

MUNDARE HOUSING DEVELOPMENT CORPORATION

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2007

Joly, M^cCarthy & Dion

CHARTERED
ACCOUNTANTS

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AUDITORS' REPORT

To the Shareholder of Mundare Housing Development Corporation

We have audited the statement of financial position of Mundare Housing Development Corporation as at December 31, 2007 and the statements of income and accumulated deficit and cash flows for the year then ended. These financial statements are the responsibility of the corporation'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 corporation as at December 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

ST. PAUL, ALBERTA
February 13, 2008


CHARTERED ACCOUNTANTS



MUNDARE HOUSING DEVELOPMENT CORPORATION
 STATEMENT OF FINANCIAL POSITION
 AS AT DECEMBER 31, 2007

ASSETS

	<u>2007</u>	<u>2006</u>
CURRENT ASSETS		
Bank	\$ 2,598	\$ 2,089
GST recoverable	<u> --</u>	<u> 433</u>
	\$ <u>2,598</u>	\$ <u>2,522</u>

LIABILITIES AND SHAREHOLDER'S DEFICIENCY

CURRENT LIABILITIES		
Accounts payable	\$ 2,325	\$ 2,800
Due to Town of Mundare (note 2)	<u>4,092</u>	<u> --</u>
	<u>6,417</u>	<u>2,800</u>
SHAREHOLDER'S DEFICIENCY		
Share capital	10	10
Accumulated deficit	<u>(3,829)</u>	<u>(288)</u>
	<u>(3,819)</u>	<u>(278)</u>
	\$ <u>2,598</u>	\$ <u>2,522</u>

APPROVED ON BEHALF OF THE BOARD:



 Director

MUNDARE HOUSING DEVELOPMENT CORPORATION
STATEMENT OF INCOME AND ACCUMULATED DEFICIT
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>2007</u>	<u>2006</u>
REVENUE		
Forgiveness of debt (note 2)	\$ --	\$ 59,673
Interest income	<u>76</u>	<u>18</u>
	<u>76</u>	<u>59,691</u>
EXPENSES		
Professional fees	2,221	1,400
Insurance	1,371	1,360
Building costs	25	4,276
Bad debt expense	--	7,631
Interest and bank charges	<u>--</u>	<u>684</u>
	<u>3,617</u>	<u>15,351</u>
NET INCOME (LOSS) FOR THE YEAR	(3,541)	44,340
ACCUMULATED DEFICIT, BEGINNING OF YEAR	<u>(288)</u>	<u>(44,628)</u>
ACCUMULATED DEFICIT, END OF YEAR	\$ <u>(3,829)</u>	\$ <u>(288)</u>

MUNDARE HOUSING DEVELOPMENT CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>2007</u>	<u>2006</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	\$ --	\$ 18,020
Cash paid to suppliers	(4,092)	(2,168)
Goods and services tax	<u>433</u>	<u>616</u>
Cash provided by operating activities	<u>(3,659)</u>	<u>16,468</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Due to Town of Mundare	4,092	24,352
Interest income	<u>76</u>	<u>18</u>
	<u>4,168</u>	<u>24,370</u>
INCREASE IN CASH DURING THE YEAR	509	40,838
BANK (OVERDRAFT), beginning of year	<u>2,089</u>	(38,749)
BANK (OVERDRAFT), end of year	\$ <u>2,598</u>	\$ <u>2,089</u>

MUNDARE HOUSING DEVELOPMENT CORPORATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2007

1. SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

Revenue is recognized when all the terms of the contract are complete.

Use of Estimates

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles which require management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

2. RELATED PARTY TRANSACTIONS

The following is a summary of the corporation's related party transactions for the year:

	<u>2007</u>	<u>2006</u>
Town of Mundare (Shareholder):		
Forgiveness of debt	\$ --	\$ 59,673
Cost of housing sales – RPR's, etc.	500	--
Insurance costs	1,371	1,360
Professional fees	2,221	--

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

At the end of the year, the amount due to the Town of Mundare was \$4,092 (2006 - \$NIL).

The Town of Mundare has provided a guarantee allowing the corporation to receive credit to a maximum of \$50,000 for operating purposes.

MUNDARE HOUSING DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

3. SHARE CAPITAL

	<u>2007</u>	<u>2006</u>
Authorized:		
Unlimited number of common shares		
Issued:		
100 common shares to the Town of Mundare	\$ <u>10</u>	\$ <u>10</u>

4. FINANCIAL INSTRUMENTS

The Mundare Housing Development Corporation's financial instruments consist of cash and accounts payable. It is management's opinion that the corporation is not exposed to significant interest, currency or credit risk arising from these financial instruments. Unless otherwise noted, the fair value of these financial instruments approximates their carrying values.

