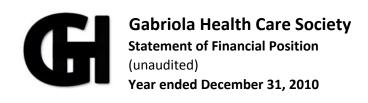


March 22, 2011



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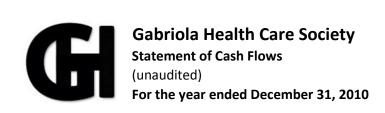
Gabriola Health Care Society

Statement of Operations and Changes in Fund Balances

(unaudited)

For the year ended December 31, 2010

	2010	2009		
Revenue				
Rental income	\$ 35,374	\$	32,314	
Amortization of deferred contributions	15,390	•	19,938	
Contributions				
Interest income	168		172	
Total revenue	50,931		52,424	
Expenses				
Rent	25,757		24,655	
Amortization of the cost of fixed assets (Note 6)	15,390		18,849	
BC Hydro	4,865		3,665	
Insurance	1,039		1,081	
GST / HST	2,288		1,363	
Net book value of retired assets			1,041	
Price alarm monitoring services	551		368	
Compliance costs	101		220	
Office supplies - cheques			90	
Board and other meetings	34		83	
Other	160		51	
Locum expense			60	
PO Box rental	61		58	
WEB site	 		41	
Total expenses	50,245		51,626	
Net operating income	 686		798	
Other revenue and expenses				
Grant Ministry of Health (net of related expenses)			13,054	
Research expenses			(2,000)	
Net other income			11,054	
Excess of revenue over expenses for the year	686		11,852	
Operating fund, beginning of year	21,186		9,334	
Operating fund, end of year	\$ 21,872	\$	21,186	



	2010	2009	
Excess of Revenue Over Expenses	\$ 686	\$	11,852
Adjust for non-cash items			
Increase in accounts receivable	(3,070)		(743)
Decrease (Increase) in prepaid expenses	513		(11)
Increase (decrease) in deferred VIHA IHN contract income	1,975		(155)
Increase (decrease) in accounts payable			10
Amortization of fixed assets	15,390		19,938
Amortization of deferred contributions	(15,390)		(19,938)
Net cash increase for the period	104		10,953
Cash balance at beginning of period	 19,553		8,600
Cash on hand at end of year	\$ 19,657	\$	19,553



Gabriola Health Care Society

Notes to financial statements (unaudited)

For the year ended December 31, 2010

1. Nature of entity

The Gabriola Health Care Society is a British Columbia not-for-profit society incorporated under the British Columbia Societies Act on March 28, 2007.

2. Summary of Accounting Policies

Revenue recognition

The Society follows the deferral method of accounting for contributions. Restricted contributions related to expenses of future periods are deferred and recognized as revenue in the period in which the related expenses are incurred. Restricted contributions for the purchase of capital assets that will be amortized are deferred and recognized as revenue on the same basis as the amortization expense related to the acquired capital assets.

Contributions are recognized in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

To be included in income in a year mailed contributions must have been received or must bear a post mark date in the particular year.

Pledges of the donation of cash and in-kind donations of assets are recognized at their estimated value at the time of the donation.

Investment income is recognized as income when earned.

Capital assets

Property and equipment is recorded at cost (or receipted value in the case of donated items) and is amortized over the estimated useful life of the assets on a straight line basis using the following useful lives:

- (i) Office furniture and equipment 10 years
- (ii) Leasehold improvements 5 years, the life of the lease and the renewal options
- (iii) Fixtures 5 years, the life of the lease and the renewal options
- (iv) Medical equipment 5 years
- (v) Electronic office equipment 3 years

Full amortization is claimed in the year of an asset is acquired and no amortization is claimed in the year of its disposition.

Use of estimates

The preparation of 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 at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from these estimates. These estimates are reviewed annually and as adjustments become necessary they are recorded in the financial statements in the period they become known.

3. Tax status

The Society is exempt from income tax under paragraph 149(1)(f) of the Income Tax Act (Canada).

4. Donated services

The Society is managed and administered by many valued and dedicated volunteers. The value of their services is not recognized in the financial statements due to the difficulty in determining its fair value.



Gabriola Health Care Society

Notes to financial statements (unaudited)

For the year ended December 31, 2010

5. Capital assets

	2010				2009
			Accumulated	Net book	Net book
		Cost	amortization	value	value
Operating Fund					
Office furniture and equipment	\$	5,728	2,291	3,437	4,010
Leasehold improvements		63,744	50,984	12,760	25,519
Fixtures		11,019	8,815	2,204	4,407
Electronic office equipment		2,074	2,074	-	-
Medical equipment		8,495	6,796	1,699	3,398
Total	\$	91,060	70,961	20,099	37,334

6. Deferred contributions for capital assets

The deferred contributions for capital assets fund represents contributions used to acquire capital assets less the accumulated amortization of those assets.

		2010	2009
Opening balance	\$	35,489	55,437
Contributions received in the year			(10)
Amounts amortized to revenue		(15,390)	(19,938)
	·		
Closing balance	\$	20,099	\$ 35,489