

THE GRANGE HOMEOWNERS ASSOCIATION
Financial Statements
Year Ended December 31, 2006

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Year Ended December 31, 2006

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AUDITORS' REPORT

To the Directors of The Grange Homeowners Association

We have audited the statement of financial position of The Grange Homeowners Association as at December 31, 2006 and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the association'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 association as at December 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Edmonton, Alberta
October 21, 2009


CASHEY PELLUK
CHARTERED ACCOUNTANTS

THE GRANGE HOMEOWNERS ASSOCIATION
Statement of Financial Position
December 31, 2006

	2006	2005
ASSETS		
CURRENT		
Cash	\$ 16,134	\$ 13,505
Guaranteed investment certificates	13,415	8,074
Accounts receivable	23,925	11,248
	<u>\$ 53,474</u>	<u>\$ 32,827</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 8,507	\$ 426
Deferred revenue (Note 3)	437	79
	<u>8,944</u>	<u>505</u>
NET ASSETS		
Net assets restricted for emergency purposes (Note 4)	10,000	10,000
Unrestricted net assets	34,530	22,322
	<u>44,530</u>	<u>32,322</u>
	<u>\$ 53,474</u>	<u>\$ 32,827</u>

ON BEHALF OF THE BOARD

_____ Director

_____ Director

THE GRANGE HOMEOWNERS ASSOCIATION
Statement of Revenues and Expenditures
Year Ended December 31, 2006

	2006	2005
REVENUE		
Membership fees	\$ 25,218	\$ 23,814
Donations	-	10,000
Interest	341	74
	<u>25,559</u>	<u>33,888</u>
EXPENSES		
Delivery, freight and express	454	499
Dues and fees	-	229
Insurance	1,225	-
Interest and bank charges	393	117
Management fees	1,093	-
Office	190	150
Professional fees	9,237	150
Rental	491	150
Website maintenance	268	271
	<u>13,351</u>	<u>1,566</u>
EXCESS OF REVENUE OVER EXPENSES	\$ 12,208	\$ 32,322

THE GRANGE HOMEOWNERS ASSOCIATION

Statement of Changes in Net Assets

Year Ended December 31, 2006

	Unrestricted Net Assets	Restricted Net Assets	2006	2005
NET ASSETS - BEGINNING OF YEAR	\$ 22,322	\$ 10,000	\$ 32,322	\$ -
Excess of revenue over expenses	12,208	-	12,208	32,322
NET ASSETS - END OF YEAR	\$ 34,530	\$ 10,000	\$ 44,530	\$ 32,322

THE GRANGE HOMEOWNERS ASSOCIATION

Statement of Cash Flows

Year Ended December 31, 2006

	2006	2005
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 12,208	\$ 32,322
Changes in non-cash working capital:		
Accounts receivable	(12,677)	(11,248)
Accounts payable and accrued liabilities	8,081	426
Deferred revenue	358	79
	<u>(4,238)</u>	<u>(10,743)</u>
INCREASE IN CASH FLOW	7,970	21,579
Cash - beginning of year	<u>21,579</u>	-
CASH - END OF YEAR	<u>\$ 29,549</u>	<u>\$ 21,579</u>
CASH FLOWS SUPPLEMENTARY INFORMATION		
Interest paid	<u>\$ 393</u>	<u>\$ 118</u>
CASH CONSISTS OF:		
Cash	\$ 16,134	\$ 13,505
Guaranteed investment certificates	<u>13,415</u>	<u>8,074</u>
	<u>\$ 29,549</u>	<u>\$ 21,579</u>

THE GRANGE HOMEOWNERS ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2006

1. PURPOSE OF THE ASSOCIATION

The Grange Homeowners Association (the "Association") was incorporated on March 5, 2004 under the Societies Act of Alberta and is not subject to income tax under Paragraph 149(1)(l) of the Canadian Income Tax Act. The Association was formed to provide the opportunity to enhance and augment the level of maintenance within the Grange community. An encumbrance has been registered against each lot ensuring that all property owners are obligated to the Association and allows for the collection of fees from the lots registered under the encumbrance. An elected Board of Directors from the Association will determine the maintenance program and associated fees, if any, to be implemented.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash includes cash and cash equivalents. Cash equivalents are highly liquid investments having maturities of one year or less at the date of purchase.

Investments

Investments in guaranteed investment certificates are recorded at cost plus accrued interest.

Revenue Recognition

The Association follows the deferred 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 and the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenue from memberships is recognized as revenue in the period to which the fee relates. Membership fees received in advance are recorded as deferred revenue.

Investment income is recognized as revenue when earned.

Contributed services

Volunteers contribute significant amounts of time to assist the Association in carrying out its activities. Due to the difficulty of determining a fair value for their services, there has been no amount recognized in these financial statements.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

3. DEFERRED REVENUE

Deferred revenue represents membership fees received in the current period that are related to the subsequent period.

THE GRANGE HOMEOWNERS ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2006

4. INTERNALLY RESTRICTED NET ASSETS

The Board of Directors has internally restricted \$10,000 of net assets for use as an emergency fund and for future special projects yet to be determined.

5. FINANCIAL INSTRUMENTS

The association's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities. 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 value of these financial instruments approximate their carrying values, unless otherwise noted.
