

COMMUNITY FIRST HEALTH CO-OP

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UNAUDITED FINANCIAL STATEMENTS

MARCH 31, 2007

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May 8, 2007

Nelson, B.C.

REVIEW ENGAGEMENT REPORT

To the Members
Community First Health Co-op
Nelson, B.C.

We have reviewed the statement of financial position of the Community First Health Co-op as at March 31, 2007 and the statement of operations and changes in net assets for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the cooperative.

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

In common with similar charitable organizations, the co-operative derives a portion of its income from the general public in the form of donations over which there are limited accounting controls exercised prior to the initial entry of these donations in the accounting records of the cooperative. Accordingly, our review of these donations was limited to the amounts recorded in the accounting records of the cooperative. Had we been able to complete our review, we might have determined adjustments to be necessary to cash, revenue, excess of revenue over expenses.

Based on our review, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to complete our review of donations as described in the preceding paragraph, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

May 8, 2007

Nelson, B.C.

COMMUNITY FIRST HEALTH CO-OP
STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2007

(Unaudited)

ASSETS

	2007	2006
CURRENT ASSETS		
Cash	\$ 16,821	\$ 31,058
Term deposits	21,495	-
Restricted term deposits	133,050	-
GST receivable	3,523	-
Prepaid expenses	<u>2,780</u>	<u>-</u>
	177,669	31,058
RESTRICTED INVESTMENTS		
Capital projects reserve (note 3)	4,056	4,053
CAPITAL ASSETS (note 4)	<u>769,315</u>	<u>-</u>
	<u>\$ 951,040</u>	<u>\$ 35,111</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 13,576	\$ -
Accrued liabilities	7,258	-
Current portion of long-term debt	<u>13,644</u>	<u>-</u>
	<u>34,478</u>	<u>-</u>
LONG-TERM DEBT (note 5)	<u>725,137</u>	<u>-</u>
NET ASSETS		
An unlimited number of shares (note 6)		
Unrestricted	(7,838)	\$ 31,058
Invested in capital assets (note 7)	195,207	-
Restricted (note 3)	<u>4,056</u>	<u>4,053</u>
Net assets, balance end of year	<u>191,425</u>	<u>35,111</u>
	<u>\$ 951,040</u>	<u>\$ 35,111</u>

Approved by the Directors:

COMMUNITY FIRST HEALTH CO-OP
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2007
(Unaudited)

	Unrestricted	Restricted for Capital Projects	Invested in Capital Assets	2007 Total	2006 Total
BALANCE, BEGINNING OF YEAR	\$ 31,058	\$ 4,053	\$ -	\$ 35,111	\$ 37,259
Excess (deficiency) of revenues over expenses from general operations	209,389	3	-	209,392	(2,148)
Deficiency of revenues over expenses from rental operations	(53,078)	-	-	(53,078)	-
Investment in capital assets	<u>(195,207)</u>	<u>-</u>	<u>195,207</u>	<u>-</u>	<u>-</u>
BALANCE, END OF YEAR	<u>\$ (7,838)</u>	<u>\$ 4,056</u>	<u>\$ 195,207</u>	<u>\$ 191,425</u>	<u>\$ 35,111</u>

COMMUNITY FIRST HEALTH CO-OP
STATEMENT OF GENERAL OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2007

(Unaudited)

	2007	2006
REVENUE		
Grants from Nelson and District Credit Union	\$ 212,308	\$ -
Membership fees	260	-
Other grants	-	6,140
Sponsorship and cost sharing revenue	1,970	363
Interest income	1,148	668
Interest earned on restricted investments	<u>3</u>	<u>16</u>
	<u>215,689</u>	<u>7,187</u>
EXPENSES		
Advertising	83	636
Bank charges and interest	95	35
Consultants fees	-	7,108
Legal and accounting	2,346	-
Licenses, fees, and dues	270	205
Meeting costs	2,836	1,163
Office and administration	<u>667</u>	<u>188</u>
	<u>6,297</u>	<u>9,335</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ <u>209,392</u>	\$ <u>(2,148)</u>

COMMUNITY FIRST HEALTH CO-OP
STATEMENT OF RENTAL OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2007
(Unaudited)

	2007	2006
REVENUE		
In kind donation from Nelson and District Credit Union	\$ 16,000	\$ -
Rental income	<u>45,444</u>	<u>-</u>
	<u>61,444</u>	<u>-</u>
 EXPENSES		
Insurance	4,760	-
Interest on long-term debt	36,781	-
Mortgage fees	6,950	-
Property management and accounting services	16,000	-
Property tax	21,219	-
Repairs and maintenance	5,696	-
Telephone	401	-
Utilities	<u>22,715</u>	<u>-</u>
	<u>114,522</u>	<u>-</u>
 DEFICIENCY OF REVENUE OVER EXPENSES	 <u>\$ (53,078)</u>	 <u>\$ -</u>

COMMUNITY FIRST HEALTH CO-OP
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2007
(Unaudited)

	2007	2006
OPERATING ACTIVITIES		
Deficiency of revenue over expenses from general operations	\$ 209,392	\$(2,148)
Deficiency of revenue over expenses from rental operations	(53,078)	-
Changes in non-cash working capital	<u>14,530</u>	<u>-</u>
Cash Provided By (Used For) Operating Activities	<u>170,844</u>	<u>(2,148)</u>
FINANCING ACTIVITIES		
Proceeds from long-term debt	750,000	-
Repayment of long-term debt	<u>(11,219)</u>	<u>-</u>
Cash Provided By Financing Activities	<u>738,781</u>	<u>-</u>
INVESTING ACTIVITIES		
Purchase of land and building	(691,124)	-
Renovations and improvements (net of recoveries of \$47,731)	(78,191)	-
Transfer from (to) restricted investments	<u>(3)</u>	<u>5,978</u>
Cash Provided By (Used For) Investing Activities	<u>(769,318)</u>	<u>5,978</u>
INCREASE IN CASH	140,307	3,830
CASH, BEGINNING OF YEAR	<u>31,059</u>	<u>27,228</u>
CASH, END OF YEAR	<u>\$ 171,366</u>	<u>\$ 31,058</u>
 Cash Represented By:		
Cash	\$ 16,821	\$ 31,058
Term deposits	<u>154,545</u>	<u>-</u>
	<u>\$ 171,366</u>	<u>\$ 31,058</u>

COMMUNITY FIRST HEALTH CO-OP

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2007

(Unaudited)

1. PURPOSE OF THE ORGANIZATION

The Community First Health Co-op was incorporated on February 27, 2003 under the B.C. Cooperative Association Act. Its purpose is to provide a variety of health care services to individuals, families and communities. Its mandate is:

- a) To improve individual and population health outcomes.
- b) To strengthen the roles of disease prevention and health promotion.
- c) To foster as a not-for-profit organization, it is exempt from income tax.
- d) To support continuity of care through prevention, promotion and early intervention.
- e) To encourage on-going individual and community involvement in decision making.

2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies of the cooperative.

Use of Accounting Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 reporting periods. Actual results could differ from those estimates.

Revenue Recognition

The cooperative follows the deferral method of accounting for contributions. Contributions are recognized as revenue when received or receivable if the amounts to be received can be reasonably estimated and collection is reasonably assured.

3. RESTRICTED INVESTMENTS

Restricted investments consist of term deposits held for capital projects. During the year \$nil was transferred to unrestricted funds to finance capital projects (2006 - \$5,996).

4. PROPERTY

	2007		2006	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 255,716	\$ -	\$ -	\$ -
Building	511,707	-	-	-
Signs	<u>1,892</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>769,315</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cost less accumulated amortization	<u>\$ 769,315</u>		<u>\$ -</u>	

COMMUNITY FIRST HEALTH CO-OP
NOTES TO FINANCIAL STATEMENTS (Continued)

AS AT MARCH 31, 2007

(Unaudited)

5. LONG-TERM DEBT

	2007	2006
Van City Savings mortgage, repayable at \$4,800 per month, including interest at 6%, secured by a commercial mortgage on the land and building.	\$ 738,781	\$ -
Less: Current portion	<u>13,644</u>	<u>-</u>
	<u>\$ 725,137</u>	<u>\$ -</u>

Estimated principal payments required over the next five years are as follows:

2008	\$ 13,644
2009	\$ 14,486
2010	\$ 15,379
2011	\$ 16,328
2012	\$ 17,335

6. MEMBERS' SHARES

Authorized

- Unlimited number of membership shares with a par value of \$10 each.
- Class A members are designated as individual or personal joint members and each member must, as a condition of membership, subscribe to at least one of membership shares.
- Class B members are designated as Corporate members and each corporation must, as a condition of membership, subscribe to at least ten of membership shares.
- Class C members are designated as Founding members and may represent individual, joint or corporate membership. As a condition of membership at least ten membership shares must be subscribed to. Founding member subscriptions will cease being offered on adjournment of the 2nd annual meeting of the Association.

7. INVESTED IN CAPITAL ASSETS

	2007	2006
Capital assets, end of year	\$ <u>769,315</u>	\$ <u>-</u>
Deduct: Related debt	565,750	-
Capital accounts payable	<u>8,358</u>	<u>-</u>
	<u>574,108</u>	<u>-</u>
Invested in capital assets, end of year	<u>\$ 195,207</u>	<u>\$ -</u>