

# PHS COMMUNITY SERVICES SOCIETY

Financial Statements

March 31, 2012



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## INDEPENDENT AUDITORS' REPORT

To The Members of PHS Community Services Society

We have audited the accompanying financial statements of **PHS Community Services Society**, which comprise the statement of financial position as at March 31, 2012, and the statements of operations, changes in fund balances and cash flows for the year then ended, and 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.

### Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of **PHS Community Services Society** as at March 31, 2012, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### Comparative Information

Without modifying our opinion, we draw attention to Note 3 to the financial statements which describes that **PHS Community Services Society** adopted Canadian accounting standards for not-for-profit organizations on April 1, 2011, with a transition date of April 1, 2010. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statements of financial position as at March 31, 2011 and April 1, 2010, and the statements of operations, changes in fund balances and cash flows for the year ended March 31, 2011 and related disclosures. We were not engaged to report on the restated comparative information, and as such, it is unaudited.

CERTIFIED GENERAL ACCOUNTANTS

Coquitlam, B.C.  
July 31, 2012

**PHS COMMUNITY SERVICES SOCIETY**

STATEMENT 1

STATEMENT OF OPERATIONS

Year Ended March 31, 2012

	2012				2011			
	BC Housing Fund (Schedule 1)	General Fund	Capital Asset Fund	Total	BC Housing Fund (Schedule 2) (Unaudited)	General Fund (Unaudited)	Capital Asset Fund	Total
<b>Revenue</b>								
BC Housing Management Commission grants	\$ 8,264,485	\$ -	\$ -	\$ 8,264,485	\$ 6,916,688	\$ -	\$ -	\$ 6,916,688
Vancouver Coastal Health Authority grants	-	8,615,949	-	8,615,949	-	7,250,938	-	7,250,938
Rent	2,800,755	1,427,534	-	4,228,289	2,165,815	1,810,826	-	3,976,641
Health Canada grants	-	2,285,621	-	2,285,621	-	2,478,825	-	2,478,825
Transfer from deferred grants relating to capital assets	-	-	1,362,505	1,362,505	-	-	1,435,039	1,435,039
Interest and other income	-	838,321	-	838,321	-	798,474	-	798,474
Other service grants	10,745	2,170,881	-	2,181,626	-	1,779,159	-	1,779,159
Vancouver Coastal Health Authority grant - Unity Housing	-	255,510	-	255,510	-	254,811	-	254,811
Donations and fundraising	-	104,443	-	104,443	-	112,593	-	112,593
BC Gaming Commission grant	-	90,000	-	90,000	-	94,000	-	94,000
Metro Vancouver Housing Corporation grant	-	-	-	-	-	15,984	-	15,984
	11,075,985	15,788,259	1,362,505	28,226,749	9,082,503	14,595,610	1,435,039	25,113,152
<b>Expenses</b>								
Staffing costs	4,637,286	8,189,953	-	12,827,239	4,270,595	6,910,250	-	11,180,845
Repairs and maintenance	2,677,249	1,313,488	-	3,990,737	1,885,463	1,531,337	-	3,416,799
Building operational costs	903,404	1,531,891	-	2,435,295	784,677	2,284,238	-	3,068,915
Amortization	-	-	2,268,574	2,268,574	-	-	2,199,302	2,199,302
Residential services operational costs	772,356	2,673,575	-	3,445,931	557,178	1,968,986	-	2,526,164
Program support	188,934	261,865	-	450,799	134,447	191,846	-	326,293
Interest paid on long-term debt	705,472	-	-	705,472	444,390	-	-	444,390
Write off of receivables from related party	-	63,953	-	63,953	-	63,148	-	63,148
General administrative costs	1,159,038	1,303,372	-	2,462,410	976,362	1,372,007	-	2,348,369
	11,043,739	15,338,097	2,268,574	28,650,410	9,053,112	14,321,811	2,199,302	25,574,226
<b>Excess (deficiency) of revenue over expenses before Unity Housing Society Grant</b>	32,246	450,162	(906,069)	(423,661)	29,391	273,799	(764,263)	(461,073)
<b>Grant to Unity Housing Society</b>	-	214,246	-	214,246	-	213,544	-	213,544
<b>Excess (deficiency) of revenue over expenses for the year</b>	32,246	235,916	(906,069)	(637,907)	29,391	60,255	(764,263)	(674,617)

The accompanying notes are an integral part of these financial statements



**PHS COMMUNITY SERVICES SOCIETY**

STATEMENT 2

STATEMENT OF CHANGES IN FUND BALANCES

Year Ended March 31, 2012

	2012					2011				
	BC Housing Fund	General Fund	Replacement Reserve Fund	Capital Assets Fund	Total	BC Housing Fund	General Fund	Replacement Reserve Fund	Capital Assets Fund	Total
<b>Fund balances, beginning of year</b>	\$ (845,260)	\$ (102,323)	\$ 210,060	\$ 3,377,570	\$ 2,640,047	\$ (7,508,535)	\$ 1,603,359	\$ 69,180	\$ 9,150,660	\$ 3,314,664
Prior period adjustment - note 3						951,084	-	-	(951,084)	-
Restated	(845,260)	(102,323)	210,060	3,377,570	2,640,047	(6,557,451)	1,603,359	69,180	8,199,576	3,314,664
Excess (deficiency) of revenues over expenses for the year	32,246	235,916	-	(906,069)	(637,907)	29,391	60,255	-	(764,263)	(674,617)
Inter-fund transfers	(383,349)	173,210	362,879	(186,963)	(34,223)	5,682,800	(1,765,937)	140,880	(4,057,743)	-
<b>Fund balances, end of year</b>	\$ (1,196,363)	\$ 306,803	\$ 572,939	\$ 2,284,538	\$ 1,967,917	\$ (845,260)	\$ (102,323)	\$ 210,060	\$ 3,377,570	\$ 2,640,047

The accompanying notes are an integral part of these financial statements



**PHS COMMUNITY SERVICES SOCIETY**

STATEMENT 3

**STATEMENT OF CASH FLOWS**

Year Ended March 31, 2012

	2012	2011
<b>Cash flows from (for) operating activities:</b>		
Deficiency of revenue over expenses for the year	\$ (637,907)	\$ (674,617)
Items not requiring an outlay of cash		
Amortization	2,268,574	2,199,302
	1,630,667	1,524,685
Changes in non-cash working capital		
Decrease in accounts receivable	39,112	7,560,526
Decrease (increase) in government agencies recoverable	764,760	(374,641)
Decrease (increase) in prepaid expenses	9,474	(27,766)
Decrease in accounts payable and accrued liabilities	(1,777,149)	(7,605,493)
Increase in damage deposits	5,598	73,974
Increase (decrease) in deferred grants	387,865	(274,378)
Increase in salaries and dues payables	75,712	14,173
	1,136,039	891,080
<b>Cash flows from (for) financing activities:</b>		
Net decrease in capital lease obligations	(2,674)	(18,842)
Net change in deferred grants relating to capital assets	281,944	(6,290,270)
Repayment of long term debt	(454,269)	(272,391)
Proceeds from long-term debt	4,391,215	6,302,587
	4,216,216	(278,916)
<b>Cash flows from (for) investing activities:</b>		
Purchase of capital assets	(5,394,391)	(991,310)
<b>Decrease in cash</b>	(42,136)	(379,146)
<b>Cash, beginning of year</b>	1,541,506	1,920,652
<b>Cash, end of year</b>	<b>\$ 1,499,370</b>	<b>\$ 1,541,506</b>
<b>Cash consist of</b>		
Cash	\$ 926,431	\$ 1,331,446
Restricted cash	572,939	210,060
	<b>\$ 1,499,370</b>	<b>\$ 1,541,506</b>

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



**PHS COMMUNITY SERVICES SOCIETY**

STATEMENT 4

STATEMENT OF FINANCIAL POSITION

Year Ended March 31, 2012

	BC Housing Fund	General Fund	Replacement Reserve Fund	Capital Asset Fund	2012	2011	April 1 2010 (Note 2)
<b>ASSETS</b>							
Current							
Cash - note 4	\$ -	\$ 926,431	\$ -	\$ -	\$ 926,431	\$ 1,331,446	\$ 1,851,472
Restricted cash	-	-	572,939	-	572,939	210,060	69,180
Accounts receivable	81,861	1,246,091	-	-	1,327,952	1,367,060	8,927,588
Government agencies recoverable	-	208,381	-	-	208,381	940,004	565,363
Prepaid expenses	-	77,718	-	-	77,718	87,192	59,426
	81,861	2,458,621	572,939	-	3,113,421	3,935,762	11,473,029
Capital assets - note 5	-	-	-	47,017,594	47,017,594	43,891,736	45,099,729
	<b>81,861</b>	<b>2,458,621</b>	<b>572,939</b>	<b>47,017,594</b>	<b>50,131,015</b>	<b>47,827,498</b>	<b>56,572,758</b>
<b>LIABILITIES</b>							
Current							
Accounts payable and accrued liabilities	425,979	717,455	-	-	1,143,434	2,853,179	10,458,672
Salaries and dues payable	-	336,200	-	-	336,200	260,487	246,231
Damage deposits	100,805	41,192	-	-	141,997	136,398	62,424
Deferred grants - note 6	751,440	995,139	-	-	1,746,579	1,358,715	1,633,093
Current portion of capital lease obligations - note 7	-	22,150	-	-	22,150	16,973	17,058
Current portion of long term debt - note 8	-	-	-	567,710	567,710	331,972	235,963
	1,278,224	2,112,136	-	567,710	3,958,070	4,957,724	12,653,441
Capital lease obligation - note 7	-	39,682	-	-	39,682	47,533	66,375
Long term debt - note 8	-	-	-	19,274,846	19,274,846	15,573,639	9,639,452
Deferred grants relating to capital assets - note 9	-	-	-	24,890,500	24,890,500	24,608,555	30,898,826
	1,278,224	2,151,818	-	44,733,056	48,163,098	45,187,451	53,258,094
<b>FUND BALANCES</b>	(1,196,363)	306,803	572,939	2,284,538	1,967,917	2,640,047	3,314,664
	<b>81,861</b>	<b>2,458,621</b>	<b>572,939</b>	<b>47,017,594</b>	<b>50,131,015</b>	<b>47,827,498</b>	<b>56,572,758</b>

Option to acquire property and contingent gains - note 10

Dental clinic endowment fund - note 11

Commitments - note 13

On behalf of the Board

\_\_\_\_\_  
Director

\_\_\_\_\_  
Date

The accompanying notes are an integral part of these financial statements



# PHS COMMUNITY SERVICES SOCIETY

## NOTES TO THE FINANCIAL STATEMENTS

Year Ended March 31, 2012

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### NATURE OF BUSINESS

PHS Community Services Society ("Society") is incorporated under the Society Act of British Columbia as a not-for-profit organization and is a registered charity under the Income Tax Act. The Society is exempt from income taxes under section 149 (1) (f) of the Act. The Society was established to provide housing support and services, education and advocacy to individuals and their communities.

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Society are in accordance with Canadian accounting standards for not-for-profit organizations. Outlined below are those policies considered particularly significant.

#### Fund Accounting

The Society follows the restricted fund method of accounting for contributions.

The General Fund is used for the Society's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants.

The Capital Asset Fund includes the assets, liabilities, revenues, and expenses related to the Society's tangible capital assets.

The BC Housing Fund includes the assets, liabilities, revenues and expenses for operations and programs funded by the BC Housing Management Commission ("BC Housing").

The Replacement Reserve Fund includes funds that are restricted to capital asset repairs and improvement expenditures in accordance with agreements with the funding agencies. All expenditures from this fund must be approved by the funding agencies during the annual budget process.

#### Capital Assets and Amortization

Contributed capital assets are recorded at fair market value at the date of contribution. Purchased capital assets are recorded at cost. Amortization is provided annually at rates calculated over their estimated useful lives as follows except in the year of acquisition when one half of the rate is used:

Appliances	30%	straight-line
Buildings	20 / 50 years	straight-line
Computer equipment	2 years	straight-line
Equipment under capital lease	5 years	straight-line
Office furniture and equipment	5 years	straight-line
Vehicles	5 years	straight-line
Leasehold property	35 years	straight-line

#### Impairment of Long-lived Assets

Long-lived assets are reviewed for impairment when events and circumstances indicate that cost may not be recoverable. Impairment exists when the carrying value of an asset is greater than the undiscounted future cash flows expected to be provided by the asset. The amount of impairment loss, if any, is the excess of the carrying value over its fair value.





# PHS COMMUNITY SERVICES SOCIETY

## NOTES TO THE FINANCIAL STATEMENTS

Year Ended March 31, 2012

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

#### Revenue Recognition

The Society receives grants from various sources as reflected in the statement of operations, and follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the period in which related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Rental income, administrative charges and management fees are recognized as revenue based on services provided.

#### Financial Instruments

##### Measurement of financial instruments

The Society initially measures its financial assets and liabilities at fair value. The Society subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, restricted cash, accounts receivable and government agencies recoverable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, salaries and dues payable, current portions of long term debts, current portions of lease obligations, capital lease obligations and long-term debt.

##### Impairment

Financial assets measured at cost will be tested for impairment when there are indicators of impairment. The amount of any identified impairment will be written down and recognized in net income. Any previously recognized impairment loss may be reversed to the extent of the improvement, either directly to this asset or by adjusting an allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of a reversal is recognized in net income.

##### Transaction costs

The Society recognizes its transaction costs in net income in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.



**PHS COMMUNITY SERVICES SOCIETY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
Year Ended March 31, 2012

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D**

**Risk Management**

Credit Risk

The Society is exposed to credit risk from their customers. The Society performs credit risk evaluation on its customers and considers its risk to be acceptable and appropriately managed.

Interest Rate Risk

The Society has an exposure to interest rate fluctuations on its commercial floating rate loans. Such interest rate fluctuations will continually affect the Society's income. The Society considers its exposure to interest rate volatility to be acceptable and appropriately managed.

Liquidity Risk

The Society is exposed to liquidity risk in meeting its obligations associated with financial liabilities, which is dependent on receipt of funds from operations and continued support funding agencies.

**Allocation of Expenses**

The Society engages in various low income housing and property management programs. The costs of each program include staffing costs, repairs and maintenance, building operational costs and other expenses that are directly related to providing support services. The Society also incurs general expenses to support the administration of the organization and each of its programs.

General and administrative expenses are allocated based on budgeted amounts approved by the funding agencies.

**Use of Estimates**

The preparation of financial statements in accordance with Canadian accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Estimates are used for, but are not limited to, the accounting for doubtful accounts, amortization, impairment, accruals and contingencies. Actual results may differ from those estimates.



# PHS COMMUNITY SERVICES SOCIETY

## NOTES TO THE FINANCIAL STATEMENTS

Year Ended March 31, 2012

### 2. ADOPTION OF ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS

The financial statements for the year ended March 31, 2012 are the first financial statements that are prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO). The financial statements for the year ended March 31, 2011 were previously prepared in accordance with the former Canadian generally accepted accounting principles in the Handbook — Accounting Part V Pre-changeover standards (Previous GAAP). Under ASNPO provisions as set out in Section 1501 First-Time Adoption, the date of transition is the beginning of the fiscal period for comparative information. Therefore, the transition date for the Society is April 1, 2010, the beginning of the fiscal period ended March 31, 2011. An opening balance sheet at April 1, 2010 is prepared in accordance with ASNPO. The Society made no changes to the previously presented financial statements.

### 3. PRIOR PERIOD ADJUSTMENT

The prior year's figures have been adjusted to reflect the removal of the Station Street property in the amount of \$15,152,765 net of accumulated amortization. The effect of this adjustment on the prior year figure is a decrease in capital assets of \$15,152,765, a decrease in deferred grants relating to capital assets of \$15,126,325, an increase in accounts receivable of \$26,440, a decrease in transfer from deferred grants relating to capital assets revenue of \$797,514 and a decrease in amortization expense of \$797,514.

### 4. CASH

The Society has credit facilities available to a limit of \$900,000, repayable on demand, bearing interest at the Royal Bank's prime rate plus 1.00% and secured by a general security agreement. As at March 31, 2012, the Society has no funds drawn on its operating line of credit.

### 5. CAPITAL ASSETS

			2012	2011
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Appliances	\$ 12,133	\$ 9,099	\$ 3,034	\$ 6,673
Buildings	51,243,549	8,899,248	42,344,301	43,260,044
Computer equipment	72,166	58,515	13,651	12,934
Equipment under capital lease	50,175	50,175	-	-
Land	2,244,849	-	2,244,849	468,649
Leasehold Property	2,179,768	51,531	2,128,237	-
Office furniture and equipment	508,917	382,594	126,323	94,354
Vehicles	216,292	59,093	157,199	49,082
	\$56,527,849	\$ 9,510,255	\$47,017,594	\$43,891,736



**PHS COMMUNITY SERVICES SOCIETY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
Year Ended March 31, 2012

**6. DEFERRED GRANTS**

The amount represents funds received for future operations.

**7. CAPITAL LEASE OBLIGATIONS**

	<b>2012</b>	<b>2011</b>
MCAP Leasing - Phone Systems	\$ 51,770	\$ 75,803
RCAP Leasing - Copier / Printer	17,315	-
	69,085	75,803
Less deferred interest	7,253	11,297
	61,832	64,506
Less current portion	22,150	16,973
	\$ 39,682	\$ 47,533

Phone systems leased for the Rainier Hotel and the Pennsylvania Hotel require monthly installments of \$594 and \$1,458 respectively, which include interest at 10.10% and 9.94%. The leases are due March 2014 and July 2014, respectively, with a purchase option of \$10 for each.

Copier / Printer leased for the Society require monthly installments of \$267, which includes interest at 3.94%. The lease is due March 2017 with a purchase option of \$1,582.

Minimum payments under capital lease due within each of the following five years is as follows:

2013	\$ 27,829
2014	26,886
2015	6,669
2016	3,205
2017	4,496



# PHS COMMUNITY SERVICES SOCIETY

## NOTES TO THE FINANCIAL STATEMENTS

Year Ended March 31, 2012

### 8. LONG TERM DEBT

	2012	2011
Mortgage - Vancity	\$ 2,095,734	\$ -
Mortgage - Bank of Nova Scotia	5,749,357	5,920,881
Mortgage - Canada Mortgage and Housing Corporation	2,052,507	-
Mortgage - Royal Bank of Canada	3,619,444	3,679,294
Mortgage - Royal Bank of Canada	6,178,493	6,266,789
Vehicle Loan - Dueck Pontiac Buick GMC Limited	5,486	10,838
Vehicle Loan - Richmond Chrysler Dodge Jeep Limited	20,804	27,809
Vehicle Loans - Maple Ridge Chrysler Jeep Dodge	120,731	-
	19,842,556	15,905,611
Less current portion	567,710	331,972
	<u>\$19,274,846</u>	<u>\$15,573,639</u>

The mortgage with the Vancity is secured by The Only building at 20 East Hastings Street, Vancouver, BC and is repayable in monthly installments of \$10,877, which includes interest at 3.85%. The mortgage is due for renewal on February 16, 2017.

The mortgage with the Bank of Nova Scotia is secured by the Portland Hotel building at 20 West Hastings Street, Vancouver, BC and is repayable in monthly installments of \$28,805, which includes interest at 2.999%. The mortgage is due for renewal on March 1, 2015.

The mortgage with the Canada Mortgage and Housing Corporation is secured by the Tellier Place building at 16 East Hastings Street, Vancouver BC and is repayable in monthly installments of \$18,646, which includes interest at 3.65%. The mortgage is due for renewal on June 1, 2018.

The mortgage of \$3,619,444 with the Royal Bank of Canada is secured by the Pennsylvania Hotel building at 412 Carrall Street, Vancouver BC and is repayable in monthly installments of \$15,907, which includes interest at 3.615%. The mortgage is due for renewal on July 1, 2014.

The mortgage of \$6,178,493 with the Royal Bank of Canada is secured by the Woodwards building at 131 West Hastings Street, Vancouver BC and is repayable in monthly installments of \$27,360, which includes interest at 3.89%. The mortgage is due for renewal on October 1, 2020.

The vehicle loan with Dueck Pontiac Buick GMC Limited is repayable in monthly installments of \$488, which includes interest at 5.4%. The vehicle loan will mature on July 23, 2013.



# PHS COMMUNITY SERVICES SOCIETY

## NOTES TO THE FINANCIAL STATEMENTS

Year Ended March 31, 2012

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### 8. LONG TERM DEBT - CONT'D

The vehicle loan with Richmond Chrysler Dodge Jeep Limited is repayable in monthly installments of \$665, which includes interest at 3.99%. The vehicle loan will mature on December 9, 2014.

The vehicle loans with Maple Ridge Chrysler Jeep Dodge are repayable in monthly installments of \$991, \$786 and \$786, which includes interest at 7.44%, 7.24% and 7.24%, respectively. The vehicle loan will mature on December 22, 2016, November 3, 2016 and November 3, 2016, respectively.

The aggregate amount of principal payments required in each of the next five years on the above indebtedness is as follows:

2013	\$ 567,710
2014	579,445
2015	9,233,043
2016	355,126
2017	2,181,331

### 9. DEFERRED GRANTS RELATING TO CAPITAL ASSETS

The deferred revenue relating to capital assets are made up of grants received which may only be used for the purpose of building construction and purchase of capital assets.

The deferred capital grants are restricted for the renovation of buildings. These grants are amortized on the same basis as the related capital assets are amortized.

### 10. OPTION TO ACQUIRE PROPERTY AND CONTINGENT GAINS

The Society has extended its option agreement to purchase an undivided 50% beneficial interest for a sum of \$1 plus the assumption of all liabilities relating to the properties located at 1 West Hastings Street and 333-335 Carrall Street, Vancouver, British Columbia (Pigeon Park Building). The option will expire on October 5, 2012. Upon exercise of the option, the Society will record the properties at a cost of \$1 plus the assumption of any liabilities.

The Society holds an option to purchase the Stanley/New Fountain Hotel property for \$2 million increased by the Consumer Price Index (CPI) as published by Statistics Canada for the month in which the option is exercised over the CPI for March 2003. The option will expire on March 31, 2013. Upon exercise of the option, the Society will record the properties at the exercise price.

The Society has approximately \$3,265,000 of value for additional building density allowance available at 1 West Hastings Street.



**PHS COMMUNITY SERVICES SOCIETY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
Year Ended March 31, 2012

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**11. DENTAL CLINIC ENDOWMENT FUND**

The Society has an endowment fund established by the University of British Columbia (UBC) known as the Portland Community Dental Clinic Endowment Fund. The income earned will be used to support the ongoing operations of the Portland Community Dental Clinic. The capital will be held and managed by UBC. The total capital balance of the fund at March 31, 2012 was \$990,000 with a market value of \$951,877.

**12. ALLOCATION OF EXPENSES**

General administrative costs of \$2,462,410 (2011 - \$2,348,369) have been allocated as follows:

	<b>2012</b>	<b>2011</b>
BC Housing programs	\$ 1,159,038	\$ 976,362
Other programs	1,303,372	1,372,007
	<b>\$ 2,462,410</b>	<b>\$ 2,348,369</b>

**13. COMMITMENTS**

The Society is committed to the completion of a construction project at 111 Princess Street, Vancouver, British Columbia. The total estimated capital cost to complete this project is \$31,500,000. The costs incurred to date are \$2,510,265. These expenditures are funded by the BC Housing Management Commission.

**14. COMPARATIVE FIGURES**

Certain of these comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.



**PHS COMMUNITY SERVICES SOCIETY**  
**SCHEDULE OF OPERATIONS - BC HOUSING FUND**  
Year Ended March 31, 2012

SCHEDULE 1

	Portland Hotel	Washington Hotel	Sunrise Hotel	Pennsylvania Hotel	Woodwards' Singles	Station St. Building	Station St. Support Services	Beacon Hotel
<b>Revenue</b>								
BC Housing Management Commission grants	\$ 448,652	\$ 574,992	\$ 556,535	\$ 570,240	\$ 1,066,500	\$ 83,893	\$ 949,043	\$ 508,700
Rent	347,224	328,825	206,749	231,302	548,517	345,067	-	165,363
Other service grants	-	-	-	-	-	-	-	-
	795,876	903,816	763,284	801,542	1,615,017	428,960	949,043	674,063
<b>Expenses</b>								
Staffing costs	-	353,592	298,910	328,639	485,395	-	698,647	300,468
Repairs and maintenance	394,363	400,236	308,139	147,986	456,091	321,260	-	164,083
Building operational costs	149,312	72,094	69,892	78,566	167,188	70,186	-	20,535
Residential services operational costs	15,559	40,392	49,304	20,384	68,452	-	159,802	23,044
Program support	15,809	9,073	8,806	15,325	11,238	20,149	-	8,541
Interest paid on long-term debt	173,711	-	-	130,859	239,451	-	-	-
General and administrative costs	98,093	65,974	65,974	82,247	171,900	35,200	70,628	124,301
	846,848	941,362	801,025	804,006	1,599,715	446,795	929,076	640,971
<b>Excess (deficiency) of revenue over expenses for the year</b>	(50,971)	(37,545)	(37,741)	(2,464)	15,302	(17,836)	19,967	33,092

	Rainier Hotel	Rainier Support Services	Molson's Bank Building	Molson's Support Services	Housing Team	Hutchinson Block	New Fountain Shelter	Tellier Tower	2012 TOTAL
<b>Revenue</b>									
BC Housing Management Commission grants	\$ 150,812	\$ 579,820	\$ 107,255	\$ 550,977	\$ 569,078	\$ 84,033	\$ 1,072,296	\$ 391,659	\$ 8,264,485
Rent	170,802	-	157,904	-	-	-	-	299,003	2,800,755
Other service grants	-	-	-	-	-	-	10,745	-	10,745
	321,614	579,820	265,160	550,977	569,078	84,033	1,083,041	690,662	11,075,985
<b>Expenses</b>									
Staffing costs	-	499,896	-	528,985	453,433	67,567	502,365	119,388	4,637,286
Repairs and maintenance	66,044	34,772	151,903	-	19,408	-	72,421	140,542	2,677,249
Building operational costs	31,501	-	49,010	-	1,875	-	81,822	111,426	903,404
Residential services operational costs	21,419	37,036	6,029	17,844	24,072	9,350	268,144	11,527	772,356
Program support	21,754	-	7,515	2,648	13,052	-	49,539	5,485	188,934
Interest paid on long-term debt	-	-	-	-	-	-	-	161,450	705,472
General and administrative costs	140,012	-	135,373	-	54,988	7,116	107,232	-	1,159,038
	280,730	571,704	349,829	549,477	566,829	84,033	1,081,523	549,817	11,043,739
<b>Excess (deficiency) of revenue over expenses for the year</b>	40,883	8,116	(84,670)	1,500	2,249	-	1,518	140,845	32,246





**PHS COMMUNITY SERVICES SOCIETY**  
**SCHEDULE OF OPERATIONS - BC HOUSING FUND (Unaudited)**  
Year Ended March 31, 2011

SCHEDULE 2

	Portland Hotel	Washington Hotel	Sunrise Hotel	Pennsylvania Hotel	Woodwards' Singles	Station St. Building & Support
<b>Revenue</b>						
BC Housing Management Commission grants	\$ 531,753	\$ 517,872	\$ 553,440	\$ 535,832	\$ 910,371	\$ 357,464
Rent	353,431	322,751	200,806	223,995	502,895	58,719
	885,184	840,623	754,246	759,827	1,413,267	416,184
<b>Expenses</b>						
Staffing costs	330	470,760	325,353	302,441	452,713	286,473
Repairs and maintenance	430,962	190,035	205,895	152,337	435,285	67,839
Building operational costs	154,425	59,458	79,646	75,736	173,748	39,976
Residential services operational costs	19,289	54,397	45,039	15,529	60,479	12,139
Program support	10,939	19,157	8,158	17,693	12,607	8,247
Interest paid on long-term debt	190,283	-	-	132,971	121,135	-
General and administrative costs	98,093	65,974	65,974	73,348	163,289	35,276
	904,322	859,781	730,065	770,055	1,419,256	449,950
<b>Excess (deficiency) of revenue over expenses for the year</b>	(19,138)	(19,158)	24,181	(10,228)	(5,989)	(33,766)

	Beacon Hotel	Rainier Hotel & Support Services	Molson's Bank Building & Support	Housing Team	New Fountain Shelter	2011 TOTAL
<b>Revenue</b>						
BC Housing Management Commission grants	\$ 453,658	\$ 680,590	\$ 650,300	\$ 653,111	\$ 1,072,296	\$ 6,916,688
Rent	177,727	151,588	173,903	-	-	2,165,815
	631,385	832,178	824,203	653,111	1,072,296	9,082,503
<b>Expenses</b>						
Staffing costs	293,824	486,681	531,658	579,027	541,336	4,270,595
Repairs and maintenance	134,552	93,687	133,356	2,292	39,222	1,885,463
Building operational costs	19,590	29,901	62,868	1,612	87,719	784,677
Residential services operational costs	20,875	49,891	22,861	3,524	253,156	557,178
Program support	8,041	17,409	8,313	12,704	11,178	134,447
Interest paid on long-term debt	-	-	-	-	-	444,390
General and administrative costs	98,403	113,970	96,458	58,347	107,230	976,362
	575,284	791,539	855,514	657,505	1,039,841	9,053,112
<b>Excess (deficiency) of revenue over expenses for the year</b>	56,101	40,639	(31,312)	(4,394)	32,455	29,391

