

Royal Oak Estates  
Homeowners Association

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Financial Statements  
October 31, 2010

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# PDM ENTERPRISES LTD

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## Independent Auditor's Report

To the Board of Directors

Royal Oak Estates Homeowners Association Calgary, Alberta

I have prepared an audited balance sheet of ROYAL OAK ESTATES HOMEOWNERS ASSOCIATION as at October 31, 2010 and the statement of revenue and expenses and homeowner's equity for the year then ended, from information provided by the board. It is my responsibility to express an opinion on these financial statements based on my audited preparation.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining evidence supporting the amounts and disclosures in the information provided by the board. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred present fairly, the financial position of Royal Oak Estates Homeowners Association as of October 31, 2010 and the results of its operations for the year ended in conformity with accounting principles generally accepted ' in Canada.

The Association has not estimated the remaining lives and replacements cost of property, therefore, has not presented supplementary information on future repairs and replacements.

Calgary, Alberta

December 20, 2010

PATRICIA MEDINA

Public Accountant

ROYAL OAK ESTATES HOMEOWNERS ASSOCIATION

BALANCE SHEET October 31, 2010 (Audited)

ASSETS

	2010
CURRENT Bank balance	\$ 2,450.95
FIXED	
Equipment	\$ 0
Improvements	1,364.43
Accumulated depreciation	(0.00)
	<u>1,364.43</u>

APPROVED BY THE BOARD

*Guy Parsons* Director  
*[Signature]* Director  
*[Signature]* Director  
*[Signature]* Director  
*[Signature]* Director

\$ 3,815.38

ROYAL OAK ESTATES HOMEOWNERS ASSOCIATION

BALANCE SHEET October 31, 2010 (Audited)

LIABILITIES

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	2010
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CURRENT	
Accounts payable	<u>\$ 294.00</u>

HOMEOWNERS' EQUITY

Balance October 31, 2010	<u>\$ 3,521.38</u>
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	<u>\$ 3,815.38</u>
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ROYAL OAK ESTATES HOMEOWNERS ASSOCIATION  
 STATEMENT OF REVENUE AND EXPENSES FOR THE YEAR ENDED  
 October 31, 2010 (Audited)

	2010
<b>REVENUE</b>	
Members fees	\$ 0.00
Cityland Development Gift	7,000.00
Interest Income	\$ 0.17
	<u>\$ 7,000.17</u>
<b>EXPENSES</b>	
Office supplies	472.05
Petition	2,658.44
Bank charges	54.30
Accounting	294.00
Depreciation	0
	<u>\$ 3,478.79</u>
<b>EXCESS OF REVENUE AND EXPENSES</b>	<u><u>\$ 3,521.38</u></u>
Homeowner's Equity Beginning of the year	\$0
End of the year	<u>\$ 3,521.38</u>

ROYAL OAK ESTATES HOMEOWNERS ASSOCIATION  
 STATEMENT OF CASH FLOWS FOR THE YEAR ENDED  
 October 31, 2010 (Audited)

	2010
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CASH FLOWS FROM OPERATING ACTIVITIES:	
Excess of Revenues Over Expenses	\$ 3,521.38
Depreciation Expense	0.00
(Increase) Decrease in Assets-	
Assessments Receivable	0.00
(Increase) Decrease in Liabilities-	
Accounts Payable	294.00
Income Taxes Payable	<u>0.00</u>
INCREASE (DECREASE) IN CASH FROM OPERATING ACTIVITIES	3,815.38
CASH FLOWS FROM INVESTING ACTIVITIES:	
Acquisition of equipment	(1,364.43 )
CASH, beginning of year	<u>0.00</u>
CASH, end of the year	<u><u>\$ 2,450.95</u></u>

ROYAL OAK ESTATES HOMEOWNERS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

October 31, 2010 (Audited)

NOTE 1. NATURE OF ORGANIZATION:

Purpose

*Royal Oak Estates Homeowners Association is a homeowners association organized as a non-profit corporation in the Province of Alberta. The Association is responsible for the operation and maintenance of the common areas of a residential real estate development for the benefit of its members.*

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Member Assessments

*Association members are subject to annual assessments to provide funds for the Association's operating expenses, future capital acquisitions, repairs, replacements and maintenance of common areas. No amounts are considered collectible at October 31, 2010. Any excess assessments at year end will be retained by the Association for use in future years.*

Property and Equipment

*Real property and common areas acquired from the developer and related improvements to such property are not recorded in the Association's financial statements because those properties are owned by the individual unit owners and not by the Association. Equipment is recorded and depreciated using the straight-line method. Current capitalized equipment consists of common area equipment. No provision has been made for depreciation of equipment and improvements at October 31, 2010.*