

ATV CLUB OF EASTERN ONTARIO INC.
2005 Financial Statements

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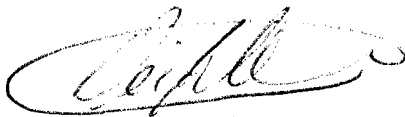
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ATV CLUB OF EASTERN ONTARIO INC.
Statement of Financial Position

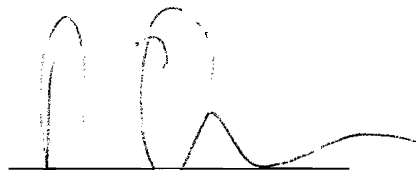
As at December 31,	<u>2005</u>
<u>Current assets</u>	
Cash	\$ 1,458
Inventories (note 3)	2,754
Total assets	\$ <u>4,212</u>
<u>Current liabilities</u>	
Accounts payable	\$ 3,468
Deferred shares of membership fees (note 4)	<u>2,000</u>
Total liabilities	5,468
Deficit	(1,256)
	\$ <u>4,212</u>

The accompanying notes form an integral part of these financial statements

Approved on behalf of the Board of Directors



Denis J. Lalonde
President



Roxanne Rollin
Treasurer

ATV CLUB OF EASTERN ONTARIO INC.
Statement of Revenues and Expenses and Deficit

Year ended December 31.	<u>2005</u>
<u>Revenues</u>	
Shares of membership fees (note 4)	\$ 5,969
Contributions from sponsors	1,550
Other contributions	944
Share of raffle tickets	254
Miscellaneous	87
	<u>8,804</u>
<u>Expenses</u>	
Trail building	4,477
Trail signalling	2,188
Purchase of maintenance equipment	1,285
Activities - net cost (note 5)	768
Insurance for Directors	567
Hall rental, office expenses and others	309
Web site	240
Announcements and advertising	130
Bank charges	95
	<u>10,060</u>
Excess of expenses over revenues and deficit at end of year	\$ <u>(1,256)</u>

The accompanying notes form an integral part of these financial statements

ATV CLUB OF EASTERN ONTARIO INC.

Statement of Sources and Uses of Cash

Year ended December 31,	<u>2005</u>
<u>Operating activities</u>	
Sources of funds	
Shares of membership fees	\$ 7,969
Contributions from sponsors and others	2,494
Share of raffle tickets	254
Miscellaneous	87
Uses of funds	
Trail building and steel beams	(2,424)
Trail signalling and traffic signs	(3,562)
Purchase of maintenance equipment	(1,250)
Activities - net cost	(768)
Other charges	(1,342)
Net cash generated from operating activities and cash at end of year	\$ <u><u>1,458</u></u>

The accompanying notes form an integral part of these financial statements

ATV CLUB OF EASTERN ONTARIO INC.
Notes to Financial Statements
For the year ended December 31,2005

1. Jurisdictional Statutes and Activities

The ATV Club of Eastern Ontario Inc. (the "Club") is a non-profit corporation without share capital incorporated in January 2005 under the Ontario's *Corporations Act*. The Club started its activities right after its incorporation. The Club is exempt from income taxes by virtue of section 149(1)) of the Canada's *Income Tax Act*.

The Club mainly serves the interests of ATV enthusiasts in eastern Ontario and its main objective is to promote the safe operation of ATV's. In that regard, the Club has established and maintains several trails which are mainly located in the Larose Forest in the county of Prescott and Russell. The Club is continuously looking for ways to expand its trail system. The Club also offers A N riding courses focussing on safety. All of the Club's activities are provided by volunteers.

The Club had 190 members as at December 31, 2005 and is part of the *Ontario Federation of All Terrain Vehicle Clubs*. Most of the ATV clubs in Ontario are part of the OFATV.

2. Significant Accounting Policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles. In that regard, the main elements used are as follows:

a) Financial instruments

The Club's financial instruments are made up of the cash and of the accounts payable. These items have been valued at their fair value in the statement of financial position. This value corresponds to their book value given their short term nature.

b) Inventories

Inventories are valued at the lower of their cost or their replacement value.

c) Capital assets

Capital assets with a unit cost in excess of \$1,000 will be capitalized at cost and amortized over their useful lives using a straight-line basis.

d) Revenue recognition

The shares of membership fees are recognized as revenue over the period of membership.

Other contributions are recognized as revenue in the same period as related charges are incurred.

Other revenues are recorded as income when earned.

ATV CLUB OF EASTERN ONTARIO INC.
Notes to Financial Statements
For the year ended December 31,2005

e) Contributed services

The time spent by the numerous volunteers to ensure the Club's operations at all levels is very difficult to objectively establish and evaluate. As a result, given the difficulty of determining their fair value, contributed services are not recognized in these financial statements.

3. Inventories

The following elements make up the inventories at year-end:

• Steel beams:	\$1,380
Traffic signs:	<u>1,374</u>
Total	<u>\$2,754</u>

4. Shares of Membership Fees

In order to become a member of the Club, an individual has to pay an annual membership fee to the *OFATV*. This annual membership fee is currently set at \$170 (or \$140 if paid before April 1st). The fee covers the period from April 1st to March 31st of the following year. The net proceed of the fee, after deducting the tax included (GST), is shared about "half and half" between the *OFATV* and the Club following the allocation by the *OFATV* of a portion of the fee to provide for the cost of insurance. In practice, the net amounts that the Club receives correspond to about 29% (of \$140) or to about 35% (of \$170) of the original amount of the fee paid by the member.

The shares of membership fees paid to the Club during the year cover the twelve-month period ending on March 31" 2006. The portions of the shares of the membership fees applicable to the three-month period following year-end have been deferred.

5. Activities

In 2005, the Club organized a competition whereby participants try to go through obstacles with their A N . This competition, known under the name "Mud Bog" was held at the Russell Fair. The net cost attributable to this activity has been determined as follows:

Equipment and installation	\$ 911
Trophies et plaques	<u>468</u>
Sub-total	1,379
Less: contributions	<u>611</u>
Net cost	\$ <u>768</u>