assets, liabilities, income and expenditures related to the Strata's operating activities.

The Contingency Reserve Fund reports the assets, liabilities, income and expenditures related to the Strata's extraordinary repairs activities.

Revenue Recognition

Assessments

Assessments are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred.

Investment Income

Interest income earned on funds is recognized as revenue in the period the investment income is earned.

Income Taxes

The Strata is exempt from income taxes under the provisions of the Income Tax Act as a not-for-profit organization.

Note 3 Internally Restricted Net Assets

Major categories of internally imposed restrictions on net assets are as follows:

	2006	2005
Restricted for extraordinary repairs	\$ 73,677	\$ 92,665

