



## FINANCIAL STATEMENTS

August 31, 2008

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<b>TABLE OF CONTENTS</b>	<b>Page</b>
Management's Statement of Responsibility	1
Auditors' Report	2
Statement of Operations	3
Statement of Net Assets	4
Statement of Financial Position	5
Statement of Cash Flow	6
Notes to Financial Statements	7

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## **MANAGEMENT'S STATEMENT OF RESPONSIBILITY**

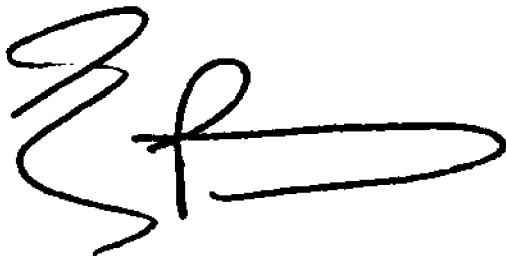
To the Members of:  
**Communitas Supportive Care Society**

The accompanying financial statements of Communitas Supportive Care Society were prepared by the management of the society. The statements have been prepared in conformity with Canadian generally accepted accounting principles and, as such, include amounts based on informed estimates and judgments of management with consideration given to materiality. Any departures from Canadian generally accepted accounting principles are appropriately disclosed in the notes to the financial statements.

Management has established internal control systems to ensure that the society's assets are safeguarded and that the financial information is objective and reliable. The financial statements have been audited by the independent auditing firm: Friesen Pankratz & Associates LLP, Certified General Accountants, whose report outlines the scope of their examination and their opinion on the financial statements.

The society's management has met with the auditor to satisfy itself on the adequacy of internal controls and to review the financial statements and auditor's report. The auditor has discussed with management the results of his examination and his opinions on the adequacy of internal controls and the quality of financial reporting.

The management reports its recommendations and findings to the Board of Directors for its consideration.



**Eugene Klassen**  
**Chief Financial Officer**

Abbotsford, BC  
November 06, 2008



# **FRIESEN PANKRATZ & ASSOCIATES LLP**

**Certified General Accountants and Business Advisors**

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## **AUDITORS' REPORT**

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To the members of  
**COMMUNITAS SUPPORTIVE CARE SOCIETY**

We have audited the balance sheet of Communitas Supportive Care Society as at August 31, 2008, and the statements of operations, net assets and cash flow for the year then ended. These financial statements are the responsibility of the society's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, 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 common with many charitable organizations, the society derives part of its revenue from the general public in the form of donations the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the society and we were not able to determine whether any adjustment might be necessary to contributions, excess of revenue over expenses, current assets and net assets.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the contributions referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the society as at August 31, 2008 and the results of operations and cash flow of the society for the year then ended, in accordance with Canadian generally accepted accounting principles.

*Friesen Pankratz & Associates LLP*

**CERTIFIED GENERAL ACCOUNTANTS**

Abbotsford, BC  
November 06, 2008



**Statement of Operations**  
**For the year ended August 31, 2008**

	2008		2007
	Actual	Budget	Actual
<b>REVENUE</b>			
Government assistance	\$ 14,544,039	\$ 14,570,561	\$ 14,121,799
Client contributions	1,180,381	1,146,560	948,482
Sales	309,416	245,638	220,119
Proceeds	202,287	197,780	186,385
Donations	91,583	15,972	73,835
Fundraising	62,840	90,000	87,636
Interest & miscellaneous	41,412	37,000	38,010
Modernization and improvement (Note: 10)	30,895	33,773	24,369
Rent	6,978	20,266	21,155
	<b>16,469,831</b>	<b>16,357,550</b>	<b>15,721,790</b>
<b>EXPENSES</b>			
Salaries	12,639,201	12,986,684	12,181,962
Rent	537,615	532,467	573,508
Food services	410,054	407,466	401,422
Transportation	383,543	340,846	307,600
Supplies	359,676	327,156	359,869
Respite care contracts	320,112	371,854	322,263
Amortization	296,782	257,631	217,757
Utilities	261,684	215,226	233,980
Repairs & maintenance	252,936	150,185	188,093
Miscellaneous program costs	154,452	74,700	108,188
Health supplies	105,381	125,015	101,974
Education & recreation	89,126	109,463	80,455
Staff development	69,035	107,798	108,877
Property taxes	57,616	63,300	43,749
Replacement reserve	56,315	56,315	56,115
Insurance	50,738	53,564	56,198
Fees & services	49,383	32,468	45,846
Modernization and improvement (Note: 10)	30,895	33,773	28,008
Advertising	24,990	15,500	13,884
Mortgage interest	21,319	59,139	22,725
Fundraising expenses	19,738	37,000	35,822
Bad debts (recoveries)	3,170	-	156
	<b>16,193,761</b>	<b>16,357,550</b>	<b>15,488,451</b>
<b>EXCESS OF REVENUE BEFORE OTHER ITEMS</b>			
	<b>276,070</b>	<b>-</b>	<b>233,339</b>
Gain (loss) on disposal of capital assets	1,605	-	10,385
WCB Rebate	-	-	164,641
	<b>\$ 277,675</b>	<b>\$ -</b>	<b>\$ 408,365</b>

See accompanying Notes to Financial Statements and Auditor's Report



**Statement of Changes in Net Assets**  
**For the year ended August 31, 2008**

	Capital Assets	Internally Restricted	Unrestricted	2008	2007
(Notes: 2(e))					
<b>NET ASSETS - Open</b>	\$ 1,508,311	\$ 112,275	\$ 639,621	\$ 2,260,207	\$ 1,851,842
Excess of revenue	1,605	-	276,070	277,675	408,365
Transfers	-	(84,599)	84,599	-	-
Capital Assets					
Amortization	(296,782)	-	296,782	-	-
Disposals	(1,605)	-	1,605	-	-
Investment	474,178	-	(474,178)	-	-
Loan principal reduction	37,693	-	(37,693)	-	-
	<u>1,723,400</u>	<u>27,676</u>	<u>786,806</u>	<u>2,537,882</u>	<u>2,260,207</u>
Accumulated unrealized gains (losses) from financial instruments designated as available for sale (Note 3)					
Prior years	-	-	(62,745)	(62,745)	(63,633)
Current year	-	-	7,753	7,753	888
	<u>-</u>	<u>-</u>	<u>(54,992)</u>	<u>(54,992)</u>	<u>(62,745)</u>
<b>NET ASSETS - Close</b>	<b>\$ 1,723,400</b>	<b>\$ 27,676</b>	<b>\$ 731,814</b>	<b>\$ 2,482,890</b>	<b>\$ 2,197,462</b>



**Statement of Financial Position  
For the year ended August 31, 2008**

	2008	2007
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 1,366,001	\$ 1,184,863
Investments	1,142,489	1,087,630
Contributions & accounts receivable	158,876	278,783
Inventory	25,518	28,617
GST refundable	7,778	8,944
Prepaid expenses	67,793	60,879
	<b>2,768,455</b>	<b>2,649,716</b>
<b>LONG TERM INVESTMENTS</b>		
Northern Star Hedge Fund (Note: 3)	225,008	217,255
<b>CAPITAL ASSETS (Note: 4)</b>		
	<b>2,259,399</b>	<b>2,082,003</b>
	<b>\$ 5,252,862</b>	<b>\$ 4,948,974</b>
<b>LIABILITIES &amp; NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable & accruals	\$ 1,251,355	\$ 1,107,389
Provincial taxes payable	10	20
Deferred contributions	278,642	411,062
Deferred government grants	155,603	149,284
Deferred project contributions	146,007	93,201
Current portion of long-term debt	39,197	37,719
	<b>1,870,814</b>	<b>1,798,675</b>
<b>LONG TERM LIABILITIES</b>		
Long term debt (Note: 7)	496,803	535,974
Replacement reserves (Note 8)	402,355	416,863
	<b>899,158</b>	<b>952,837</b>
<b>NET ASSETS</b>		
	<b>2,482,890</b>	<b>2,197,462</b>
	<b>\$ 5,252,862</b>	<b>\$ 4,948,974</b>

**APPROVED ON BEHALF OF THE BOARD:**



**Statement of Cash Flows**  
**For the year ended August 31, 2008**

	2008	2007
<b>OPERATING ACTIVITIES</b>		
Income from operations	\$ 277,675	\$ 408,365
Add: non-cash items affecting operations		
Amortization	296,782	217,757
Accounts receivable	119,906	(113,861)
Inventory	3,100	(982)
Prepaid expenses	(6,914)	(7,999)
Accounts payable and accruals	143,962	(25,006)
Government remittances payable	1,157	(638)
Deferred revenue	(73,295)	16,044
Gain on capital asset disposal	(1,605)	(10,385)
	<b>760,768</b>	<b>483,295</b>
<b>FINANCING ACTIVITIES</b>		
Repayment of long-term debt	(37,693)	(36,297)
Replacement reserves	(14,509)	(1,448)
	<b>(52,202)</b>	<b>(37,745)</b>
<b>INVESTING ACTIVITIES</b>		
Acquisitions of capital assets	(474,178)	(276,385)
Proceeds from disposal of capital assets	1,605	10,385
	<b>(472,573)</b>	<b>(266,000)</b>
<b>INCREASE IN CASH</b>	<b>235,993</b>	<b>179,550</b>
<b>CASH - OPEN</b>	<b>2,272,493</b>	<b>2,092,943</b>
<b>CASH - CLOSE</b>	<b>\$ 2,508,486</b>	<b>\$ 2,272,493</b>
<b>CASH REPRESENTED BY:</b>		
Current bank accounts	\$ 1,178,700	\$ 1,024,068
Savings accounts	98,144	82,904
US dollar accounts	27,397	16,504
BCHMC reserve accounts	7,033	2,533
Imprest accounts	54,723	58,854
Term deposits	1,142,489	1,087,630
	<b>\$ 2,508,486</b>	<b>\$ 2,272,493</b>



## Notes to Financial Statements For the year ended August 31, 2008

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### 1. PURPOSE OF ORGANIZATION

Communitas Supportive Care Society is a service provider, advocate and resource for persons living and dealing with mental, physical and/or emotional disabilities. Since all human life is created in the image of God, Communitas Supportive Care Society will seek to show God's love to all persons and serve them with dignity and respect.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) Accounting Method

The society uses the deferral method of accounting for contributions. Restricted contributions related to expenses of future periods are deferred and recognized as revenue in the period when the related expenses are incurred. Restricted contributions related to the purchase of capital assets that will be amortized are deferred and recognized as revenue over the the same basis as the amortization expense related to the acquired capital assets. Restricted contributions related to the purchase of capital assets that will not be amortized are recognized as direct increases in net assets.

#### (b) Donations In-Kind

Donations of materials and services are recognized in the accounts of the society at estimated fair market value when the materials and services are used in the normal course of the society's operations and would otherwise have been purchased. The total donations in kind recorded during the year was \$23,944 (2007 - \$9,455).

#### (c) Contributed Services

A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

#### (d) Amortization

Capital assets are recorded at cost. In accordance with published guidelines, buildings subject to BCHMC funding are being amortized at the rate of principal reduction of the related mortgage. The society's homes, Wedgewood and Evergreen, were acquired with funds transferred from short-term investments. These properties are being amortized at the opportunity cost of those funds at the time of acquisition. Assets with a cost of less than \$4,000 are charged against the current year's operations. All other assets are being amortized on the straight line basis at the following rates:

Building	40 years
Automobile	5 years
Equipment	5 years
Software	3 years

Leasehold improvements are being amortized on the straight-line basis over their estimated useful life.

#### (e) Internally Restricted Funds

The society has internally restricted net assets for the future purchase of capital assets, funding of specific projects and maintaining reserves to allow for the replacement of fixtures, equipment and some cyclical maintenance items of homes for which there is no contractual requirement.

## **Notes to Financial Statements** **For the year ended August 31, 2008**

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### **SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### (f) Change in accounting policies

Effective September 1, 2007, the Society adopted the Canadian Institute of Chartered Accountants' new recommendations for the recognition and measurement of financial instruments and amendments to the existing presentation and disclosure standards.

Financial instruments are defined as a contractual right to either receive or deliver cash or another financial instrument from or to another party.

The Society now recognizes its available for sale financial assets at their fair value. Prior to this classification required at the time the Society adopted the Financial Instruments standards, these items were recognized at their historical cost, adjusted for any permanent impairment or their market value.

Financial liabilities are recognized at their amortized cost using the effective interest method. Prior to this classification, these items were recognized at their historical cost. The new requirements were applied prospectively and prior periods have not been restated.

#### (g) Use of estimates

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements, as well as reported amounts of revenues and expenses during the reporting period. These estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

### **3. FINANCIAL INSTRUMENTS**

Financial instruments are defined as a contractual right to either receive or deliver cash from or to another financial instrument to another party.

#### Fair Value

The carrying amount of cash, investments, contributions and accounts receivable, accounts payable approximates their fair value because of the short-term nature of these items. The carrying amount of assets available for sale, which is comprised of long-term investments, is equal to their fair value based on publicly available trading value. The carry amount of long term debt approximates fair market value because of the interest rates and terms are not significantly different from those presently available to the society.

#### Credit Risk

The Society's financial assets that are exposed to credit risk are cash, investments, contributions and accounts receivable and assets available for sale. Credit risk associated with cash is minimized substantially by ensuring these assets are invested in accounts at a Schedule I bank with investment grade ratings. Credit risk associated with contributions and accounts receivable is minimized by restricting the granting of credit and by application of internal collection policies and procedures.



**Notes to Financial Statements**  
**For the year ended August 31, 2008**

**FINANCIAL INSTRUMENTS (Continued)**

Interest Rate Risk

The Society is not exposed to interest rate risk on long-term debt because these financial instruments are subject to fixed rates of interest.

Foreign Currency Risk

The Society is not exposed to foreign exchange risk because it has no significant financial assets nor liabilities denominated in foreign currencies.

**4. CAPITAL ASSETS**

	Original Cost	Accumulated Amortization	Net 2008	Net 2007
Other Buildings	\$ 639,305	\$ (176,386)	\$ 462,919	\$ 478,913
Homes	819,793	(403,581)	416,212	441,877
Automobile	1,026,170	(615,835)	410,335	254,345
Equipment	250,047	(198,351)	51,696	41,053
Leaseholds	251,371	(178,043)	73,328	38,864
CD & Tape Production	185,750	(160,608)	25,142	32,289
Software	119,923	(73,518)	46,405	21,300
	3,292,359	(1,806,322)	1,486,037	1,308,641
Land	773,362	-	773,362	773,362
	<b>\$ 4,065,721</b>	<b>\$(1,806,322)</b>	<b>\$ 2,259,399</b>	<b>\$ 2,082,003</b>

**5. DEFERRED CONTRIBUTIONS**

Deferred contributions represent government operating grants received in the current period for expenditures relating to future periods as well as funds to be applied to the establishment of future projects and on-going operational funding.

**6. LEASE OBLIGATIONS**

The society has entered into operating leases for the use of premises. Substantially all of the Society's leases for premises are renewed annually, requiring one month notice of termination. Under the terms of the leases the minimum annual lease payments required are as follows:

**2009** \$ 329,824



**Notes to Financial Statements**  
**For the year ended August 31, 2008**

**7. LONG-TERM LIABILITIES**

	2008	2007
Mortgage payable to CMHC; secured by first charge over Dahlstrom property; repayable in equal monthly installments of \$496, including interest at 3.88%.	\$ 55,566	\$ 59,301
Mortgage payable to CMHC; secured by first charge over Babich property; repayable in equal monthly installments of \$1,048, including interest at 3.88%	47,435	57,962
Mortgage payable to CMHC; secured by first charge over 206th Street, Langley property; repayable in equal monthly installments of \$842, including interest at 3.88%	43,111	51,386
Mortgage payable to CMHC; secured by first charge over Osprey property; repayable in equal monthly installments of \$958, including interest at 3.88%	138,650	144,672
Mortgage payable to CMHC; secured by first charge over 88th Street property; repayable in equal monthly installments of \$1,584 including interest at 3.88%	251,238	260,372
	<b>536,000</b>	573,693
Less: principal due within one year	<b>(39,197)</b>	(37,719)
	<b>\$ 496,803</b>	\$ 535,974
	<b>2009</b>	\$ 39,197
	<b>2010</b>	\$ 496,803

**8. REPLACEMENT RESERVES**

In accordance with operating guidelines of various funders, reserves have been established from the operating budget to allow for the replacement of fixtures, equipment, vehicles and some cyclical maintenance items.

**9. INCOME TAXES**

The society is registered as a charity under the Society Act of British Columbia. The society is also registered with Canada Revenue Agency as a charitable organization and, as such, is not subject to income taxes.



## **Notes to Financial Statements**

### **For the year ended August 31, 2008**

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#### **10. MODERNIZATION AND IMPROVEMENT**

During the year, the society received revenue to be used specifically for the modernization and improvement of certain facilities. Expenses related to this modernization and improvement have been disclosed separately and include such items as repairs and upgrades to these facilities.

#### **11. COMPARATIVE FIGURES**

Comparative figures have been reclassified where necessary to conform to current presentation.

#### **12. RELATED PARTY TRANSACTIONS**

During the year, the society paid rent of \$188,275 (2007 - \$157,063), to Supportive Care Holdings Society, a related charitable organization. The value of the rent payment was determined through negotiation and reflects the fair market value of the rent paid.