

**SPIDER LAKE SPRINGS  
CAMPERS ASSOCIATION**

Financial Statements  
(Unaudited - See Notice to Reader)

December 31, 2010

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SPIDER LAKE SPRINGS CAMPERS ASSOCIATION  
FINANCIAL STATEMENTS  
December 31, 2010

NOTICE TO READER

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# SABO, JANG & CO. LTD.

(A Professional Corporation)

Certified General Accountants

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GREG K. SABO, B.A., C.G.A.

MICHAEL JANG, B.A., C.G.A.

REF. TO:

## NOTICE TO READER

On the basis of information provided by management, we have compiled the balance sheet of Spider Lake Springs Campers Association as at December 31, 2010 and the statements of earnings Association members' equity and cash flow 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.



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SABO, JANG & CO. LTD.  
CERTIFIED GENERAL ACCOUNTANTS

Parksville, British Columbia  
March 16, 2011

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# SPIDER LAKE SPRINGS CAMPERS ASSOCIATION

## BALANCE SHEET

December 31, 2010

(Unaudited - See Notice to Reader)

|  | 2010              | 2009              |
|--|-------------------|-------------------|
| <b>ASSETS</b>                                    |                   |                   |
| Current:   |                   |                   |
| Cash   | \$ 9,201          | \$ 5,053          |
| Short-term investments                           | 71,035            | 40,050            |
| Accounts receivable - note 1(a)                  | 180,870           | 184,280           |
| Inventory - note 1(b)                            | 645               | 1,268             |
| Prepaid expenses                                 | <u>7,087</u>      | <u>5,764</u>      |
|  | 268,838           | 236,415           |
| Restricted investments - note 1(d)               | 100,000           | 90,000            |
| Property, plant and equipment - notes 1(c) and 2 | 28,773            | 38,729            |
| Due from affiliated parties - note 3             | <u>4,034</u>      | <u>4,034</u>      |
|  | <u>\$ 401,645</u> | <u>\$ 369,178</u> |

The accompanying notes are an integral part of these financial statements.

# SPIDER LAKE SPRINGS CAMPERS ASSOCIATION

## BALANCE SHEET

December 31, 2010

(Unaudited - See Notice to Reader)

|   | 2010              | 2009              |
|---|-------------------|-------------------|
| <b>LIABILITIES</b>                                      |                   |                   |
| Current:  |                   |                   |
| Accounts payable and accrued liabilities                | \$ <u>18,461</u>  | \$ <u>15,776</u>  |
| <br><b>NET ASSETS</b>                                   |                   |                   |
| Net assets invested in property, plant<br>and equipment | 28,773            | 38,729            |
| Net assets internally restricted                        | 100,000           | 90,000            |
| Unrestricted net assets                                 | <u>254,411</u>    | <u>224,673</u>    |
|   | <u>383,184</u>    | <u>353,402</u>    |
|   | \$ <u>401,645</u> | \$ <u>369,178</u> |

On behalf of the Board

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

The accompanying notes are an integral part of these financial statements.

SABO, JANG & CO. LTD.

**SPIDER LAKE SPRINGS CAMPERS ASSOCIATION**  
**STATEMENT OF CHANGES IN NET ASSETS**

Year ended December 31, 2010

(Unaudited - See Notice to Reader)

|  | Invested in<br>property, plant,<br>and equipment | Internally<br>restricted<br>- note 1(d) | Externally<br>restricted | Unrestricted      | Total<br>2010     | Total<br>2009     |
|--|--|---|--------------------------|-------------------|-------------------|-------------------|
| <b>BALANCE -</b>   |  |   |                          |                   |                   |                   |
| beginning of year  | \$ 38,729  | \$ 90,000                               | \$ -                     | \$ 224,673        | \$ 353,402        | \$ 346,038        |
| Excess (deficiency) of<br>revenues over expenses                   | -  | -                                       | -                        | 29,782            | 29,782            | 7,364             |
| Property, plant and equipment<br>purchases funded by<br>operations | 2,240  | -                                       | -                        | (2,240)           | -                 | -                 |
| Amortization of property,<br>plant and equipment                   | (12,196)   | -                                       | -                        | 12,196            | -                 | -                 |
| Internally imposed<br>restrictions and transfers                   | -  | 10,000                                  | -                        | (10,000)          | -                 | -                 |
|  | <u>\$ 28,773</u>                                 | <u>\$ 100,000</u>                       | <u>\$ -</u>              | <u>\$ 254,411</u> | <u>\$ 383,184</u> | <u>\$ 353,402</u> |

The accompanying notes are an integral part of these financial statements.

## SPIDER LAKE SPRINGS CAMPERS ASSOCIATION

### STATEMENT OF EARNINGS

Year ended December 31, 2010  
(Unaudited - See Notice to Reader)

|                                  | 2010             | 2009            |
|----------------------------------|------------------|-----------------|
| <b>Revenue</b>                   |                  |                 |
| Maintenance fees                 | \$ 279,000       | \$ 279,000      |
| Hydro and other assessments      | 42,020           | 40,049          |
| Interest and sundry              | 9,132            | 8,685           |
| Laundry and showers              | 4,005            | 5,261           |
| Waterslide                       | 2,106            | 2,250           |
| Administration fees              | <u>80</u>        | <u>-</u>        |
|                                  | <u>336,343</u>   | <u>335,245</u>  |
| <b>Expenses</b>                  |                  |                 |
| Accounting and legal             | 2,727            | 2,625           |
| Amortization - notes 1(c) and 2  | 12,196           | 14,334          |
| Bad debts                        | (3,472)          | 357             |
| Bank charges and interest        | 814              | 453             |
| Insurance                        | 14,173           | 12,445          |
| Office                           | 4,861            | 6,390           |
| Pond reclamation project         | 10,675           | 42,265          |
| Property taxes                   | 6,249            | 7,494           |
| Rent                             | 16,943           | 18,566          |
| Repairs and maintenance          | 70,885           | 62,502          |
| Supplies                         | 217              | 255             |
| Telephone                        | 2,975            | 3,324           |
| Travel                           | 8,244            | 5,650           |
| Utilities                        | 59,367           | 48,974          |
| Vehicle                          | 1,429            | 2,042           |
| Wages and benefits               | <u>99,006</u>    | <u>93,243</u>   |
|                                  | <u>307,289</u>   | <u>320,919</u>  |
| <b>Operating income</b>          | 29,054           | 14,326          |
| <b>Store income</b>              | <u>728</u>       | <u>(6,962)</u>  |
| <b>Net earnings for the year</b> | <u>\$ 29,782</u> | <u>\$ 7,364</u> |

The accompanying notes are an integral part of these financial statements.

## SPIDER LAKE SPRINGS CAMPERS ASSOCIATION

### STATEMENT OF CASH FLOW Year ended December 31, 2010 (Unaudited - See Notice to Reader)

|  | 2010            | 2009            |
|--|-----------------|-----------------|
| <b>CASH PROVIDED BY (USED FOR)</b>               |                 |                 |
| <b>Operations:</b>                               |                 |                 |
| Earnings from operations                         | \$ 29,782       | \$ 7,364        |
| Items not requiring an outlay of funds           |                 |                 |
| Amortization                                     | <u>12,196</u>   | <u>14,334</u>   |
|  | 41,978          | 21,698          |
| Changes in non-cash working capital              |                 |                 |
| Short-term investments                           | (30,984)        | (40,050)        |
| Accounts receivable                              | 3,410           | (6,378)         |
| Inventory  | 623             | (674)           |
| Prepaid expenses                                 | (1,323)         | (321)           |
| Accounts payable and accrued liabilities         | 2,684           | (184)           |
| Accrued wages and benefits payable               | <u>-</u>        | <u>(3,040)</u>  |
|  | <u>16,388</u>   | <u>(28,949)</u> |
| <b>Financing:</b>                                |                 |                 |
| (Increase) decrease in due from affiliated party | <u>-</u>        | <u>1,685</u>    |
| (Purchase) of Vehicles                           | -               | (8,637)         |
| (Purchase) of Office equipment                   | (2,240)         | -               |
| (Purchase) of Restricted investments             | <u>(10,000)</u> | <u>(13,000)</u> |
|  | <u>(12,240)</u> | <u>(21,637)</u> |
| <b>Increase (decrease) in cash</b>               | 4,148           | (48,901)        |
| <b>Cash, beginning of year</b>                   | <u>5,053</u>    | <u>53,954</u>   |
| <b>Cash, end of year</b>                         | <u>\$ 9,201</u> | <u>\$ 5,053</u> |

The accompanying notes are an integral part of these financial statements.

**SPIDER LAKE SPRINGS CAMPERS ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2010

(Unaudited - See Notice to Reader)

The association's principal activity is the operation and maintenance of the commonly owned areas of the Spider Lake Springs Resort, which belongs to the members.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Company, with the unanimous consent of its shareholders, has elected to prepare its financial statements in accordance with Canadian generally accepted accounting principles, using the differential reporting options available to non-publicly accountable enterprises described below:

**a) Accounts Receivable**

Accounts receivable are shown net of allowance for doubtful accounts.

**b) Inventory**

Inventory is recorded at estimated cost.

**c) Property, Plant and Equipment and Amortization**

Property, plant and equipment are recorded at cost. Amortization is provided annually at rates calculated to write off the assets over their estimated useful lives as follows except in the year of acquisition when one half of the rate is used.

|                    |      |               |
|--------------------|------|---------------|
| Land improvements  | 5yrs | Straight line |
| Equipment          | 5yrs | Straight line |
| Vehicles           | 5yrs | Straight line |
| Computer equipment | 5yrs | Straight line |
| Buildings          | 5yrs | Straight line |

**d) Internally restricted funds**

The association holds internally restricted funds in the amount of \$100,000. These funds are restricted for capital asset acquisitions and extraordinary repairs to capital items.

**SPIDER LAKE SPRINGS CAMPERS ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2010

(Unaudited - See Notice to Reader)

**2. PROPERTY, PLANT AND EQUIPMENT**

|                    | <u>Cost</u>       | <u>Accumulated<br/>Amortization</u> | 2010<br><u>Net Book<br/>Value</u> | 2009<br><u>Net Book<br/>Value</u> |
|--------------------|-------------------|-------------------------------------|-----------------------------------|-----------------------------------|
| Land improvements  | \$ 34,999         | \$ 34,999                           | \$ -                              | \$ 899                            |
| Equipment          | 43,930            | 38,950                              | 4,980                             | 6,030                             |
| Vehicles           | 66,070            | 42,277                              | 23,793                            | 31,585                            |
| Computer equipment | 7,522             | 7,522                               | -                                 | 215                               |
| Buildings          | <u>3,892</u>      | <u>3,892</u>                        | <u>-</u>                          | <u>-</u>                          |
|                    | <u>\$ 156,413</u> | <u>\$ 127,640</u>                   | <u>\$ 28,773</u>                  | <u>\$ 38,729</u>                  |

**3. DUE FROM AFFILIATED PARTIES**

The Association has amounts due from Spider Lake Springs Holdings Inc., an associated corporation, which are non-interest bearing and have no specific terms of repayment.

**SPIDER LAKE SPRINGS CAMPERS ASSOCIATION**  
**SCHEDULE OF STORE REVENUE AND EXPENSES**  
Year ended December 31, 2010  
(Unaudited - See Notice to Reader)

|                         | 2010          | 2009              |
|-------------------------|---------------|-------------------|
| Sales                   | \$ 16,635     | \$ 22,436         |
| Cost of sales           | <u>10,249</u> | <u>15,200</u>     |
|                         | 6,386         | 7,236             |
| Expenses                |               |                   |
| Hydro                   | 692           | 4,059             |
| Repairs and maintenance | 146           | 585               |
| Supplies                | 267           | 199               |
| Wages and benefits      | <u>4,553</u>  | <u>9,355</u>      |
|                         | 5,658         | 14,198            |
| Net income(loss)        | <u>\$ 728</u> | <u>\$ (6,962)</u> |