

Financial Statements of

**PARKGATE COMMUNITY
SERVICES SOCIETY**

And Independent Practitioners' Review Engagement
Report thereon

Year ended December 31, 2021
(Unaudited)



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INDEPENDENT PRACTITIONERS' REVIEW ENGAGEMENT REPORT

To the Members of Parkgate Community Services Society

We have reviewed the accompanying financial statements of Parkgate Community Services Society, which comprise the statement of financial position as at December 31, 2021, the statements of operations, statement of changes in net assets and statement of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Practitioners' Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Parkgate Community Services Society as at December 31, 2021, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

KPMG LLP

Chartered Professional Accountants

Langley, Canada

May 11, 2022

PARKGATE COMMUNITY SERVICES SOCIETY

Statement of Financial Position

December 31, 2021, with comparative information for 2020
(Unaudited)


	2021	2020
Assets		
Current assets:		
Cash	\$ 268,016	\$ 419,492
Term deposits (note 2)	514,712	915,176
Externally restricted cash (note 3)	122,732	190,905
Accounts receivable (note 4)	42,269	49,781
Prepaid expenses	9,953	16,330
	<u>957,682</u>	<u>1,591,684</u>
Term deposits (note 2)	718,864	110,993
Capital assets (note 5)	77,199	106,739
	<u>\$ 1,753,745</u>	<u>\$ 1,809,416</u>

Liabilities and Net Assets


Current liabilities:		
Accounts payable and accrued liabilities (note 6)	\$ 326,456	\$ 287,630
Deferred operating contributions (note 7)	122,732	190,905
	<u>449,188</u>	<u>478,535</u>
Net assets:		
Invested in capital assets (note 8(a))	77,199	106,739
Internally restricted (note 9)	881,000	947,472
Unrestricted	346,358	276,670
	<u>1,304,557</u>	<u>1,330,881</u>
	<u>\$ 1,753,745</u>	<u>\$ 1,809,416</u>

See accompanying notes to financial statements.

Approved by the Directors:



Director



Director

PARKGATE COMMUNITY SERVICES SOCIETY

Statement of Operations

Year ended December 31, 2021, with comparative information for 2020

(Unaudited)

	2021	2020
Revenue:		
Grants and donations (note 10)	\$ 1,211,990	\$ 1,227,246
Other income:		
Child care services	660,504	561,702
Community programs and services	190,370	74,152
Facility rental and sundry	164	879
Fundraising and special events	12,906	21,408
Interest income	18,082	23,071
Federal wage subsidies	-	198,425
	<u>2,094,016</u>	<u>2,106,883</u>
Expenses:		
Accounting	5,821	8,172
Amortization of capital assets	34,157	27,534
Bursaries	1,832	11,821
Computer accessories	18,091	13,762
Insurance	10,435	9,168
Office and sundry	9,185	17,733
Program expenses and supplies	88,195	69,034
Promotion and publicity	3,179	13,749
Transportation	10,385	10,986
Recruitment and training	8,079	6,367
Repairs and maintenance and security	12,765	14,032
Telephone	13,105	10,320
Wages and benefits	1,905,111	1,740,122
	<u>2,120,340</u>	<u>1,952,800</u>
Excess (deficiency) of revenue over expenses	\$ (26,324)	\$ 154,083

See accompanying notes to financial statements.

PARKGATE COMMUNITY SERVICES SOCIETY

Statement of Changes in Net Assets

Year ended December 31, 2021, with comparative information for 2020
(Unaudited)

	Investment in capital assets (note 8)	Internally restricted (note 9)	Unrestricted	2021 Total	2020 Total
Balance, beginning of year	\$ 106,739	\$ 947,472	\$ 276,670	\$ 1,330,881	\$ 1,176,798
Excess (deficiency) of revenue over expenses	(34,157)	-	7,833	(26,324)	154,083
Interfund transfer (note 9)	-	(61,855)	61,855	-	-
Net change in investment in capital assets (note 8(b))	4,617	(4,617)	-	-	-
Balance, end of year	\$ 77,199	\$ 881,000	\$ 346,358	\$ 1,304,557	\$ 1,330,881

See accompanying notes to financial statements.

PARKGATE COMMUNITY SERVICES SOCIETY

Statement of Cash Flows

Year ended December 31, 2021, with comparative information for 2020

(Unaudited)

	2021	2020
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenue over expenses	\$ (26,324)	\$ 154,083
Items not involving cash:		
Amortization of capital assets	34,157	27,534
Changes in non-cash operating working capital:		
Accounts receivable	7,512	(6,330)
Prepaid expenses	6,377	(269)
Accounts payable and accruals	38,826	(27,463)
Deferred operating contributions	(68,173)	134,749
	(7,625)	282,304
Investment:		
Purchase of capital assets	(4,617)	(21,576)
Increase in term deposits	(207,407)	(2,394)
	(212,024)	(23,970)
Increase (decrease) in cash position	(219,649)	258,334
Cash position, beginning of year	610,397	352,063
Cash position, end of year	\$ 390,748	\$ 610,397
Cash position represented by:		
Cash	\$ 268,016	\$ 419,492
Externally restricted cash	122,732	190,905
	\$ 390,748	\$ 610,397

See accompanying notes to financial statements.

PARKGATE COMMUNITY SERVICES SOCIETY

Notes to Financial Statements

Year ended December 31, 2021

(Unaudited)

General:

Parkgate Community Services Society (the "Society") is organized with the objective of providing community based services, recreation, education, community development and health promotion activities through Parkgate Community Centre, the Seymour Youth Centre, and other satellite locations. The Society is a not-for-profit society incorporated under the Societies Act (British Columbia). The Society is a registered charitable organization under the Income Tax Act. Accordingly the Society is exempt from income taxes.

The Society has established a permanent endowment fund with the VanCity Community Foundation. Under the title of Parkgate Society Legacy Fund ("Legacy Fund"), the fund is held and administered by the VanCity Community Foundation, a separate legal entity from Parkgate Society. Accordingly, the Society's financial statements exclude the financial position and operating results of the Legacy Fund. See note 13.

1. Significant accounting policies:

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are as follows:

(a) Term deposits:

Term deposits consist of deposits with terms of maturing of one to three years at the dates of acquisition. Interest income on the savings accounts and term deposit is recorded when earned.

(b) Accounts receivable:

Accounts receivable are measured at fair value on origination.

At year end, the Society assesses whether there are any indications that the carrying value of the receivables may be impaired. For purposes of impairment testing, each individually significant account is assessed individually; the balance of the accounts are grouped on the basis of similar credit risk characteristics. When there is an indication of impairment, the Society determines whether there has been a significant adverse change in the expected timing or amount of future cash flows. When the Society identifies a significant adverse change, it reduces the carrying amount of the receivable to the higher of the amount that could be realized by selling the receivable at the balance sheet date and the present value of the cash flows expected to be generated by holding the receivable.

When the extent of impairment of a previously written down receivable decreases and the decrease can be related to an event occurring after the impairment was recognized, the impairment loss is reversed to the extent of the improvement.

PARKGATE COMMUNITY SERVICES SOCIETY

Notes to Financial Statements (continued)

Year ended December 31, 2021

(Unaudited)

1. Significant accounting policies (continued):

(c) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life or improve the service potential of an asset are capitalized.

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

Capital assets are reviewed for impairment whenever events or changes in circumstances indicate that either the full or partial amount of the asset no longer has long-term service potential to the Society. If such conditions exist, an impairment loss is measured at the amount by which either the full or partial carrying amount of the asset exceeds its residual value.

(d) Deferred operating contributions:

Deferred operating contributions represents operating funds received for which the Society has not yet incurred the related expenditures. The Society records an identical amount of its cash as externally restricted funds - cash.

(e) 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.

(f) Revenue recognition:

The Society follows the deferral method of accounting for grants and donations. This method recognizes unrestricted grants and donations as revenue in the year received or receivable, if the amount receivable can be reasonably estimated and collection is reasonably assured. Externally restricted donations and grants are recognized as revenue in the year in which the related expenses are incurred. 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.

PARKGATE COMMUNITY SERVICES SOCIETY

Notes to Financial Statements (continued)

Year ended December 31, 2021

(Unaudited)

1. Significant accounting policies (continued):

(f) Revenue recognition (continued):

The Society records all other income such as child care services, community programs, facility rental, and fundraising revenues, as they are earned.

Volunteers contribute a significant amount of time each year to assist the Society in carrying out its programs and services. During the year, 115 (2020 - 147) volunteers contributed 8,338 (2020 - 5,799) hours. Because of the difficulty in determining their fair market value, contributed services of volunteers are not recognized in these financial statements.

(g) Measurement uncertainty:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amount 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 year. Actual results could differ from those estimates.

(h) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Society has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Society determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Society expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

PARKGATE COMMUNITY SERVICES SOCIETY

Notes to Financial Statements (continued)

Year ended December 31, 2021

(Unaudited)

2. Term deposits:

Term deposits consist of

	2021	2020
Unrestricted term deposits	\$ 352,576	\$ 78,697
Internally restricted term deposits	881,000	947,472
Total term deposits	1,233,576	1,026,169
Less current portion	(514,712)	(915,176)
	\$ 718,864	\$ 110,993

The term deposits are at maturity dates ranging from March 2022 to September 2023 (2020 - January 2021 to January 2023) from the date of acquisition and bear interest from 0.90% to 3.30% (2020 - 1.05% to 3.30%).

3. Externally restricted cash:

Externally restricted cash relating to deferred operating contributions (note 7) which is earmarked to be spent on the subsequent year's programs as follows:

	2021	2020
Federal grants:		
Public Health Agency of Canada		
Community Action Program for Children (CAPC)	\$ -	\$ 22,430
Early Years Centres - North Shore Community Resources		
Parkgate Playgroup	-	-
Donations, grants and support:		
Province of BC - Provincial Gaming Grant 2021	93,500	93,500
Province of BC - Health & Safety Grant	8,809	49,075
North Shore Community Foundation for My Parkgate BREAK	8,000	4,800
District of North Vancouver - Childcare Middle Years Grant	4,590	3,600
ESDC New Horizons for Seniors - My Parkgate BREAK	4,500	-
United Way of the Lower Mainland - Aging & Connected Program	-	17,500
Help Age Canada; Seniors Can - Seniors Access Bus	3,333	-
	\$ 122,732	\$ 190,905

PARKGATE COMMUNITY SERVICES SOCIETY

Notes to Financial Statements (continued)

Year ended December 31, 2021

(Unaudited)

4. Accounts receivable:

	2021		2020	
Amount receivable	\$	42,269	\$	49,781
Less allowance for impairment		-		-
	\$	42,269	\$	49,781

5. Capital assets:

	2021		2020	
	Cost	Accumulated amortization	Net book value	Net book value
Vehicles	\$ 143,131	\$ 93,155	\$ 49,976	\$ 69,966
Furniture and equipment	241,383	214,160	27,223	36,773
	\$ 384,514	\$ 307,315	\$ 77,199	\$ 106,739

6. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$29,062 (2020 - nil), consisting amounts for payroll related taxes.

PARKGATE COMMUNITY SERVICES SOCIETY

Notes to Financial Statements (continued)

Year ended December 31, 2021

(Unaudited)

7. Deferred operating contributions

	2021	2020
Balance, beginning of year	\$ 190,905	\$ 56,156
Less: contributions utilized during year	(190,905)	(56,156)
	-	-
Add:		
Federal grants:		
Public Health Agency of Canada		
Community Action Program for Children (CAPC)	-	22,430
Donations, grants and support:		
Province of BC - Provincial Gaming Grant 2021	93,500	93,500
Province of BC - Health & Safety Grant	8,809	49,075
North Shore Community Foundation - My Parkgate BREAK	8,000	4,800
District of North Vancouver- Childcare Middle Years Grant	4,500	3,600
ESDC New Horizons for Seniors - My Parkgate BREAK	4,590	-
United Way of the Lower Mainland - Aging & Connected Program	-	17,500
Help Age Canada; Seniors Can - Seniors Access Bus	3,333	-
Balance, end of year	\$ 122,732	\$ 190,905

8. Investment in capital assets:

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

	2021	2020
Capital assets	\$ 77,199	\$ 106,739

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

	2021	2020
Deficiency of expenses over revenues:		
Amortization expense of capital assets	\$ (34,157)	\$ (27,534)
	2021	2020
Net change in investment in capital assets:		
Purchase of capital assets	\$ 4,617	\$ 21,576

PARKGATE COMMUNITY SERVICES SOCIETY

Notes to Financial Statements (continued)

Year ended December 31, 2021

(Unaudited)

9. Internally restricted net assets:

	2021	2020
A reconciliation of the internally restricted net assets is as follows:		
Internally restricted funds, beginning of year	\$ 947,472	\$ 845,775
Operational expenses funded by organizational development reserve	(4,617)	(21,576)
Transfer from (to) unrestricted to (from) restricted	(61,855)	123,273
Internally restricted funds, end of year	\$ 881,000	\$ 947,472

Allocated for 2022-2024 as follows:

Program services reserve (a)	\$ 29,000	\$ 15,000
Equipment replacement reserve (b)	210,000	165,000
Technology reserve (c)	21,000	24,000
Future operating expenditure reserve (d)	487,000	558,472
Organizational development (e)	24,000	30,000
New Programming Start-up reserve (f)	110,000	155,000
	\$ 881,000	\$ 947,472

Expenditures during the current year are based on prior board approval. The board approves a three year spending plan on an annual basis. The 2022-2024 three-year reserve plan was approved by the board of directors at their March 29, 2022 board meeting.

(a) Program services reserve:

The reserve was established to promote the purchase and replacement of project items within the departmental programs but not limited to capital, with the purchase and replacement not being part of the operating budget.

(b) Equipment replacement reserve:

This replacement reserve was set up for future capital replacement and expenses beyond the normal wear and tear on the automotive fleet.

PARKGATE COMMUNITY SERVICES SOCIETY

Notes to Financial Statements (continued)

Year ended December 31, 2021

(Unaudited)

9. Internally restricted net assets (continued):

(c) Technology reserve:

Specific reserve to support any future technological upgrades, replacements and additions for the Society.

(d) Future operating expenditures reserve:

The financial goals for this reserve are as follows:

1. To establish a reserve to represent three to six months of the Society's annual salary costs in the event that the Society dissolves;
2. To establish a reserve for potential claims in the unlikely event that the Society is found liable and is required to pay an insurance deductible; and
3. To establish a reserve for management succession and strategic reorganization beyond the normal operating budget.

(e) Organizational Development reserve:

This reserve was established to fund the Society's rebranding project and related website upgrade.

(f) New Programming Start-up reserve:

This reserve was established to fund the Society's expansion of Child Care spaces to the new Lynn-Creek premises that is anticipated to be opening in the 2023 year.

PARKGATE COMMUNITY SERVICES SOCIETY

Notes to Financial Statements (continued)

Year ended December 31, 2021

(Unaudited)

10. Grants and donations:

Grants and donations are comprised of the following:

	2021	2020
Federal grants:		
Public Health Agency of Canada - Community Action Program for Children (CAPC)	\$ 63,619	\$ 54,803
Employment and Social Development Canada - New Horizons for Seniors Program	13,500	-
ESDC - Canada Summer Jobs Program	33,752	32,227
	110,871	87,030
Provincial grants:		
Ministry of Children and Family Development:		
Supported Child Development Program	51,461	28,235
Early Childhood Development Initiative	13,186	11,943
Child Care Operating Funding Program	79,473	248,464
Child Care Fee Reduction Initiative	83,311	68,990
Wage Enhancement ECE	27,598	22,029
Ministry of Finance - Gaming Policy and Enforcement Branch:		
Community Gaming Grant	93,500	93,500
Provincial Other	73,042	-
Vancouver Coastal Health Authority - Seniors' Diners' Club and My Parkgate Break	3,000	6,405
	424,571	479,566
Municipal grants:		
District of North Vancouver	496,425	477,527
Donations:		
Corporate	28,289	32,100
Private individuals	10,687	20,408
Service clubs, Associations and Foundations	141,147	130,615
	180,123	183,123
	\$ 1,211,990	\$ 1,227,246

The Society has access to an unsecured demand line of credit to a maximum of \$10,000 with the Blue Shore Financial. The facility is unused at December 31, 2021 (2020 - nil).

11. Disclosure of remuneration:

For the fiscal year ended December 31, 2021, the Society paid total remuneration of \$97,123 to one employee who received total annual remuneration of \$75,000 or greater.

The Society did not pay any remuneration to its members of the Board of Directors.

PARKGATE COMMUNITY SERVICES SOCIETY

Notes to Financial Statements (continued)

Year ended December 31, 2021

(Unaudited)

12. Related party transactions:

The Parkgate Community Legacy Fund ("Legacy Fund"), an entity under common control, was established on June 18, 2008, with initial contributions made from the Society and a designated community donation. The Legacy Fund is held by the VanCity Community Foundation, which is a tax exempt registered charitable organization. The Society periodically contributes to the Legacy Fund, with such contributions recorded as permanent gifts to the Legacy Fund, and accordingly they are charged to unrestricted fund as bursary expense of \$321 (2020 - \$11,821).

One of the purposes of the Legacy Fund is to award annual scholarships to Society volunteers. One (2020 - Two) award is presented annually: one (2020 - one) Student Volunteer Award in the amount of \$1,500 (2020 - \$1,500) and one PF Yong Memorial Scholarship in the amount of \$nil (2020 - \$1,500).

The market value of the Legacy Fund as of December 31, 2021 was \$52,274 (2020 - \$49,881).

13. Financial risks and concentration of risk:

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Society is exposed to credit risk with respect to the accounts receivable. The Society assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts.

(b) Liquidity risk:

Liquidity risk is the risk that the Society will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Society mitigates its liquidity risk by monitoring its operating requirements. The Society prepares budget forecasts to ensure it has sufficient funds to fulfill its obligations.

There has been no change in risk exposures from the previous year.