

GABRIOLA HEALTH CARE FOUNDATION

FINANCIAL STATEMENTS
(Unaudited)

DECEMBER 31, 2012

Judy McPhee & Co Inc
Certified General Accountant

GABRIOLA HEALTH CARE FOUNDATION

DECEMBER 31, 2012

CONTENTS

	<u>Page</u>
REVIEW ENGAGEMENT REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	2
Statement of Operations	3
Statement of Changes in Net Assets	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 9

GABRIOLA HEALTH CARE FOUNDATION

REVIEW ENGAGEMENT REPORT

To the Directors of
Gabriola Health Care Foundation

I have reviewed the statement of financial position of Gabriola Health Care Foundation as at December 31, 2012 and the statements of operations, changes in net assets and cash flows for the year then ended. My review was made in accordance with generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures and discussion related to information supplied to me by the company.

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

Based on my review, nothing has come to my attention that causes me to believe that these financial statements are not, in all material respects, in accordance with Canadian accounting standards for not-for-profit organizations.

Gabriola B C
March 12, 2013


CERTIFIED GENERAL ACCOUNTANT

GABRIOLA HEALTH CARE FOUNDATION

STATEMENT OF OPERATIONS (Unaudited)

FOR THE YEAR ENDED DECEMBER 31, 2012

	2012					2011				
	Operating Fund	Health Centre Fund	Medical Equipment Fund	Health Care Programmes Fund	Total	Operating Fund	Health Centre Fund	Medical Equipment Fund	Health Care Programmes Fund	Total
REVENUE										
Rent income	\$ 13,400	\$ -	\$ -	\$ -	\$ 13,400	\$ -	\$ -	\$ -	\$ -	\$ -
Fundraising events	-	-	-	-	-	21,658	-	-	-	21,658
Other fundraising	8,829	470,000	-	-	478,829	-	-	-	-	-
Amortization of deferred contributions	-	33,977	8,268	-	42,245	-	-	3,938	-	3,938
Investment income	5,843	-	-	-	5,843	6,846	-	-	-	6,846
Operating revenue	28,072	503,977	8,268	-	540,317	28,504	-	3,938	-	32,442
EXPENSES										
Building operating costs										
Amortization of assets (Notes 2 & 5)	\$ 622	\$ 33,609	\$ 8,150	\$ -	\$ 42,381	\$ -	\$ -	\$ -	\$ -	\$ -
Building insurance	4,242	-	-	-	4,242	-	-	-	-	-
Cleaning and other supplies	3,359	-	-	-	3,359	-	-	-	-	-
Equipment repairs and maintenance	941	-	-	-	941	-	-	-	-	-
Janitorial services	4,500	-	-	-	4,500	-	-	-	-	-
Real property tax	2,561	-	-	-	2,561	-	-	-	-	-
Telephone & communications	535	-	-	-	535	-	-	-	-	-
Utilities	5,850	-	-	-	5,850	-	-	-	-	-
Other	-	-	-	-	535	-	-	-	-	-
Total building operating costs	22,610	33,609	8,150	-	64,369	-	-	-	-	-
Foundation operating costs										
Amortization (Notes 2 & 5)	-	-	-	-	-	1,752	-	3,938	-	5,690
Building opening	6,012	-	-	-	6,012	-	-	-	-	-
Board & other meetings	593	-	-	-	593	-	-	-	-	-
Compliance costs	589	-	-	-	589	641	-	-	-	641
Fundraising costs	1,467	-	-	-	1,467	4,720	-	-	-	4,720
GST/HST net of refundable	1,188	-	-	-	1,188	942	-	-	-	942
Insurance	1,157	-	-	-	1,157	1,787	-	-	-	1,787
Occupancy	-	-	-	-	-	3,850	-	-	-	3,850
Office supplies & expenses	1,031	-	-	-	1,031	905	-	-	-	905
Professional fees	3,209	-	-	-	3,209	5,158	-	-	-	5,158
Telephone & web site	256	-	-	-	256	1,014	-	-	-	1,014
Loss (gain) on retirement of assets	4,274	368	118	-	4,760	-	-	-	-	-
Total operating expenses	19,776	368	118	-	20,262	20,769	-	3,938	-	24,707
Total expenses	42,386	33,977	8,268	-	84,631	20,769	-	3,938	-	24,707
EXCESS OF REVENUE OVER EXPENSES	\$ (14,314)	\$ 470,000	\$ -	\$ -	\$ 455,686	\$ 7,735	\$ -	\$ -	\$ -	\$ 7,735

The accompanying notes are an integral part of these financial statements.

GABRIOLA HEALTH CARE FOUNDATION

STATEMENT OF CHANGES IN NET ASSETS (Unaudited)

FOR THE YEAR ENDED DECEMBER 31, 2012

	2012					2011				
	Operating Fund	Health Centre Fund	Medical Equipment Fund	Health Care Programmes Fund	Total	Operating Fund	Health Centre Fund	Medical Equipment Fund	Health Care Programmes Fund	Total
FUND BALANCES, beginning of the year	34,436	-	-	-	34,436	26,701	-	-	-	26,701
EXCESS (DEFICIT) OF REVENUE OVER EXPENSES	\$ (14,314)	\$ 470,000	\$ -	\$ -	\$ 455,686	\$ 7,735	\$ -	\$ -	\$ -	\$ 7,735
FUND BALANCES, end of year	\$ 20,122	\$ 470,000	\$ -	\$ -	\$ 490,122	\$ 34,436	\$ -	\$ -	\$ -	\$ 34,436

The accompanying notes are an integral part of these financial statements.

GABRIOLA HEALTH CARE FOUNDATION

STATEMENT OF CASH FLOWS (Unaudited)

FOR THE YEAR ENDED DECEMBER 31, 2012

	2012					2011				
	Operating Fund	Health Centre Fund	Medical Equipment Fund	Health Care Programmes Fund	Total	Operating Fund	Health Centre Fund	Medical Equipment Fund	Health Care Programmes Fund	Total
CASH PROVIDED BY (USED IN)										
OPERATING ACTIVITIES										
Cash receipts from members and other income										
Grants, donations and other income	\$ 22,597	\$ -	\$ -	\$ -	\$ 22,597	\$ 28,440	\$ -	\$ -	\$ -	\$ 28,440
Net change in accounts receivable	(217)	-	-	-	(217)	(14)	-	-	-	(14)
Net change in prepaid expenses	98	-	-	-	98	-	-	-	-	-
	22,478	-	-	-	22,478	28,426	-	-	-	28,426
Cash paid to suppliers										
Purchases	(37,490)	-	-	-	(37,490)	(25,798)	-	-	-	(25,798)
Net change in accounts payable	25,190	-	-	-	25,190	(1,130)	-	-	-	(1,130)
	(12,300)	-	-	-	(12,300)	(26,928)	-	-	-	(26,928)
Interest income	5,843	-	-	-	5,843	6,846	-	-	-	6,846
	5,843	-	-	-	5,843	6,846	-	-	-	6,846
CASH FROM OPERATIONS	16,021	-	-	-	16,021	8,344	-	-	-	8,344
INVESTING ACTIVITIES										
Additions to capital assets	-	(616,307)	(8,405)	-	(624,712)	(5,343)	(565,151)	(549)	-	(571,043)
Proceeds on disposal of assets	-	-	3,500	-	3,500	-	-	-	-	-
CASH FROM INVESTING	-	(616,307)	(4,905)	-	(621,212)	(5,343)	(565,151)	(549)	-	(571,043)
FINANCING ACTIVITIES										
Restricted grants, donations & other income	-	15,021	-	-	15,021	-	-	3,938	-	3,938
Net change in accounts receivable	-	15,217	-	-	15,217	-	(49,295)	-	-	(49,295)
Net change in pledges receivable	-	157,517	-	-	157,517	-	-	-	-	-
Net change in prepaid expenses	-	(2,960)	-	-	(2,960)	-	-	-	-	-
Net change in accounts payable	-	(174,713)	-	-	(174,713)	-	194,692	-	-	194,692
Net change in deferred contributions	-	355,285	732	50,000	406,017	-	565,954	(638)	-	565,316
CASH FROM FINANCING	-	365,367	732	50,000	416,099	-	711,351	3,300	-	714,651
INCREASE (DECREASE) IN CASH DURING THE YEAR										
CASH, beginning of year	28,924	(250,940)	(4,173)	50,000	(189,092)	3,001	146,200	2,751	-	151,952
CASH, end of year	\$ 44,945	\$ 353,157	\$ 26,211	50,000	\$ 474,313	\$ 28,926	\$ 604,097	\$ 30,384	-	\$ 663,407
CASH is defined as										
Cash					\$ 474,313					\$ 663,405
					\$ 474,313					\$ 663,405

The accompanying notes are an integral part of these financial statements.

GABRIOLA HEALTH CARE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS
(Unaudited)

DECEMBER 31, 2012

1. NATURE OF THE ENTITY

The Gabriola Health Care Foundation is a British Columbia not-for-profit society incorporated under the British Columbia Societies Act on March 28, 2007 and is a registered charity for Canadian Income Tax purposes. Its registration number is 85193 0586 RR0001.

2. SUMMARY OF ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations.

(a) Fund accounting

The Foundation reports its activities using the deferral method of accounting for contributions. In addition, the Foundation has established separate funds for amounts donated for specific purposes such as constructing the Health Centre, the purchase of medical equipment, and for the offering of health care programmes to Gabriolans.

(b) Revenue recognition

Unrestricted contributions are recognized as revenue of the operating fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions are deferred and recognized as revenue of the year in which the related expenditures are incurred. Restricted contributions used to acquire capital assets are recognized as revenue in amounts equal to the amortization charged to the particular assets accounts in the year.

Until the funds required to complete the Gabriola Community Health Centre were received, the main purpose of the Foundation was the raising of funds for that purpose. It is the Board's view that contributions received by the Foundation in excess of current operating needs are received on the understanding that they will be used for that purpose. It was therefore the Board's view that contributions received by the Foundation prior to that time in excess of current operating needs were received on the understanding that they be used for that purpose and that all such contributions, unless otherwise restricted, were to be treated as contributions restricted to the construction of the Health Centre. The Board has determined that contributions received subsequent to October 17, 2012, are not restricted unless it can be reasonably concluded that the donor intended the donation to be restricted to a particular purpose. Donations not so restricted are taken into income in the year received or receivable. Restricted donations are added to the appropriate fund.

Restricted contributions for the purchase of capital assets that will not be amortized, such as land, are recognized as revenue in the appropriate fund.

Grants received for a particular purpose which are refundable to the donor if the funds are not used for that purpose by a particular date are deferred and recorded as a liability until the funds are used for the specified purpose.

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

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

Investment income including income realized on restricted funds is recognized as income in the operating fund when earned.

(c) Contributed securities

Contributed securities are recorded at their receipted value, which is the closing market value of the securities the day the donation is received. They are sold at the first opportunity. Any gain or loss on the disposition, and the cost of the disposition, is recorded as income or expense at the time of the disposition.

The accompanying notes are an integral part of these financial statements.

GABRIOLA HEALTH CARE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS
(Unaudited)

DECEMBER 31, 2012

(d) **Capital Assets**

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

Electronic office equipment	- 3 years
Medical equipment	- 5 years
Furniture and fixtures	- 10 years
Telephone system	- 10 years
Electricity generator	- 20 years
Fire pump	- 20 years
Land improvements	- 20 years
Building	- 50 years

Full amortization is claimed in the year that the asset is acquired and no amortization is taken in the year of disposition.

(e) **Use of estimates**

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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.

The accompanying notes are an integral part of these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS
(Unaudited)

DECEMBER 31, 2012

3. TAX STATUS

The Foundation is tax-exempt under paragraph 149(1)(f) of the Income Tax Act (Canada).

4. DONATED SERVICES

The Foundation 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.

5. CAPITAL ASSETS

	2012			2011		
	Cost	Amortization	Value	Cost	Amortization	Value
Health Centre fund						
Land	\$ 470,000	\$ -	\$ 470,000	\$ -	\$ -	\$ -
Land improvements	178,594	8,930	169,664	-	-	-
Building	923,746	18,475	905,271	569,875	-	569,875
Machinery & equipment	65,406	(3,270)	65,406	-	-	-
Electronic office equipment	3,145	1,593	1,552	1,360	1,360	-
Telephone system	5,450	545	4,905	-	-	-
Furniture & fixtures	14,464	1,446	13,018	-	-	-
Memorial benches	1,672	167	(167)	-	-	-
	1,662,477	34,426	1,628,051	571,235	1,360	569,875
Medical Equipment fund						
Medical equipment	40,749	15,431	25,318	12,802	8,255	4,547
Generator	-	-	-	6,888	4,133	2,755
	40,749	15,431	25,318	19,690	12,388	7,302
Operating fund						
TB medical equipment	3,111	3,111	-	3,111	2,489	622
Fundraising cart	-	-	-	5,343	1,069	4,274
Office furniture & equipment	-	-	-	613	245	368
	3,111	3,111	-	9,067	3,803	5,264
	\$1,706,337	\$ 52,968	\$1,653,369	\$ 599,992	\$ 17,551	\$ 582,441

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(Unaudited)

DECEMBER 31, 2012

6. DEFERRED CONTRIBUTIONS FOR CAPITAL ASSETS

The deferred contributions for capital assets fund represents contributions set aside to be used, or that have been used to acquire capital assets, less the accumulated amortization of those assets, or other funds that have been donated for specific purposes, less amounts spent in that regard.

	2012				2011			
	Health Centre Fund	Medical Equipment Fund	Health Care Programmes Fund	Total	Health Centre Fund	Medical Equipment Fund	Health Care Programmes Fund	Total
DEFERRED RESTRICTED CONTRIBUTIONS								
Donations, grants & pledges	\$ 362,406	\$ 9,000	\$ 50,000	\$ 421,406	\$ 414,298	\$ 3,300	\$ -	\$ 417,598
Gifts of securities and other in-kind	26,856	-	-	26,856	151,657	-	-	151,657
Total restricted contributions	389,262	9,000	50,000	448,262	565,955	3,300	-	569,255
Balance brought forward	1,176,878	37,686	-	1,214,564	610,923	38,324	-	649,247
Total	1,566,140	46,686	50,000	1,662,826	1,176,878	41,624	-	1,218,502
Less amounts taken into income	(33,977)	(8,268)	-	(42,245)	-	(3,938)	-	(3,938)
Closing balance	\$ 1,532,163	\$ 38,418	\$ 50,000	\$ 1,620,581	\$ 1,176,878	\$ 37,686	\$ -	\$ 1,214,564

7. DONATIONS BY SOURCE (EXCLUDING LAND)

	2012	2011
Corporations	\$ 33,275	\$ 23,195
Foundations	51,000	28,100
Charities	6,603	10,965
Government	106,290	-
Individuals and other	243,923	500,801
	\$ 441,091	\$ 563,061

8. DONATION OF LAND

In January 2012, Potlatch Properties Ltd. completed the donation of 1.65 ha (4.1 acres) of land located at 695 Church Street, Gabriola Island, BC to the Foundation. The land was valued at \$470,000 in accordance with an appraisal prepared for the Foundation by Cunningham & Rivard Appraisals Ltd.

9. FINANCIAL INSTRUMENTS

The Association's financial instruments consist of cash, accounts receivables and accounts payable. Unless otherwise noted, it is management's opinion that the Association is not exposed to significant interest, currency, or credit risk arising from these financial instruments. The fair value of the instruments approximates their carrying values, unless otherwise noted.

The accompanying notes are an integral part of these financial statements.