

Financial Statements of

**PARKGATE COMMUNITY  
SERVICES SOCIETY**

Year ended December 31, 2010  
(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, 2010 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  
May 3, 2011

# PARKGATE COMMUNITY SERVICES SOCIETY

## Statement of Financial Position

December 31, 2010, with comparative figures for 2009  
(Unaudited)

	2010	2009
<b>Assets</b>		
Current assets:		
Cash and short-term investments	\$ 911,989	\$ 769,949
Externally restricted funds - cash (Note 3)	15,769	27,000
Accounts receivable	38,912	29,265
Prepaid expenses	9,919	13,638
	<u>976,589</u>	<u>839,852</u>
Equipment (Note 4)	3,288	20,947
	<u>\$ 979,877</u>	<u>\$ 860,799</u>

## Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 248,529	\$ 216,692
Deferred operating contributions (Note 5)	15,769	27,000
	<u>264,298</u>	<u>243,692</u>
Deferred capital contributions (Note 6)	1,689	19,070
Net assets:		
Invested in equipment (Note 7(a))	1,599	1,877
Internally restricted (Note 8)	646,236	539,506
Unrestricted	66,055	56,654
	<u>713,890</u>	<u>598,037</u>
	<u>\$ 979,877</u>	<u>\$ 860,799</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, 2010, with comparative figures for 2009  
(Unaudited)

	2010	2009
Revenue:		
Grants and donations (Note 9)	\$ 559,156	\$ 552,642
Other income:		
Community programs and services	664,154	706,909
Child care services	603,794	560,778
Facility rental and sundry	66,772	100,533
Fundraising and special events	32,739	26,481
Amortization of deferred capital contributions (Note 6)	17,381	33,646
	<u>1,943,996</u>	<u>1,980,989</u>
Expenses:		
Wages and benefits	1,502,063	1,531,398
Program expenses and equipment	163,288	164,385
Contract service fees	35,022	43,826
Amortization	18,582	36,731
Transportation	33,224	32,171
Office and sundry	22,260	18,440
Recruitment and training	12,956	12,647
Repairs and maintenance and security	11,100	11,500
Telephone	6,243	6,968
Computer accessories	6,927	6,059
Promotion and publicity	7,485	4,547
Accounting	4,550	4,430
Insurance	1,733	1,739
Bursaries	1,200	1,200
Office equipment	1,510	-
	<u>1,828,143</u>	<u>1,876,041</u>
Excess of revenue over expenses	\$ 115,853	\$ 104,948

See accompanying notes to unaudited financial statements.

# PARKGATE COMMUNITY SERVICES SOCIETY

## Statement of Changes in Net Assets

Year ended December 31, 2010, with comparative figures for 2009  
(Unaudited)

	Invested in equipment	Internally restricted	Unrestricted	2010 Total	2009 Total
Balance, beginning of year	\$ 1,877	\$ 539,506	\$ 56,654	\$ 598,037	\$ 493,089
Excess of revenue over expenses	(1,201)	-	117,054	115,853	104,948
Internally imposed restrictions:					
Allocation to reserve for future operating expenditures	-	110,500	(110,500)	-	-
Expenditures from funds	-	(3,770)	3,770	-	-
Net change in investment in equipment (Note 7(b))	923	-	(923)	-	-
Balance, end of year	\$ 1,599	\$ 646,236	\$ 66,055	\$ 713,890	\$ 598,037

See accompanying notes to unaudited financial statements.

# PARKGATE COMMUNITY SERVICES SOCIETY

## Statement of Cash Flows

Year ended December 31, 2010, with comparative figures for 2009  
(Unaudited)

	2010	2009
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ 115,853	\$ 104,948
Items not involving cash:		
Amortization of equipment	18,582	36,731
Amortization of deferred capital contributions	(17,381)	(33,646)
Changes in non-cash operating working capital:		
Accounts receivable	(9,646)	10,189
Prepaid expenses	3,719	(3,108)
Accounts payable and accruals	31,836	(18,207)
	<u>142,963</u>	<u>96,907</u>
Investment:		
Purchase of equipment	(923)	(1,700)
Increase in cash position	<u>142,040</u>	<u>95,207</u>
Cash position, beginning of year	769,949	674,742
Cash position, end of year	<u>\$ 911,989</u>	<u>\$ 769,949</u>

See accompanying notes to unaudited financial statements.

# PARKGATE COMMUNITY SERVICES SOCIETY

Notes to Financial Statements

Year ended December 31, 2010

(Unaudited)

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## General:

Parkgate Community Services Society (the "Society") is a registered not-for-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, the Seymour Youth Centre, and other satellite locations.

## 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) Equipment:

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

Vehicles	5 years
Furniture and equipment	2 to 5 years

Management has reviewed the carrying value of equipment and determined that there is no impairment in the value or the assets.

### (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 equipment represent the unamortized amount and unspent amount of grants and donations received for the purchase of equipment. 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 equipment.

# PARKGATE COMMUNITY SERVICES SOCIETY

Notes to Financial Statements (continued)

Year ended December 31, 2010  
(Unaudited)

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## 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.

### (f) Financial instruments:

The Society's cash and short-term investments are classified as held-for-trading and stated at fair value. Fair values of short-term investments are valued based on quoted market prices. Changes in the fair value of these financial assets are reflected in distributable income.

Accounts receivable are classified as loans and receivables and are recorded at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities and are recorded at amortized cost.

## 2. Future change in accounting standards:

Revisions to Not-for-Profit accounting standards:

Effective January 1, 2012, the Society's current accounting framework will no longer exist. In December 2010 the Canadian Institute of Chartered Accountants ("CICA") in conjunction with the Accounting Standards Board ("AcSB") issued Part 111- Accounting Standards for Not-for-Profit Organizations ("Part III") of the CICA Handbook. Part III is effective for fiscal years commencing on or after January 1, 2012 and provides Canadian private sector not-for-profit organizations with a new financial reporting framework. The Society has the option to apply International Financial Reporting Standards (IFRS) or the newly approved accounting standards for Not-for-Profit Organizations.

The Society has elected to adopt the new accounting standards for Not-for-Profit Organizations effective January 1, 2012.

The Society is evaluating the impact of adopting the new accounting standards for Not-for-Profit Organizations; differences on adoption are expected to be minimal.

# PARKGATE COMMUNITY SERVICES SOCIETY

Notes to Financial Statements (continued)

Year ended December 31, 2010

(Unaudited)

### 3. Externally restricted funds:

Externally restricted funds consist of funds received in 2010 which are earmarked to 2011 programs as follows:

	2010	2009
Federal grants:		
Public Health Agency of Canada Community Action Program for Children (CAPC)	\$ 250	\$ 5,611
Provincial grants:		
Ministry of Public Safety and Solicitor General - Gaming Policy (formerly Ministry of Housing and Social Development - Gaming Branch):		
Community Gaming Grant (formerly Direct Access Grant)	2,466	5,280
Class B fundraising	454	2,987
Municipal grants:		
District of North Vancouver - Child Care Grant	1,960	8,112
Donations:		
Corporate	1,037	4,510
Private Individuals	-	500
Service Clubs, Associations and Foundations	9,602	-
	\$ 15,769	\$ 27,000

### 4. Equipment:

	2010		2009	
	Cost	Accumulated amortization	Net book value	Net book value
Vehicles	\$ 164,398	\$ 164,398	\$ -	\$ 10,632
Furniture and equipment	145,072	141,784	3,288	10,315
	\$ 309,470	\$ 306,182	\$ 3,288	\$ 20,947

# PARKGATE COMMUNITY SERVICES SOCIETY

Notes to Financial Statements (continued)

Year ended December 31, 2010

(Unaudited)

## 5. Deferred operating contributions: Externally restricted funds

	2010	2009
Balance, beginning of year	\$ 27,000	\$ 52,242
Less: contributions utilized during year	(27,000)	(52,242)
	-	-
Add:		
Federal grants:		
Public Health Agency of Canada		
Community Action Program for Children (CAPC)	250	5,611
Provincial grants:		
Ministry of Public Safety and Solicitor General - Gaming		
Policy(formerly Ministry of Housing and Social Development -		
Gaming Branch)		
Community Gaming Grant (formerly Direct Access	2,466	5,280
Grant)		
Class B fundraising	454	2,987
Municipal grants:		
District of North Vancouver - Child Care Grant	1,960	8,112
Donations:		
Corporate	1,037	4,510
Private individuals	-	500
Service clubs, associations and foundations	9,602	-
Balance, end of year (Note 3)	\$ 15,769	\$ 27,000

## 6. Deferred capital contributions:

	2010	2009
Balance, beginning of year	\$ 19,070	\$ 52,716
Amortization of deferred capital contributions	(17,381)	(33,646)
Balance, end of year	\$ 1,689	\$ 19,070

# PARKGATE COMMUNITY SERVICES SOCIETY

Notes to Financial Statements (continued)

Year ended December 31, 2010

(Unaudited)

## 7. Investment in equipment:

(a) Investment in equipment is calculated as follows:

	2010	2009
Equipment	\$ 3,288	\$ 20,947
Amount financed by deferred capital contributions	(1,689)	(19,070)
	\$ 1,599	\$ 1,877

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

	2010	2009
Excess of expenses over revenues:		
Amortization expense of equipment	\$ (18,582)	\$ (36,731)
Amortization of deferred capital contributions	17,381	33,646
	\$ (1,201)	\$ (3,085)

	2010	2009
Net change in investment in equipment:		
Equipment acquired	\$ 923	\$ 1,700

## 8. Internally restricted net assets:

Internally restricted net assets consist of the following:

	2010	2009
Equipment replacement reserve	\$ 110,000	\$ 60,000
Reserve for future operating expenditures	429,291	368,791
Technology reserve	45,280	46,752
Program services reserve	61,665	63,963
	\$ 646,236	\$ 539,506

# PARKGATE COMMUNITY SERVICES SOCIETY

Notes to Financial Statements (continued)

Year ended December 31, 2010

(Unaudited)

## 9. Grants and donations:

Grants and donations are comprised of the following:

	2010	2009
Federal grants:		
Public Health Agency of Canada - Community Action Program for Children (CAPC)	\$ 63,874	\$ 57,677
HRSDC - Canada Summer Job Career Placement Program	12,910	14,942
	<u>76,784</u>	<u>72,619</u>
Provincial grants:		
Ministry of Children and Family Development:		
Supported Child Development Program	37,699	13,933
Early Childhood Development Initiative	10,655	10,656
Child Care Operating Funding Program	93,005	110,459
Ministry of Public Safety and Solicitor General - Gaming Policy (formerly Ministry of Housing and Social Development - Gaming Branch):		
Community Gaming Grant (formerly Direct Access Grant)	68,029	62,625
Vancouver Coastal Health Authority - Seniors' Diners' Club	3,680	2,000
	<u>213,068</u>	<u>199,673</u>
Municipal grants:		
District of North Vancouver	226,456	216,377
Donations:		
Corporate	13,812	2,468
Private individuals	2,474	3,365
Service clubs, associations and foundations	26,562	58,140
	<u>42,848</u>	<u>63,973</u>
<b>Total</b>	<b>\$ 559,156</b>	<b>\$ 552,642</b>

## 10. Bank indebtedness:

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

# PARKGATE COMMUNITY SERVICES SOCIETY

Notes to Financial Statements (continued)

Year ended December 31, 2010

(Unaudited)

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## **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.