



Financial Statements

Shuswap Community Foundation

June 30, 2019

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Independent Practitioner's Review Engagement Report

Grant Thornton LLP
541 - 6th St NE, PO Box 697
Salmon Arm, BC
V1E 4N8

T +1 250 832 7192
F +1 250 832 5377
www.GrantThornton.ca

To the Directors of
Shuswap Community Foundation

We have reviewed the accompanying financial statements of Shuswap Community Foundation that comprise the statement of financial position as at June 30, 2019, and the statements of revenue and expenditures and 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.

Practitioner's 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.

Basis for qualified conclusion

In common with similar charitable organizations, the Foundation derives a portion of its income from the general public in the form of donations over which there are limited controls for the entry of these donations in the accounting records of the Foundation.

Accordingly, our review of these donations was limited to amounts recorded in the accounting records of the Foundation. Had we been able to complete our review, we might have determined adjustments to be necessary to cash, revenue, excess of revenue over expenditures and net assets.

Independent Practitioner's Review Engagement Report

Qualified conclusion

Based on our review, except for the effects of the matter described in the Basis for Qualified Conclusion paragraph, 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 Shuswap Community Foundation as at June 30, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Other matter

The financial statements of Shuswap Community Foundation for the year ended June 30, 2018 were reviewed by Drew Lee-Hai who expressed a qualified conclusion on those financial statements on September 12, 2018 for the reasons described in the Basis for Qualified Conclusion paragraph. The partners and staff of Drew Lee-Hai joined Grant Thornton LLP subsequent to September 12, 2018.

Salmon Arm, Canada
October 1, 2019

Grant Thornton LLP

Chartered Professional Accountants

Shuswap Community Foundation

Statement of Financial Position

June 30

2019

2018

Assets

Current

Cash and cash equivalents	\$ 165,486	\$ 59,735
Accounts receivable	<u>3,468</u>	<u>1,175</u>
	168,954	60,910

Long-term

Investments (Note 3)	<u>9,867,365</u>	<u>9,258,344</u>
	<u>\$ 10,036,319</u>	<u>\$ 9,319,254</u>

Liabilities

Current

Accounts payable and accrued liabilities	\$ 67,896	\$ 21,031
Government remittances payable	1,508	1,518
Funds held in trust on behalf of third parties (Note 4)	<u>17,773</u>	<u>12,748</u>
	87,177	35,297

Fund Balances

Endowment funds (Note 5)	9,926,702	9,250,243
Unrestricted net assets	<u>22,440</u>	<u>33,714</u>
	<u>\$ 10,036,319</u>	<u>\$ 9,319,254</u>

On behalf of the board

_____ Director _____ Director

See accompanying notes and schedule to the financial statements.

Shuswap Community Foundation

Statement of Revenue and Expenditures and Changes in Fund Balances

Year ended June 30

	2019	2018	2019	2018	2019	2018	2019	2018
	Endowment Fund		Administration Fund		City of Salmon Arm Trust Fund		District of Sicamous Trust Fund	
								Total
Revenue								
Investment income (Note 6)	\$ 727,351	\$ 660,213	\$ -	\$ -	\$ 245	\$ 201	\$ 175	\$ 727,771
Donations	398,302	246,626	10,282	5,300	57,500	62,500	43,000	509,084
CFC Grant	-	-	3,515	4,584	-	-	-	3,515
Administration fee - capital	-	-	116,645	102,710	-	-	-	116,645
Administration fee - other	-	-	3,650	6,655	-	-	-	3,650
	<u>1,125,653</u>	<u>906,839</u>	<u>134,092</u>	<u>119,249</u>	<u>57,745</u>	<u>62,701</u>	<u>43,175</u>	<u>1,360,665</u>
Operating expenditures								
Administration (Schedule 1)	-	-	143,058	125,288	-	-	-	143,058
Administration fee	111,520	97,085	-	-	2,625	3,125	2,500	116,645
Administration fee: Memorial walkways	3,500	-	2,308	2,818	-	-	-	5,808
Investment management fees	46,271	44,924	-	-	-	-	-	46,271
	<u>161,291</u>	<u>142,009</u>	<u>145,366</u>	<u>128,106</u>	<u>2,625</u>	<u>3,125</u>	<u>2,500</u>	<u>311,782</u>
Excess (deficiency) of revenue over operating expenditures	<u>964,362</u>	<u>764,830</u>	<u>(11,274)</u>	<u>(8,857)</u>	<u>55,120</u>	<u>59,576</u>	<u>40,675</u>	<u>1,048,883</u>
Life insurance costs	2,500	2,500	-	-	-	-	-	2,500
Grants	296,019	364,882	-	-	55,858	51,642	28,466	380,343
	<u>298,519</u>	<u>367,382</u>	<u>-</u>	<u>-</u>	<u>55,858</u>	<u>51,642</u>	<u>28,466</u>	<u>382,843</u>
Excess (deficiency) of revenue over expenditures for the year	<u>665,843</u>	<u>397,448</u>	<u>(11,274)</u>	<u>(8,857)</u>	<u>(738)</u>	<u>7,934</u>	<u>12,209</u>	<u>666,040</u>
Interfund transfers	10,616	-	-	-	(10,616)	-	-	-
Fund balances, beginning of year	<u>9,250,243</u>	<u>8,852,795</u>	<u>33,714</u>	<u>42,571</u>	<u>12,104</u>	<u>4,170</u>	<u>4,813</u>	<u>9,300,874</u>
Fund balances, end of year	<u>\$ 9,926,702</u>	<u>\$ 9,250,243</u>	<u>\$ 22,440</u>	<u>\$ 33,714</u>	<u>\$ 750</u>	<u>\$ 12,104</u>	<u>\$ 17,022</u>	<u>\$ 9,966,914</u>

See accompanying notes and schedule to the financial statements.

Shuswap Community Foundation

Statement of Cash Flows

Year ended June 30

2019

2018

Increase (decrease) in cash

Operating

Excess of revenues over expenditures	\$ 666,040	\$ 399,266
Items not affecting cash		
City of Salmon Arm - deficiency (excess) of revenues over expenditures	740	(7,934)
District of Sicamous - excess of revenues over expenditures	(12,209)	(2,741)
Interfund transfers	<u>10,616</u>	<u>-</u>
	665,187	388,591
Change in non-cash working capital items		
Accounts receivable	(2,293)	(267)
Accounts payable and accrued liabilities	46,863	5,099
Unearned revenue	-	(1,500)
Government remittances payable	(10)	1,458
Funds held in trust on behalf of third parties	<u>5,025</u>	<u>6,207</u>
	714,772	399,588

Investing

Increase in investments	<u>(609,021)</u>	<u>(612,154)</u>
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Increase (decrease) in cash **105,751** (212,566)

Cash

Beginning of year	<u>59,735</u>	<u>272,301</u>
End of year	<u>\$ 165,486</u>	<u>\$ 59,735</u>

Shuswap Community Foundation

Notes to the Financial Statements

June 30, 2019

1. Nature of operations

Shuswap Community Foundation (The "Foundation") is a regional foundation incorporated under the British Columbia Societies Act as a not-for-profit organization.

The Foundation accumulates and administers capital funds to provide funding for community projects in the Shuswap Lake region of British Columbia.

The Foundation is also a registered charity under the Income Tax Act and as such is exempt from income taxes and can issue charitable donation receipts.

2. Significant accounting policies

Basis of presentation

The financial statements of the Foundation have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The following summary of significant accounting policies is set forth to facilitate the understanding of these financial statements:

Cash and cash equivalents

Cash and cash equivalents is defined as cash on hand and cash on deposit, net of cheques issued and outstanding at the reporting date.

Capital assets

The Foundation capitalizes single expenditures of property, plant and equipment in excess of \$5,000 in the year incurred. These expenditures will be stated at cost less accumulated amortization, calculated at rates that reflect the useful life of each asset. As of the reporting date, there have been no such expenditures.

Shuswap Community Foundation

Notes to the Financial Statements

June 30, 2019

2. Significant accounting policies (continued)

Investments

All investments of the Foundation that are held for resale, and are recorded at fair value. Investment income includes dividends, interest, realized gains (losses) and the net change in unrealized gains (losses) for the year.

Investment income is allocated as follows:

- i) Endowment fund:
 - Income equal to the amount required to meet current granting requirements as determined by the Foundation's Board.
 - Income earned on funds in which the donor has stipulated the income be added to the principal for the purpose of growing the principal to an agreed value.
 - Income to fund the administration fee at a rate set by the Board based on the book value of the Endowment Fund.
 - Any surplus is held to meet future granting requirements.
- ii) Administration Fund:
 - Income earned on funds which the donor has stipulated the income be used for operations.
- iii) City of Salmon Arm Trust Fund:
 - Interest earned on the assets held in the City of Salmon Arm Trust Fund.
- iv) District of Sicamous Trust Fund:
 - Interest earned on the assets held in the District of Sicamous Trust Fund.

Shuswap Community Foundation

Notes to the Financial Statements

June 30, 2019

2. Significant accounting policies (continued)

Revenue recognition

The Foundation follows the Restricted Fund method for accounting for contributions. The Foundation ensures, as part of its fiduciary responsibilities, all funds received with a restricted purpose are expended for that purpose.

All amounts are recognized as revenue when received. If there are fundraisers held to cover a specific expense, such as the Annual Report production, or a special project, those revenues are deferred until the specific expenditure is made.

For financial reporting purposes, the accounts have been classified into the following funds:

- i) Endowment Fund:
The Endowment Fund reports resources that are required to be maintained by the Foundation on a permanent basis.
- ii) Administration Fund:
The Administration Fund reports resources available for the Foundation's general operating activities. These activities include asset development and grant funding. The general costs of supporting these activities are reported as expenses in the Administration Fund.
- iii) City of Salmon Arm Trust Fund:
The City of Salmon Arm Trust Fund reports resources and grant funding on behalf of the City of Salmon Arm.
- iv) District of Sicamous Trust Fund:
The District of Sicamous Trust Fund reports resources and grant funding on behalf of the District of Sicamous.

Donated services

Volunteers contribute a substantial number of hours each year to assist the Foundation in carrying out its activities. Because of the difficulty of determining the fair value, contributions of such services are not recognized in the financial statements.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Shuswap Community Foundation

Notes to the Financial Statements

June 30, 2019

2. Significant accounting policies (continued)

Financial instrument risks

Market Risk

The Foundation's investments are held in mutual funds which are subject to market fluctuations. The market volatility could have a material impact on the foundation. To mitigate this risk the foundation invests all funds in a diversified mutual fund portfolio and reviews its performance regularly.

There are no other material financial instrument risks as the other amounts generated from the financial instruments are not material to the Foundation.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

3. Investments

Investments consist of the following:

	<u>2019</u>	<u>2018</u>
Life insurance policies	\$ 51,140	\$ 53,544
Mutual fund investments	<u>9,816,225</u>	<u>9,204,800</u>
	<u>\$ 9,867,365</u>	<u>\$ 9,258,344</u>

Investments are held in a variety of different portfolios. Investments in each portfolio are made in accordance with the Foundation's investment policy as approved by the Board. The goal of the policy is to ensure that funds are maintained and grow while achieving maximum returns consistent with prudent investment.

4. Funds held in trust on behalf of third parties

The funds held on behalf of third parties consists of the following amounts available for distribution:

	<u>2019</u>	<u>2018</u>
City of Salmon Arm	\$ 750	\$ 7,934
District of Sicamous	<u>17,023</u>	<u>4,814</u>
	<u>\$ 17,773</u>	<u>\$ 12,748</u>

Shuswap Community Foundation

Notes to the Financial Statements

June 30, 2019

4. Funds held in trust on behalf of third parties (continued)

Investments are held in a variety of different portfolios. Investments in each portfolio are made in accordance with the Foundation's investment policy as approved by the Board. The goal of the policy is to ensure that funds are maintained and grow while achieving maximum returns consistent with prudent investment.

5. Endowment Funds

	<u>2019</u>	<u>2018</u>
The Endowment Fund consists of the following amounts available for distribution:		
Discretionary	\$ 3,974,950	\$ 3,703,626
Non-discretionary	5,900,612	5,493,073
Cash surrender value of life insurance	<u>51,140</u>	<u>53,544</u>
	<u>\$ 9,926,702</u>	<u>\$ 9,250,243</u>

6. Investment income

	<u>2019</u>	<u>2018</u>
Investment income – Endowment Fund:		
Interest and dividends	\$ 296,851	\$ 188,557
Realized gains	92,971	57,429
Unrealized gains - investments	339,933	414,434
Increase (decrease) in surrender value of life insurance policies	<u>(2,404)</u>	<u>(207)</u>
	<u>\$ 727,351</u>	<u>\$ 660,213</u>

Investment income - City of Salmon Arm Trust Fund:

	<u>2019</u>	<u>2018</u>
Interest	<u>\$ 245</u>	<u>\$ 201</u>

Investment income - District of Sicamous Trust Fund:

	<u>2019</u>	<u>2018</u>
Interest	<u>\$ 175</u>	<u>\$ 116</u>

7. Lease commitment

The Foundation has entered into a premises lease agreement with monthly payments of \$840 ending June 30, 2022.

Shuswap Community Foundation

Schedule to the Financial Statements

Year ended June 30

Schedule of administrative expenditures

Schedule 1

	2019	2018
Advertising and promotion	\$ 10,313	\$ 12,600
Annual report costs	1,307	1,909
Employee wages	83,716	69,361
Insurance	2,075	2,488
Memberships	2,801	3,404
Office	8,439	7,246
Office rent	12,642	11,890
Professional fees	8,508	8,956
Promotions and meetings	661	1,947
Seminar and conference costs	2,884	3,662
Telephone	2,804	1,825
Website	6,908	-
	<u>\$ 143,058</u>	<u>\$ 125,288</u>
