

MOUNTAIN SHADOWS RESORT OWNERS' CORPORATION

Financial Statements (Unaudited)

For The Year Ended April 30, 2017

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REVIEW ENGAGEMENT REPORT

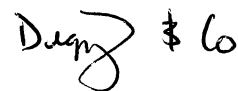
To the board of directors of Mountain Shadows Resort Owners' Corporation:

I have reviewed the balance sheet of Mountain Shadows Resort Owners' Corporation as at April 30, 2017 and the statements of changes in retained earnings, income and cash flows for the year then ended. My review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of inquiry, analytical procedures and discussion related to information supplied to us by the company.

A review does not constitute an audit and, consequently, I do not express an audit opinion on these financial statements.

Except for any effect, if any, caused by the threat to independence described below, based on my review, nothing has come to my attention that causes me to believe that these financial statements are not, in all material respects, in accordance with Canadian accounting standards for private enterprises.

These financial statements have been prepared by the same accounting firm that prepares the monthly bookkeeping for the corporation. This threat to independence has been mitigated by having the treasurer review all adjusting entries and financial reports. Although it was concluded that the threat to independence was reduced enough to permit the preparation of the review engagement by my accounting firm, users should be aware of this threat.



Invermere, BC
September 21, 2017

Chartered Professional Accountant

MOUNTAIN SHADOWS RESORT OWNERS' CORPORATION

BALANCE SHEET

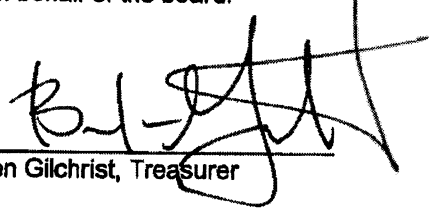
(Unaudited)

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As At April 30, 2017

	2017	2016
ASSETS		
Current assets		
Cash	\$ 28,200	\$ -
Accounts receivable (note 4)	2,994	-
Due from related party (note 6)	-	2
Prepaid expenses	195	-
Titles in trust (note 5)	-	-
	\$ 31,389	\$ 2
LIABILITIES AND SHAREHOLDERS' DEFICIENCY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 12,742	\$ -
Due to related party (note 6)	10,205	-
Government remittances payable (note 7)	3,141	-
	26,088	-
Deferred contingency fees (note 8)	5,704	-
	31,792	-
Contingencies (note 10)		
Shareholders' deficiency		
Share capital (note 11)	2	2
Deficit	(405)	-
	(403)	2
	\$ 31,389	\$ 2

On behalf of the board:

x 
Ben Gilchrist, Treasurer

x 
Robert Lacey, President

The attached notes and review report are an integral part of these financial statements.

MOUNTAIN SHADOWS RESORT OWNERS' CORPORATION

STATEMENT OF CHANGES IN RETAINED EARNINGS (DEFICIT)

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(Unaudited)

For The Year Ended April 30, 2017

	2017	2016
Retained earnings - beginning	\$ -	\$ -
Net loss	(405)	-
Deficit - end	\$ (405)	\$ -

The attached notes review report are an integral part of these financial statements.

MOUNTAIN SHADOWS RESORT OWNERS' CORPORATION

INCOME STATEMENT

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(Unaudited)

For The Year Ended April 30, 2017

	2017	2016
Revenue		
Owner assessments	\$ 111,432	\$ -
Transfer fees	714	-
	112,146	-
Expenses		
Bank charges	83	-
Garbage	1,371	-
Insurance	4,205	-
Meeting expenses	171	-
Office costs	173	-
Professional fees	7,472	-
Property Tax	15,245	-
Repairs and maintenance	8,010	-
Resident manager service contract fees	28,800	-
Resident manager expenses	13,200	-
Telephone and cable	11,123	-
Utilities	22,303	-
Worker's compensation insurance	395	-
	112,551	-
Loss before provision for tax	(405)	-
Provision for income tax		
Income tax - current (note 9)	-	-
Net loss	\$ (405)	\$ -

The attached notes and review report are an integral part of these financial statements.

MOUNTAIN SHADOWS RESORT OWNERS' CORPORATION

CASH FLOW STATEMENT

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(Unaudited)

For The Year Ended April 30, 2017

	2017	2016
Operating activities		
Net income	\$ (405)	\$ -
Change in non-cash working capital		
Accounts payable and accruals	12,744	-
Accounts receivable	(2,994)	-
Government remittances payable	3,141	-
Prepaid expenses	(195)	-
	12,696	-
	12,291	-
Financing activities		
Deferred contingency fees collected	5,704	-
Due to related party - increase (decrease)	10,205	-
	15,909	-
Increase in cash and cash equivalents	28,200	-
Cash and cash equivalents, beginning	-	-
Cash and cash equivalents, end	\$ 28,200	\$ -

The attached notes and review report are an integral part of these financial statements.

MOUNTAIN SHADOWS RESORT OWNERS' CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

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(Unaudited)

For The Year Ended April 30, 2017

1. NATURE OF BUSINESS

This company was incorporated under the British Columbia Business Corporations Act on June 28, 2010. The corporation is responsible for managing and maintaining common area costs in an recreational vehicle (RV) style park operating under the name of Mountain Shadows RV Resort.

Mountain Shadows Resort Owners' Corporation has entered into a development agreement, disclosure agreements and a co-ownership agreements providing the basis for the company to assess shareholders of the corporation. The assessments allow for reimbursement of operating and maintenance costs and to allow for the establishment of a contingency fund for future costs. These agreements also provide the shareholders with the guidance on the following:

- A definition of the resort lands that are managed by the corporation.
- A right or license to exclusive use of a specified plot of RV land that is associated with the share purchased.
- Bylaws and rules relating to conduct and use of the land.
- An outline of how the corporation is to function.
- Authority for corporation to enforce by-laws and rules.
- Rights related to who the developer is and what the developer can do with the lands.

The company was incorporated in 2010 but remained inactive until May 1, 2016. At that time the corporation took on the role of managing and maintaining the resort lands of Mountain Shadows RV Resort.

2. ACCOUNTING POLICIES

Basis of presentation

The financial statements have been prepared in accordance with Canadian accounting standards for private enterprises ("ASPE") on a going concern basis and includes the following significant accounting policies:

Uses of estimates

When preparing financial statements in accordance with ASPE, it is required to make estimates and assumptions relating to the:

- Reported amounts of revenue and expenses for the year;
- Reported amounts of assets and liabilities;
- Disclosure of contingent assets and liabilities at the report date.

Assumptions are based on a number of factors; including historical experience, current events and actions that the company may undertake in future, and other assumptions believed reasonable under the circumstances. Periodically there is a review of these estimates and accordingly, adjustments made to these estimates are taken into income in the year in which it is determined. These estimates are subject to measurement uncertainty, and actual results may therefore differ from those estimates. Estimates are used when accounting for certain items, such as useful lives of property, plant and equipment, allowance for doubtful accounts, warranties and income tax.

MOUNTAIN SHADOWS RESORT OWNERS' CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

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(Unaudited)

For The Year Ended April 30, 2017

2. ACCOUNTING POLICIES - CONTINUED

Revenue recognition

Revenue assessments are of two types.

- a) Operating cost reimbursements are assessed and invoiced to shareholders of the corporation who have signed for an ownership interest in a developed site on the resort lands. The total assessment amount is determined by the annual budget that is approved and passed by the board of directors annually. Revenue on operating income is recognized when it is billed and determined to be due from the shareholder.
- b) The co-ownership agreement requires the corporation to charge shareholders a contingency fee in order to have funds available for future expected maintenance costs. These fees are billed to the shareholders who have signed for an ownership interest in a developed site on the resort lands. The assessed amount is set by the annual budget approved by the board of directors or by special meeting resolution of the board of directors. Contingency revenue is deferred and is recognized as revenue when the matching expense has arisen.

Income tax

The company follows the tax payable method of accounting for income tax.

3. FINANCIAL INSTRUMENTS

The company's financial instruments consist of cash, receivables, prepaids, accounts payable, accrued liabilities, deferred revenues and amounts due to a related company. Unless otherwise noted, it is management's opinion that the company is not exposed to significant interest, credit or currency risk arising from these financial instruments.

4. ACCOUNTS RECEIVABLE

	2017	2016
Accounts receivable - assessments	\$ 2,994	\$ -

The accounts receivable represent unpaid 2017 assessments made to shareholders. Amounts outstanding at April 30, 2017 were collected by the date of these financial statements.

5. TITLES IN TRUST

Mountain Shadows Resort Owners' Corporation is the nominee of an Agency, Bare Trust and Nominee Agreement for three plots on land. This land is the site for the current Mountain Shadows RV community.

- Lot 1 District Lot 7913 Kootenay District Plan 10489
- Parcel A 1429711 District Log 7913
- Lot 1 District Lot 7913 Kootenay District Plan 1456

The nominee holds legal titles to these lands. The beneficial owner of the property is Radium Mountain SR Developments Ltd. - the developer. The developer has through a development agreement, a disclosure agreement and its amendments and a co-ownership agreement, enables shareholders of the corporation rights and usage to this beneficial interest.

MOUNTAIN SHADOWS RESORT OWNERS' CORPORATION

Notes To The Financial Statements

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(Unaudited)

For The Year Ended April 30, 2017

6. DUE FROM RELATED PARTY

Radium Mountain SR Developments Ltd. is related to Mountain Shadows Resort Owners' Corporation as it is the developer of the resort lands maintained by the owners' corporation. It is also a shareholder. The developer is a named party in the development agreement, the disclosure agreement, and the co-ownership agreement that all shareholders of Mountain Shadows Resort Owners' Corporation agree to and sign.

During the year there were no fees charged to or from the developer but there were some payments and collections made on behalf of Radium Mountain SR Developments Ltd. The corporation leveraged this related party payable as a financing activity for initiating its role of managing and maintaining resort lands. This results in a related party balance at the end of the year as follows.

	2017	2016
Due due to (from) Radium Mountain SR Developments Ltd.	\$ 10,205	\$ (2)

7. GOVERNMENT REMITTANCES PAYABLE

	2017	2016
GST sales tax	\$ 3,013	\$ -
Worksafe British Columbia	128	-
	\$ 3,141	\$ -

8. DEFERRED CONTINGENCY FEES

In accordance with section 3.9 of the Co-ownership agreement, Mountain Shadows Resort Owners' Corporation shall determine at the annual general meeting, or by way of Unanimous Resolution, amounts to be charged as contingency fees. These funds will be not less than 5% of the estimated common costs after the first annual general meeting and 10% of the annual contribution from members thereafter. These fees shall continue to accumulate until funds are at least equal to 25% of the total annual budget for the corporation is met. Expenditures from these funds will be used and recognized as revenue when an expenditure is required or upon special resolution by the board of directors.

Should the corporation dissolve, or cease to function, the amounts are due back to the unit holders for which the contributions were made:

	2017	2016
Deferred contingency fees, beginning	\$ -	\$ -
Contingency fees collected	5,704	-
Expenditures	-	-
Deferred contingency fees, end	\$ 5,704	-

MOUNTAIN SHADOWS RESORT OWNERS' CORPORATION

Notes To The Financial Statements

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(Unaudited)

For The Year Ended April 30, 2017

9. CORPORATE TAX

The reconciliation of income tax is as follows:

	2017	2016
Net accounting income before income tax	\$ (405)	\$ -
Taxable income	-	-
Statutory rates	38%	38%
Income tax expense	\$ -	\$ -

As at April 30, 2017 the corporation has non-capital tax losses of \$405. This amount can be carried forward to future years to offset future taxable income. These losses will expire April 30, 2037.

10. CONTINGENCIES

As at April 30, 2017 there is a mortgage registered against the title of Lot 1 District Lot 7913 Kootenay District Plan 10489 by Radium Mountain SR Finance Ltd. Mountain Shadows Resort Owners' Corporation holds the legal title of this property in trust and does not have a beneficial interest in the land. It is the opinion of the legal counsel for the corporation that this mortgage poses no liability risk to Mountain Shadows Resort Owners' Corporation. The corporation's legal counsel has advised that the mortgage is currently in the process of being discharged by the developer.

11. SHARE CAPITAL

Authorized
No maximum Class "A" common shares without par value
No maximum Class "B" common shares without par value
No maximum Class "C" common shares without par value

	2017	2016
Issued		
136 Class "A" common shares	\$ 2	\$ 2