

Financial Statements of

**PARKGATE COMMUNITY
SERVICES SOCIETY**

Year ended December 31, 2007
(Unaudited)



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REVIEW ENGAGEMENT REPORT

To the Members of Parkgate Community Services Society

We have reviewed the statement of financial position of Parkgate Community Services Society as at December 31, 2007 and the statements of operations, changes in net assets and cash flows for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the Society.

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

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian generally accepted accounting principles.

A handwritten signature in black ink that reads 'KPMG LLP' in a cursive, stylized font.

Chartered Accountants

Abbotsford, British Columbia
April 15, 2008

PARKGATE COMMUNITY SERVICES SOCIETY

Statement of Financial Position

December 31, 2007, with comparative figures for 2006
(Unaudited)

	2007	2006
Assets		
Current assets:		
Cash and short-term investments	\$ 577,807	\$ 494,981
Externally restricted funds - cash (Note 3)	56,848	64,473
Accounts receivable	21,823	46,206
Prepaid expenses	12,775	9,149
	<u>669,253</u>	<u>614,809</u>
Capital assets (Note 4)	94,038	121,066
	<u>\$ 763,291</u>	<u>\$ 735,875</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 211,849	\$ 164,386
Deferred operating contributions (Note 5)	56,848	64,473
	<u>268,697</u>	<u>228,859</u>
Deferred capital contributions (Note 6)	87,514	110,192
Net assets:		
Invested in capital assets (Note 7(a))	6,524	10,874
Internally restricted (Note 8)	344,792	334,535
Unrestricted	55,764	51,415
	<u>407,080</u>	<u>396,824</u>
	<u>\$ 763,291</u>	<u>\$ 735,875</u>

Approved by the Directors:

_____ Director

_____ Director

See accompanying notes to unaudited financial statements.

PARKGATE COMMUNITY SERVICES SOCIETY

Statement of Operations

Year ended December 31, 2007, with comparative figures for 2006

(Unaudited)

	2007	2006
Revenue:		
Grants and donations (Note 9)	\$ 531,707	\$ 501,634
Other income:		
Community programs and services	566,396	599,821
Child care services	489,695	477,531
Facility rental and sundry	76,981	70,717
Fundraising and special events	39,548	34,038
Amortization of deferred capital contributions (Note 6)	37,795	40,424
	<u>1,742,122</u>	<u>1,724,165</u>
Expenses:		
Wages and benefits	1,379,528	1,373,947
Program expenses and equipment	194,441	184,090
Amortization	42,145	45,005
Transportation	29,905	26,046
Office and sundry	16,974	16,463
Recruitment and training	16,404	13,830
Repairs and maintenance and security	11,681	11,700
Contract service fees	10,451	10,687
Computer accessories	7,563	9,218
Promotion and publicity	7,058	9,387
Telephone	6,939	8,216
Accounting	4,020	4,100
Office equipment	2,422	454
Insurance	1,734	1,707
Bursaries	600	600
	<u>1,731,865</u>	<u>1,715,450</u>
Excess of revenue over expenses	\$ 10,257	\$ 8,715

See accompanying notes to unaudited financial statements.

PARKGATE COMMUNITY SERVICES SOCIETY

Statement of Changes in Net Assets

Year ended December 31, 2007, with comparative figures for 2006

(Unaudited)

	Invested in capital assets	Internally restricted	Unrestricted	2007 Total	2006 Total
Balance, beginning of year	\$ 10,874	\$ 334,535	\$ 51,415	\$ 396,824	\$ 388,109
Excess of revenue over expenses	(4,350)	-	14,606	10,256	8,715
Internally imposed restrictions:					
Allocation to Reserve for future operating expenditures	-	10,257	(10,257)	-	-
Net change in investment in capital assets (Note 7(b))	-	-	-	-	-
Balance, end of year	\$ 6,524	\$ 344,792	\$ 55,764	\$ 407,080	\$ 396,824

See accompanying notes to unaudited financial statements.

PARKGATE COMMUNITY SERVICES SOCIETY

Statement of Cash Flows

Year ended December 31, 2007, with comparative figures for 2006
(Unaudited)

	2007	2006
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ 10,257	\$ 8,715
Items not involving cash:		
Amortization of capital assets	42,145	45,005
Amortization of deferred capital contributions	(37,795)	(40,424)
Changes in non-cash operating working capital:		
Accounts receivable	24,383	(22,176)
Prepaid expenses	(3,626)	(375)
Accounts payable and accruals	47,462	17,734
	<u>82,826</u>	<u>8,479</u>
Investment:		
Purchase of capital assets	(15,117)	(19,140)
Financing:		
Receipt of deferred capital funding	15,117	16,947
Increase in cash position	<u>82,826</u>	<u>6,286</u>
Cash position, beginning of year	494,981	488,695
Cash position, end of year	<u>\$ 577,807</u>	<u>\$ 494,981</u>

See accompanying notes to unaudited financial statements.

PARKGATE COMMUNITY SERVICES SOCIETY

Notes to Financial Statements

Year ended December 31, 2007

(Unaudited)

General:

Parkgate Community Services Society (the "Society") is a registered non-profit organization under the Society Act of British Columbia, with the objective of providing community based services, recreation, education, community development and health promotion activities through Parkgate and Seycove Community Centres and Seymour Youth Centre.

1. Significant accounting policies:

(a) Revenue recognition:

The Society follows the deferral method of accounting for grants and donations. This method recognizes unrestricted grants and donations as revenue when received and externally restricted donations and grants in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a declining balance basis, at a rate corresponding with the amortization rate for the related capital assets.

(b) Capital assets:

Capital assets are recorded at cost. Contributed capital assets are recorded at the fair value at the date of contribution. Amortization of capital assets is recorded over their estimated useful lives on the straight-line basis, as follows:

Vehicles	5 years
Furniture and equipment	2 to 5 years

(c) Deferred operating contributions:

Deferred operating contributions represents operating funds received for which the Society has not yet incurred the related expenditures.

(d) Deferred capital contributions:

Deferred capital contributions related to capital assets represent the unamortized amount and unspent amount of grants and donations received for the purchase of capital assets. The amortization of capital contributions will be recorded as revenue in the statement of operations at a rate corresponding with the amortization rate for the related capital assets.

PARKGATE COMMUNITY SERVICES SOCIETY

Notes to Financial Statements (continued)

Year ended December 31, 2007

(Unaudited)

1. Significant accounting policies (continued):

(e) Use of estimates:

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

2. Change in accounting policies:

Current year changes

Commencing with the fiscal year beginning January 1, 2007, the Society adopted CICA Handbook Section 3855, "Financial Instruments - Recognition and Measurement", and Section 3861, "Financial Instruments - Disclosure and Presentation."

Section 3861 establishes standards for presentation of financial instruments and non-financial derivatives, and identifies the information that should be disclosed about them. Under the new standards, policies followed for periods prior to the effective date generally are not reversed and therefore, the comparative figures will not be restated except for the requirement to restate currency translation adjustment as part of other comprehensive income.

Section 3855 prescribes when a financial asset, financial liability or non-financial derivative is to be recognized on the balance sheet and at what amount, requiring fair value or cost-based measures under different circumstances. Under Section 3855, financial instruments must be classified into one of these five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments, including derivatives, are measured in the balance sheet at fair value except for loans and receivables, held to maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification, as follows: held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net earnings; available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the investment is derecognized or impaired at which time the amounts would be recorded in net earnings.

As a result of adoption of these new standards, the Society has designated:

1. Cash and short-term investments as held-for-trading, being measured at fair value.
2. Accounts receivable as loans and receivables, which are measured at amortized cost.

PARKGATE COMMUNITY SERVICES SOCIETY

Notes to Financial Statements (continued)

Year ended December 31, 2007

(Unaudited)

2. Change in accounting policies (continued):

Current year changes (continued)

3. Bank debt, accounts payable, accrued liabilities, and deferred contributions are classified as loans and receivables and are measured at amortized cost.

3. Externally restricted funds:

Externally restricted funds consist of funds received in 2007 which are earmarked to 2008 programs as follows:

	2007	2006
Federal grants:		
Public Health Agency of Canada		
Community Action Program for Children (CAPC)	\$ 1,419	\$ -
Provincial grants:		
Ministry of Community, Aboriginal and Women's Services		
Operating Funding Program	46,275	48,840
Ministry of Public Safety and Solicitor General - Gaming		
Direct Access Grant	3,453	9,872
Seniors' Fundraising Raffle - Class B	-	1,911
Vancouver Coastal Health	1,230	3,400
Municipal grants:		
District of North Vancouver - Childcare Grant	1,140	-
Donations:		
Corporate	899	450
Private	2,432	-
	<hr/> \$ 56,848	<hr/> \$ 64,473

PARKGATE COMMUNITY SERVICES SOCIETY

Notes to Financial Statements (continued)

Year ended December 31, 2007

(Unaudited)

4. Capital assets:

			2007		2006	
	Cost	Accumulated amortization	Net book value		Net book value	
Vehicles	\$ 163,895	\$ 114,671	\$ 49,224	\$	68,613	
Furniture and equipment	137,907	93,093	44,814		52,453	
	\$ 301,802	\$ 207,764	\$ 94,038	\$	121,066	

5. Deferred operating contributions: Externally Restricted Funds

	2007		2006	
Balance, beginning of year		\$ 64,473	\$	80,526
Less: contributions utilized during year		64,473		80,526
		-		-
Add:				
Federal grants:				
Public Health Agency of Canada Community Action Program for Children (CAPC)		1,419		-
Provincial grants:				
Ministry of Community, Aboriginal and Women's Services Operating Funding Program		46,275		48,840
Ministry of Public Safety and Solicitor General - Gaming Direct Access Grant		3,453		9,872
Seniors' Fundraising Raffle - Class B		-		1,911
Vancouver Coastal Health		1,230		3,400
Municipal grants:				
District of North Vancouver - Child Care Grant		1,140		-
Donations:				
Corporate		899		450
Private		2,432		-
Balance, end of year (Note 3)		\$ 56,848	\$	64,473

PARKGATE COMMUNITY SERVICES SOCIETY

Notes to Financial Statements (continued)

Year ended December 31, 2007

(Unaudited)

6. Deferred capital contributions:

	2007	2006
Balance, beginning of year	\$ 110,192	\$ 133,669
Contributions received:		
Ministry of Community, Aboriginal and Women's Services Operating Funding Program	15,117	8,950
Ministry of Public Safety and Solicitor General - Direct Access Grant	-	5,027
Rick Hansen Man in Motion Foundation	-	2,970
	15,117	16,947
Amortization of deferred capital contributions	(37,795)	(40,424)
Balance, end of year	\$ 87,514	\$ 110,192

7. Investment in capital assets:

(a) Investment in capital assets is calculated as follows:

	2007	2006
Capital assets	\$ 94,038	\$ 121,066
Amount financed by deferred capital contributions	87,514	110,192
	\$ 6,524	\$ 10,874

(b) Change in net assets invested in capital assets is calculated as follows:

Excess of expenses over revenues:		
Amortization expense of capital assets	\$ (42,145)	\$ (45,005)
Amortization of deferred capital contributions	37,795	40,424
	\$ (4,350)	\$ (4,581)
Net change in investment in capital assets:		
Capital assets acquired	\$ 15,117	\$ 19,140
Amount funded by deferred capital contributions	15,117	16,947
	\$ -	\$ 2,193

PARKGATE COMMUNITY SERVICES SOCIETY

Notes to Financial Statements (continued)

Year ended December 31, 2007

(Unaudited)

8. Internally restricted funds:

Internally restricted funds consist of the following:

	2007		2006
Capital asset replacement reserve	\$ 60,000	\$	60,000
Reserve for future operating expenditures	169,792		159,535
Technology reserve	50,000		50,000
Child, Youth and Seniors' equipment and furnishings reserve	65,000		65,000
	<u>\$ 344,792</u>	<u>\$</u>	<u>334,535</u>

PARKGATE COMMUNITY SERVICES SOCIETY

Notes to Financial Statements (continued)

Year ended December 31, 2007

(Unaudited)

9. Grants and donations:

Grants and donations are comprised of the following:

	2007	2006
Federal grants:		
Public Health Agency of Canada - Community Action Program for Children (CAPC)	\$ 56,186	\$ 53,939
HRSDC - Canada Summer Jobs	12,551	12,974
	68,737	66,913
Provincial grants:		
Ministry of Child and Family Development Supported Child Development Program	19,629	17,598
Early Childhood Development Initiative	13,783	18,678
Ministry of Public Safety and Solicitor General Direct Access Program	69,389	65,327
Ministry of Community, Aboriginal and Womens Services Operating Funding Program	121,420	81,677
Ministry of Employment and Income Assistance	1,523	-
Ministry of Education, School District 44 (N. Vancouver)	300	-
Vancouver Coastal Health	2,170	16,540
	228,214	199,820
Municipal grants:		
District of North Vancouver	215,934	207,804
Donations:		
Service Clubs and Foundations	14,340	19,392
Corporate	1,950	3,625
Private individuals	2,532	4,080
	18,822	27,097
Total	\$ 531,707	\$ 501,634

10. Bank indebtedness:

The Society has access to a demand line of credit to a maximum of \$10,000 with the North Shore Credit Union.

11. Financial instruments:

The carrying value of the Society's cash balances, short-term investments, accounts receivable and accounts payable and accrued liabilities approximate their fair value due to the relatively short periods to maturity of the instruments.

