



**Financial Statements of  
The Owners: Strata Plan NES 2402  
Operating as The Peaks  
January 31, 2011**

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**January 31, 2011**

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## AUDITORS' REPORT

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To the Owners of Strata Plan NES 2402 (Operating as The Peaks)

We have audited the statement of financial position of Strata Plan NES 2402, operating as The Peaks, as at January 31, 2010 and the statements of operations and changes in fund balances for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at January 31, 2011 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Drayton Valley, Alberta

March 14, 2011



CHARTERED ACCOUNTANTS

**Statement of Operations**  
**The Owners: Strata Plan NES 2402**  
**Operating as The Peaks**  
**Year ended January 31, 2011**

	Budget	2011	2010
<b>CONTRIBUTIONS</b>			
Strata fees - operating fund contribution	\$ 452,789	\$ 452,803	\$ 472,307
Special assessment levy - operating fund	-	-	16,500
Interest and other	-	829	860
Amenities building rental (see Schedule 1)	-	-	-
	<u>452,789</u>	<u>453,632</u>	<u>489,667</u>
<b>DISBURSEMENTS</b>			
Electricity	149,437	137,716	131,970
Insurance	61,812	61,891	53,635
Management fees	60,948	55,836	54,845
Water and sewer	54,000	54,449	52,704
Amenities building (see Schedule 1)	45,432	41,266	42,229
Propane	22,774	21,428	17,818
Landscaping maintenance	6,000	17,091	7,788
Building maintenance and repair	10,800	11,391	19,185
Principal payments on long-term debt	9,758	9,758	9,198
Elevator maintenance	14,400	9,644	9,172
Waste removal	6,480	7,049	6,462
Window cleaning	6,000	5,078	5,078
Interest on long-term debt	4,318	4,306	4,866
Office supplies	3,780	4,284	3,880
Security and intercom	3,600	3,712	4,998
Parkade and parking lot maintenance	720	3,058	7,034
Legal and audit	1,050	1,102	1,050
Bank charges	1,080	885	822
Property taxes	1,500	303	1,387
Carpet cleaning	1,500	-	841
Snow removal	-	-	169
Insurance appraisal	1,500	-	-
Bad debts	900	-	-
	<u>467,789</u>	<u>450,247</u>	<u>435,131</u>
<b>EXCESS (DEFICIENCY) OF CONTRIBUTIONS OVER DISBURSEMENTS</b>	<b>\$ (15,000)</b>	<b>\$ 3,385</b>	<b>\$ 54,536</b>

See accompanying notes

**Statement of Changes in Fund Balances**  
**The Owners: Strata Plan NES 2402**  
**Operating as The Peaks**  
**Year ended January 31, 2011**

				2011	2010
	Operating Fund	Contingency Reserve Fund	Capital Fund	Total	Total
<b>BALANCE, BEGINNING OF YEAR</b>	<b>\$ 38,145</b>	<b>\$ 187,894</b>	<b>\$ 80,567</b>	<b>\$ 306,606</b>	<b>\$ 269,304</b>
Current year contributions to operating fund	452,803	-	-	452,803	472,307
Other income attributed to operating fund	829	-	-	829	860
Current year contributions to contingency reserve fund	-	45,288	-	45,288	23,616
Other income attributed to contingency reserve fund	-	678	-	678	589
Disbursement recoveries	-	-	-	-	-
Special assessment levy - operating fund	-	-	-	-	16,500
Special assessment levy - contingency reserve fund	-	-	-	-	-
Disbursements - special assessment levy - contingency	-	-	-	-	(29,040)
Capital asset purchased in year	-	-	5,700	5,700	-
Principle repayment of mortgage	-	-	9,758	9,758	9,198
	<u>453,632</u>	<u>45,966</u>	<u>15,458</u>	<u>515,056</u>	<u>494,030</u>
Current year disbursements from operating fund	450,247	-	-	450,247	435,131
Current year disbursements from contingency reserve fund	-	161,677	-	161,677	21,597
	<u>450,247</u>	<u>161,677</u>	<u>-</u>	<u>611,924</u>	<u>456,728</u>
Excess (deficiency) of contributions over disbursements	3,385	(115,711)	15,458	(96,868)	37,302
<b>BALANCE, END OF YEAR</b>	<b>\$ 41,530</b>	<b>\$ 72,183</b>	<b>\$ 96,025</b>	<b>\$ 209,738</b>	<b>\$ 306,606</b>

See accompanying notes

Statement of Financial Position  
The Owners: Strata Plan NES 2402  
Operating as The Peaks  
January 31, 2011

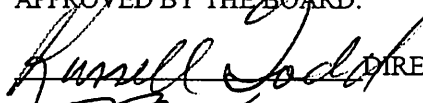

ASSETS

	2011	2010
<b>CURRENT ASSETS</b>		
Cash - operating funds	\$ 63,941	\$ 42,453
Cash - contingency reserve fund	72,183	187,894
Strata fees receivable	28	642
Other receivable	-	10,000
Prepaid expenses	61,155	57,705
	197,307	298,694
<b>PROPERTY AND EQUIPMENT (Note 3)</b>	163,397	157,697
	\$ 360,704	\$ 456,391

LIABILITIES AND OWNERS' EQUITY

<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 83,594	\$ 72,655
Bank loan payable within one year (Note 4)	10,658	10,107
	94,252	82,762
Bank loan payable after one year (Note 4)	56,714	67,023
	150,966	149,785
<b>OWNERS' EQUITY</b>		
Operating fund	41,530	38,145
Contingency reserve fund	72,183	187,894
Capital fund	96,025	80,567
	209,738	306,606
	\$ 360,704	\$ 456,391

APPROVED BY THE BOARD:

 DIRECTOR  
 DIRECTOR

See accompanying notes

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Notes to the Financial Statements  
The Owners: Strata Plan NES 2402  
Operating as The Peaks  
January 31, 2011

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**Note 1: Nature of Operations**

The Strata Plan NES 2402 is a non-profit organization and the common area assets of the Corporation are owned proportionately by the owners of the units and as such are not reflected as assets in these financial statements. The purpose of the Corporation is to manage the common area assets and to maintain and provide services with respect to the day-to-day operations of the Corporation.

The financial statements include only the assets, liabilities, revenues and expenses relating to the operations of Strata Plan NES 2402. The statements do not include the cost of owner-held land or buildings and the outstanding balances owing on mortgages, which are the responsibilities of the owners.

**Note 2: Accounting Policies**

These financial statements are prepared in accordance with Canadian generally accepted accounting principles. Outlined below are those policies the Corporation considered significant.

**Fund Accounting**

The Corporation follows the restricted fund method of accounting for contributions.

The Operating Fund accounts for the Strata Corporation's operating and administrative activities.

The Contingency Reserve Fund reports the fee assessments from unit owners that are to be set aside and used for future costs of major repairs and replacements, or for disbursements approved by 75% of the owners at an annual or special general meeting.

The Capital Fund represents those items related to the Corporation's capital asset and related debt. Principal and interest payments related to the debt are funded by the operating fund.

**Property**

Property consists of one Strata unit used as the corporation's on-site manager's unit, as well as one skid-steer loader used for snow removal. This property is recorded at cost. Amortization is not recorded on the property.

**Income Taxes**

The Corporation is a non-profit organization. Accordingly, no provision is made for income taxes pursuant to section 149(1)(1) of the Income Tax Act.

**Revenue Recognition**

The Corporation recognizes Strata fee assessments related to general operations as contributions of the operating fund as billed to the owners. Billing for the strata fees consist of estimates of monthly charges based on approved budgets. All disbursements are recognized as incurred.

Strata fees and interest contributions related to the Contingency Reserve Fund are recognized as revenue of the Reserve Fund.

Notes to the Financial Statements  
The Owners: Strata Plan NES 2402  
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**Use of Estimates**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of contributions and disbursements during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in the period in which they become known.

**Financial Instruments**

Financial instruments of the Corporation consist of cash, Strata fees receivable, accounts payable, and accrued liabilities. The carrying value of these accounts approximate their fair value due to their short term maturities.

**Note 3: Property and Equipment**

	2011	2010
Unit 205 - 4765 Forsters Landing Road - Manager's Suite	\$ 151,697	\$ 151,697
Equipment	11,700	6,000
	\$ 163,397	\$ 157,697

**Note 4: Bank Loan Payable**

The Corporation is applying the requirements of Generally Accepted Accounting Principles Emerging Issues Abstract number 122, which requires all callable debt obligations to be classified as current liabilities regardless of repayment schedule and compliance with covenants. As of the year end date, the company is in compliance with the terms and conditions of its credit facilities.

Although the long term debt has been classified as a current liability due to its demand nature, it is subject to the repayment terms as outlined below.

	2011	2010
Mortgage payable in monthly payments of \$1,172 including interest at 6.0%, secured by a mortgage registered against Unit 205 - 4765 Forsters Landing Road, Radium, BC.	\$ 67,372	\$ 77,130
Principal amount payable within one year	10,658	10,107
Principal amount payable after one year	\$ 56,714	\$ 67,023

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Notes to the Financial Statements  
The Owners: Strata Plan NES 2402  
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*note continued from previous page*

Principal amounts payable in future years are as follows:

2011	\$ 10,658
2012	10,959
2013	11,635
2014	12,353
2015	13,114
thereafter	<u>8,653</u>
	<u>\$ 67,372</u>

**Note 5: Budget Figures**

The budget figures, prepared by the Board, are given for information purposes only and have not been audited or reviewed.

**Note 6: Statement of Cash Flows**

The statement of cash flows has not been prepared because the Corporation has no significant investing or financing activities and the cash flow information is readily apparent from other information contained in the financial statements.

**Amenites Building Statement of Operations**  
**The Owners: Strata Plan NES 2402**  
**Operating as The Peaks**  
**Year ended January 31, 2011**

**Schedule 1**

<b>REVENUE</b>	<u>Budget</u>	<u>2011</u>	<u>2010</u>
Amenities building rental	\$ -	\$ -	\$ -
<b>DISBURSEMENTS</b>			
Pool and building maintenance	14,400	16,658	19,538
Propane	22,140	14,416	15,219
Electricity	6,300	6,512	5,533
Open and close	612	2,453	1,028
Water and sewer	1,080	940	888
Janitorial	900	287	15
Furniture	-	-	8
	<u>45,432</u>	<u>41,266</u>	<u>42,229</u>
<b>DEFICIENCY OF REVENUE OVER DISBURSEMENTS</b>	<b>\$ 45,432</b>	<b>\$ 41,266</b>	<b>\$ 42,229</b>

*See accompanying notes*