

September 24, 2015

Strata Plan N.W. 2040  
c/o Derek Martinig  
9088 Moorside Place  
Burnaby, BC  
V5A 4E1

Dear Sirs:

The purpose of this letter is to outline the nature of our involvement with the financial statements of Strata Plan N.W. 2040 for the year ending August 31, 2016. As agreed, we will compile financial statements in accordance with the standards applicable to compilation engagements for each of the months September 2015 to August 2016 from information provided by you. We will not audit, review or otherwise attempt to verify the accuracy or completeness of such information nor attempt to determine whether the statements contain departures from Canadian generally accepted accounting principles. Unless unanticipated difficulties are encountered, our communication will be substantially in the following form:

## NOTICE TO READER

On the basis of information provided by management (or proprietor, partner, etc.), we have compiled the balance sheet of Client Limited as at (month) (day), (year), and the statements of retained earnings and income for the (period) then ended.

We have not performed an audit or review engagement in respect of these financial statements and, accordingly, we express no assurance thereon.

Readers are cautioned that these financial statements may not be appropriate for their purposes.

City  
Date

\_\_\_\_\_  
Chartered Professional Accountants

Since we are accepting this engagement as accountants, not as auditors, we request that you do not record this as an auditing engagement in the minutes of your shareholders' meetings. Our services will not result in the expression of an audit opinion or any other form of assurance on the financial statements nor the fulfilling of any statutory or other audit requirement. You may wish to obtain legal advice concerning statutory (or contractual) audit requirements.

It is understood and agreed that:

- (a) you will provide us with accurate and complete information necessary to compile such statements;
- (b) the responsibility for the accuracy and completeness of the representations in the financial statements remains with you;

- (c) each page of the financial statements will be conspicuously marked as being unaudited;
- (d) you will attach our notice to reader when distributing the financial statements to third parties;
- (e) the financial statements may either lack disclosure required by, or otherwise not be in accordance with, Canadian generally accepted accounting principles, and may not be appropriate for general purpose use;
- (f) uninformed readers could be misled unless they are aware of the possible limitations of the statements and our very limited involvement; and
- (g) we do not accept any responsibility for errors or omissions pertaining to federal and provincial sales taxes;

This engagement cannot be relied upon to prevent or detect fraud and error. We wish to emphasize that control over and responsibility for the prevention and detection of fraud and error must remain with management.

### **Confidentiality**

We will maintain the strictest confidence with respect to any client's or former client's information. Accordingly, your confidential information will not, without your consent, be disclosed to any individuals in our firm beyond those who are engaged on your services. This policy applies to anyone outside the firm, except as required by law or under the profession's Rules of Professional Conduct.

### **Practice Inspections**

In accordance with professional regulations (and by Firm policy), our client files must periodically be reviewed by provincial or national practice inspectors and by other Firm personnel to ensure that we are adhering to professional and Firm standards. File reviewers are required to maintain confidentiality of client information.

### **Use and Distribution of my Report**

The compilation of the financial statements and the issuance of our notice to reader report are solely for the use of the company/organization and those to whom our report is specifically addressed by us. We make no responsibility for their use by any third party.

If reproduction or publication of our report is planned in an annual report or other document, including electronic filings or posting of the report on a web site, a copy of the entire document should be submitted to us in sufficient time for our review before the publication or posting process begins.

### **Other Terms of Engagement**

We will carry out such bookkeeping as we find necessary prior to the preparation of the financial statements if monthly financial statements are prepared they will be prepared on a "notice to reader basis" under the conditions outlined in this letter; prepare the necessary federal and provincial income tax returns; prepare any special reports as required; etc. Management will provide the information necessary to complete the returns/reports and will file them with the appropriate authorities on a timely basis.

It should be noted that our accounting work in the area of GST/HST and other commodity taxes is limited to compiling the financial statements and accordingly, we may not detect situations where you are incorrectly collecting GST/HST or incorrectly claiming input tax credits. As you are aware, failure to properly account for the GST/HST could result in you or your company/organization becoming liable for tax, interest or penalties. These situations may also arise for provincial sales tax, custom duties, and excise taxes.



We will also be pleased to provide other additional services such as income tax planning, GST/HST and PST advice, business financing, management consulting, valuations, etc. upon request.

Fees will be determined on the basis of our time spent on this engagement. Any disbursements will be added to the billing.

The arrangements outlined in the letter will continue in effect from year to year unless changed by us.

If you have any questions about the contents of this letter, please raise them with us. If the services outlined are in accordance with your requirements and if the above terms are acceptable to you, please sign the copy of this letter in the space provided and return it to us.

We appreciate the opportunity of continuing to be of service to your company.

Yours truly,

MARSH & MARSH INC.  
Chartered Professional Accountants

Per:   
Richard G Marsh, CPA, CA  
Partner

The services and terms set out above are as agreed:

Strata Plan N.W. 2040

Per:  \_\_\_\_\_

Date: October 20, 2015

RGM/mmd

## Strata Plan N.W. 2040

Year End: August 31, 2015

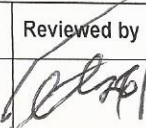
Trial balance

CLIENT'S COPY

Account	Prelim	Adj's	Reclass	Rep	Annotation	Rep 08/14 %Chg
1020 Cash on hand	300.00	0.00	0.00	300.00		300.00 0
1040 Cash in bank	133,932.30	0.00	0.00	133,932.30		116,927.82 15
111 Cash	134,232.30	0.00	0.00	134,232.30		117,227.82 15
1090 Investment - Tangerine	10.67	0.00	0.00	10.67		10.67 0
111.800 Other cash	10.67	0.00	0.00	10.67		10.67 0
1400 Prepaid expenses	0.00	0.00	0.00	0.00		1,939.00 (100)
128.400 Prepaid	0.00	0.00	0.00	0.00		1,939.00 (100)
2040 Accounts payable	(131.25)	0.00	0.00	(131.25)		(131.25) 0
215 Accounts payable and accrued li	(131.25)	0.00	0.00	(131.25)		(131.25) 0
3500 Capital - beginning	(2,743.30)	0.00	0.00	(2,743.30)		(18,764.91) (85)
284 Retained earnings (deficit) - beg	(2,743.30)	0.00	0.00	(2,743.30)		(18,764.91) (85)
2900 General reserve	(74,461.78)	0.00	0.00	(74,461.78)		(26,451.48) 182
2940 Painting reserve	(47,856.00)	0.00	0.00	(47,856.00)		(35,892.00) 33
2960 Roofing reserve	(10,136.16)	0.00	0.00	(10,136.16)		(5,949.16) 70
288.200 Special reserves	(132,453.94)	0.00	0.00	(132,453.94)		(68,292.64) 94
4000 Assessments	(167,698.08)	0.00	0.00	(167,698.08)		(124,498.08) 35
4020 Miscellaneous	(219.00)	0.00	0.00	(219.00)		(239.64) (9)
311 Goods and services	(167,917.08)	0.00	0.00	(167,917.08)		(124,737.72) 35
6660 Insurance	25,578.67	0.00	0.00	25,578.67		22,658.50 13
523 Insurance	25,578.67	0.00	0.00	25,578.67		22,658.50 13
6860 Bank charges	143.08	0.00	0.00	143.08		146.20 (2)
525 Interest and bank charges	143.08	0.00	0.00	143.08		146.20 (2)
6020 Administration	333.37	0.00	0.00	333.37		843.05 (60)
529 Office expenses	333.37	0.00	0.00	333.37		843.05 (60)
6000 Accounting	2,514.75	0.00	0.00	2,514.75		2,488.50 1
531 Professional fees	2,514.75	0.00	0.00	2,514.75		2,488.50 1
7140 Depreciation report	0.00	0.00	0.00	0.00		7,658.65 (100)
531.150 Consulting fees	0.00	0.00	0.00	0.00		7,658.65 (100)
7520 Building	99,616.56	0.00	0.00	99,616.56		22,201.66 349
535 Repairs and maintenance	99,616.56	0.00	0.00	99,616.56		22,201.66 349
7100 Grounds	907.81	0.00	0.00	907.81		1,019.15 (11)
535.800 Other repairs and mainten	907.81	0.00	0.00	907.81		1,019.15 (11)
7060 Electricity	677.53	0.00	0.00	677.53		653.02 4
547 Utilities	677.53	0.00	0.00	677.53		653.02 4
7080 Landscaping	23,079.83	0.00	0.00	23,079.83		18,929.30 22
581.270 Land fill	23,079.83	0.00	0.00	23,079.83		18,929.30 22
8940 Painting reserve	11,964.00	0.00	0.00	11,964.00		11,964.00 0
8960 Roofing reserve	4,187.00	0.00	0.00	4,187.00		4,187.00 0
830 Extraordinary items	16,151.00	0.00	0.00	16,151.00		16,151.00 0
	0.00	0.00	0.00	0.00		0.00 0

This Statement Prepared Without Audit

9/24/2015  
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Prepared by	Reviewed by
JVM 9/24/2015	

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Strata Plan N.W. 2040

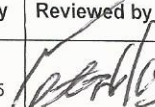
Year End: August 31, 2015

Trial balance

Account	Prelim	Adj's	Reclass	Rep	Annotation	Rep 08/14 %Chg
Net Income (Loss)	(1,085.52)			(1,085.52)		31,988.69 (103)

This Statement Prepared Without Audit

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JVM 9/24/2015	

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**Strata Plan N.W. 2040**

Year End: August 31, 2015

Adjusting journal entries

Date: 9/1/2014 To 8/31/2015

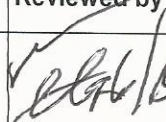
Number	Date	Name	Account No	Debit	Credit
				0.00	0.00
		Net Income (Loss)	(1,085.52)		

*No AJE's recorded this year.*

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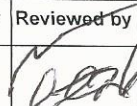
Prepared by	Reviewed by
JVM 9/24/2015	

AJE

Strata Plan N.W. 2040  
Year End: August 31, 2015  
General Ledger  
Date: 9/1/2014 To 8/31/2015

Name	Date	Number	Reference	Source	Annotation	Debit	Credit	Balance
1020 Cash on hand			Opening					300.00
1040 Cash in bank			Opening					133,932.30
1090 Investment - Tangerine			Opening					10.67
2040 Accounts payable			Opening					(131.25)
2900 General reserve			Opening					(74,461.78)
2940 Painting reserve			Opening					(47,856.00)
2960 Roofing reserve			Opening					(10,136.16)
3500 Capital - beginning			Opening					(2,743.30)
4000 Assessments			Opening					(167,698.08)
4020 Miscellaneous			Opening					(219.00)
6000 Accounting			Opening					2,514.75
6020 Administration			Opening					333.37
6660 Insurance			Opening					25,578.67
6860 Bank charges			Opening					143.08
7060 Electricity			Opening					677.53
7080 Landscaping			Opening					23,079.83
7100 Grounds			Opening					907.81
7520 Building			Opening					99,616.56
8940 Painting reserve			Opening					11,964.00
8960 Roofing reserve			Opening					4,187.00
Balance								0.00

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JVM 9/24/2015	

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**STRATA PLAN N.W. 2040**  
**Financial Statements**  
**Year Ended August 31, 2015**  
*(Unaudited - See Notice To Reader)*



# Marsh & Marsh Inc.

CHARTERED PROFESSIONAL ACCOUNTANTS

#405 - 1901 ROSSER AVE.  
BURNABY, B.C. V5C 6S3  
TEL: (604) 299-6344  
FAX: (604) 299-6355

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## NOTICE TO READER

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On the basis of information provided by management, we have compiled the statement of financial position of Strata Plan N.W. 2040 as at August 31, 2015 and the statement of operations and changes in fund balances for the year then ended.

We have not performed an audit or a review engagement in respect of these financial statements and, accordingly, we express no assurance thereon.

Readers are cautioned that these statements may not be appropriate for their purposes.

Burnaby, British Columbia  
September 24, 2015

*Marsh & Marsh Inc.*  
Chartered Professional Accountants

**STRATA PLAN N.W. 2040**  
**Statement of Financial Position**  
**As At August 31, 2015**  
(Unaudited - See Notice to Reader)

	Operating Fund	Contingency Reserve Fund	Total 2015	Total 2014
Current Assets				
Cash	\$ 1,789	\$ 132,443	\$ 134,232	\$ 117,228
Term deposit	-	11	11	11
Prepaid expenses	-	-	-	1,939
	<u>\$ 1,789</u>	<u>\$ 132,454</u>	<u>\$ 134,243</u>	<u>\$ 119,178</u>
Current Liabilities				
Accounts payable and accrued liabilities	\$ 131	\$ -	\$ 131	\$ 131
	<u>131</u>	<u>-</u>	<u>131</u>	<u>131</u>
Fund Balances				
Unrestricted	1,658	-	1,658	50,754
Internally restricted - (Note 3)	-	132,454	132,454	68,293
	<u>1,658</u>	<u>132,454</u>	<u>134,112</u>	<u>119,047</u>
	<u>\$ 1,789</u>	<u>\$ 132,454</u>	<u>\$ 134,243</u>	<u>\$ 119,178</u>

Approved by the Directors

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# STRATA PLAN N.W. 2040

## Statement of Operations and Changes in Fund Balances

For The Year Ended August 31, 2015

(Unaudited - See Notice to Reader)

	Operating Fund 2015	Operating Fund 2014	Contingency Reserve Fund	Total 2015	Total 2014
Income					
Assessments	\$ 167,698	\$ 124,498	\$ -	\$ 167,698	\$ 124,498
Miscellaneous	<u>219</u>	<u>240</u>	<u>-</u>	<u>219</u>	<u>240</u>
	<u>167,917</u>	<u>124,738</u>	<u>-</u>	<u>167,917</u>	<u>124,738</u>
Expenditures					
Accounting and legal	2,515	2,488	-	2,515	2,488
Administration	333	843	-	333	843
Bank charges	143	146	-	143	146
Consulting	-	7,659	-	-	7,659
Electricity	677	653	-	677	653
Grounds improvement	908	1,019	-	908	1,019
Insurance	25,579	22,659	-	25,579	22,659
Landscape maintenance	23,080	18,929	-	23,080	18,929
Maintenance	<u>99,617</u>	<u>22,202</u>	<u>-</u>	<u>99,617</u>	<u>22,202</u>
	<u>152,852</u>	<u>76,598</u>	<u>-</u>	<u>152,852</u>	<u>76,598</u>
Excess of income over expenditures from operations	<u>15,065</u>	<u>48,140</u>	<u>-</u>	<u>15,065</u>	<u>48,140</u>
Interfund transfers and other					
Contingency reserve provision	(16,151)	(16,151)	16,151	-	-
Transfer from operating fund	<u>(48,010)</u>	<u>-</u>	<u>48,010</u>	<u>-</u>	<u>-</u>
	<u>(64,161)</u>	<u>(16,151)</u>	<u>64,161</u>	<u>-</u>	<u>-</u>
	(49,096)	31,989	64,161	15,065	48,140
Fund balances, beginning of year	<u>50,754</u>	<u>18,765</u>	<u>68,293</u>	<u>119,047</u>	<u>70,907</u>
Fund balances, end of year	<u>\$ 1,658</u>	<u>\$ 50,754</u>	<u>\$ 132,454</u>	<u>\$ 134,112</u>	<u>\$ 119,047</u>

**STRATA PLAN N.W. 2040**  
**Statement of Changes in Contingency Reserve Fund**  
**For The Year Ended August 31, 2015**  
(Unaudited - See Notice to Reader)

	<u>General 2015</u>	<u>Painting 2015</u>	<u>Roofing 2015</u>	<u>Total 2015</u>
Balance, beginning of year	\$ 26,453	\$ 35,892	\$ 5,948	\$ 68,293
Add: Transfer from operating fund	48,010	-	-	48,010
Transfer from expense	<u>-</u>	<u>11,964</u>	<u>4,187</u>	<u>16,151</u>
	74,463	47,856	10,135	132,454
Deduct: Special repairs expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u><u>\$ 74,463</u></u>	<u><u>\$ 47,856</u></u>	<u><u>\$ 10,135</u></u>	<u><u>\$ 132,454</u></u>

	<u>General 2014</u>	<u>Painting 2014</u>	<u>Roofing 2014</u>	<u>Total 2014</u>
Balance, beginning of year	\$ 26,453	\$ 23,928	\$ 1,761	\$ 52,142
Add: Transfer from operating fund	-	-	-	-
Transfer from expense	<u>-</u>	<u>11,964</u>	<u>4,187</u>	<u>16,151</u>
	26,453	35,892	5,948	68,293
Deduct: Special repairs expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u><u>\$ 26,453</u></u>	<u><u>\$ 35,892</u></u>	<u><u>\$ 5,948</u></u>	<u><u>\$ 68,293</u></u>



**STRATA PLAN N.W. 2040**  
**Notes to Financial Statements**  
**Year Ended August 31, 2015**  
*(Unaudited - See Notice To Reader)*

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**1. NATURE AND PURPOSE OF ORGANIZATION**

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

**2. ACCOUNTING POLICIES**

The financial statements are not necessarily in accordance with Canadian accounting standards for private enterprises. 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.

**3. INTERNALLY RESTRICTED NET ASSETS**

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

	<u>2015</u>	<u>2014</u>
Restricted for extraordinary repairs	<u>\$ 132,454</u>	<u>\$ 68,293</u>