

SHUSWAP COMMUNITY FOUNDATION
FINANCIAL STATEMENTS
JUNE 30, 2013
(Unaudited)

SHUSWAP COMMUNITY FOUNDATION
INDEX TO FINANCIAL STATEMENTS
JUNE 30, 2013
(Unaudited)

	<u>Page</u>
Review Engagement Report	1
Financial Statements	
Statement of Financial Position	2
Statement of Revenue and Expenses and Changes in Fund Balances	3
Notes to Financial Statements	4 – 11
Administrative Expenses	Schedule 1

REVIEW ENGAGEMENT REPORT

To the Directors:

We have reviewed the statement of financial position of **SHUSWAP COMMUNITY FOUNDATION** as at June 30, 2013 and the statements of changes in net assets, revenue and expenses and changes in fund balances for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of inquiry, analytical procedures and discussion related to information supplied to us by the Foundation.

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

Based on our review, 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 accounting standards for not-for-profit organizations.

We draw your attention to note 3 to the financial statements which describes that Shuswap Community Foundation adopted Canadian accounting standards for not-for-profit organizations on July 1, 2012, with a transition date of July 1, 2011. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statement of financial position as at June 30, 2012 and July 1, 2011 and the statements of changes in net assets, revenue and expenses, and changes in fund balances for the year ended June 30, 2012 and related disclosures. We were not engaged to report on the restated comparative information, and as such, it is neither audited nor reviewed.

Salmon Arm, BC
September 12, 2013

DREW LEE-HAI & ASSOCIATES

CHARTERED ACCOUNTANTS

SHUSWAP COMMUNITY FOUNDATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2013
(Unaudited)

	June 30, 2013	June 30, 2012	July 1, 2011
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 91,931	\$ 99,979	\$ 423,852
Accounts receivable	3,283	2,663	34,800
Prepaid expenses	<u>1,500</u>	<u>750</u>	<u>675</u>
	96,714	103,392	459,327
INVESTMENTS (Note 4)	<u>5,663,638</u>	<u>4,844,752</u>	<u>4,104,540</u>
	<u>\$ 5,760,352</u>	<u>\$ 4,948,144</u>	<u>\$ 4,563,867</u>
LIABILITIES AND NET ASSETS			
LIABILITIES			
Accounts payable	\$ 15,294	\$ 13,231	\$ 4,090
Unearned revenue	16,650	12,400	18,500
Funds held on behalf of third parties (Note 5)	<u>2,598</u>	<u>2,361</u>	<u>3,971</u>
	<u>34,542</u>	<u>27,992</u>	<u>26,561</u>
FUND BALANCES			
Endowment funds (Note 6)	5,701,132	4,884,921	4,499,831
Unrestricted net assets	<u>24,678</u>	<u>35,231</u>	<u>37,475</u>
	<u>5,725,810</u>	<u>4,920,152</u>	<u>4,537,306</u>
	<u>\$ 5,760,352</u>	<u>\$ 4,948,144</u>	<u>\$ 4,563,867</u>

APPROVED ON BEHALF OF THE BOARD

Directors

See notes to financial statements

SHUSWAP COMMUNITY FOUNDATION
STATEMENT OF REVENUE AND EXPENSES AND CHANGES IN FUND BALANCES
JUNE 30, 2013
(Unaudited)

	Endowment Fund		Administration Fund		City of Salmon Arm Trust Fund		Total
	2013	2012	2013	2012	2013	2012	
Revenue:							
Investment Income (Note 7)	\$ 755,562	\$ 437,839	\$ -	\$ -	\$ 120	\$ 136	\$ 755,682
Administration fee - capital	-	-	45,180	42,700	-	-	45,180
Administration fee - other	-	-	8,745	5,314	-	-	8,745
Less: Vital signs allocation	-	-	-5,000	-	-	-	-5,000
Donations	300,990	168,638	16,800	19,500	52,500	50,000	370,290
	1,056,552	606,477	65,725	67,514	52,620	50,136	1,174,897
Operational Expenses:							
Administration (Schedule 1)	-	-	76,277	69,758	-	-	76,277
Administration fee	45,180	42,700	-	-	-	-	45,180
Administration fee: Memorial walkways	4,000	-	-	-	-	-	4,000
Investment management fees	33,657	19,973	-	-	-	-	33,657
	82,837	62,673	76,277	69,758	-	-	159,114
Excess (Deficiency) of revenue over operational expenses	973,715	543,804	-10,552	-2,244	52,620	50,136	1,015,783
Life Insurance costs	2,500	2,600	-	-	-	-	2,500
Grants	155,004	156,114	-	-	52,383	51,746	207,387
	157,504	158,714	-	-	52,383	51,746	209,887
Excess (deficiency) of revenue over expenses for the year	816,211	385,090	-10,552	-2,244	237	-1,610	805,896
Fund balances beginning of year	4,884,921	4,499,831	35,230	37,474	2,361	3,971	4,922,512
Fund balances end of year	\$ 5,701,132	\$ 4,884,921	\$ 24,678	\$ 35,230	\$ 2,598	\$ 2,361	\$ 5,728,408

See notes to financial statements

SHUSWAP COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

(Unaudited)

1. NATURE OF OPERATIONS

Shuswap Community 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

Changes in accounting policies – Accounting standards for not-for-profit organizations

With regard to the organization's transition from former Canadian generally accepted accounting principles (GAAP) to Canadian accounting standards for not-for-profit organizations, the organization has made the following elections available under Canadian Institute of Chartered Accountants (CICA) Handbook Section 1501 of Canadian accounting standards for not-for-profit organizations.

Business combinations

The organization has elected to apply Handbook Section 1582, "Business combinations", prospectively to past business combinations (business combinations that occurred before the date of the previously reported continue to be classified as they were previously, no assets and liabilities have been restated to comply with Canadian accounting standards for not-for-profit organizations.

SHUSWAP COMMUNITY FOUNDATION**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2013****(Unaudited)**

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial instruments

The organization has applied Handbook Section 3856, "Financial instruments", to the opening balance sheets for the first year presented in the financial statements for the year of adoption of accounting standards for not-for-profit organizations. Any difference between the recognition and measurement of financial instruments at that date, in accordance with Handbook Section 3856, and the prior year's closing balance sheet is recorded as an adjustment to opening retained earnings at the date of transition to accounting standards for not-for-profit organizations.

Handbook Section 3856, "Financial instruments", requires an entity to classify separately the component parts of a financial instrument that contains both a liability and an equity component. However, under this Handbook Section, the organization has opted not to separate the components if the liability component is no longer outstanding at the date of transition to accounting standards for not-for-profit organizations.

At the date of transition to accounting standards for not-for-profit organizations, an entity is permitted to designate any financial asset or financial liability to be measured at fair value in accordance with Financial instruments, paragraph 3856.13(a). The organization has not elected to do this for any of its assets

Related party transactions

Handbook Section 3840, "Related party transactions", specifies that certain related party transactions shall be measured at the carrying amount and some at the exchange amount. However, under Handbook Section 1501 of Canadian accounting standards for not-for-profit organizations, the organization is not required to restate assets or liabilities related to transactions with related parties when the related party transaction occurred prior to the date of transition to accounting standards for not-for-profit organizations. The organization has used this election.

Basis of representation

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:

SHUSWAP COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

(Unaudited)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

a) Fund accounting:

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.

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 making. 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 making on behalf of the City of Salmon Arm.

b) Revenue recognition:

All contributions are recognized as revenue when received.

c) Investments and investment income:

The investments of the Foundation that are held for resale are recorded at year-end market values. Investments that are held to maturity are recorded at amortized cost. Investment income includes dividends, interest, realized gains (losses) and the net change in unrealized gains (losses) for the year.

SHUSWAP COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

(Unaudited)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Investment income is allocated as follows:

i) Endowment fund:

- Income equal to the amount required to meet the 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 surplus to the above held to meet future granting requirements.
- The Board charges an administration fee of up to 1% on the Endowment Fund book value.

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.

d) Contributed goods and 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.

e) Capital assets:

The Foundation capitalizes single expenditures 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 life of each asset.

SHUSWAP COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

(Unaudited)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

f) 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. FIRST TIME ADOPTION OF ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS

During the year the company adopted accounting standards for not-for-profit organizations. These financial statements are the first prepared in accordance with these standards. The adoption of these standards had no impact on fund balances as at July 1, 2011 or excess of revenue over expenses for the year ended June 30, 2012 as previously reported in accordance with pre-changeover Canadian generally accepted accounting principles.

SHUSWAP COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

(Unaudited)

4. INVESTMENTS	2013	2012
----------------	------	------

Investments consist of the following:

Life insurance policies	\$ 49,373	\$ 46,829
Mutual fund investments	<u>5,614,265</u>	<u>4,797,923</u>
Total investments	<u>\$ 5,663,638</u>	<u>\$ 4,844,752</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.

5. FUNDS HELD ON BEHALF OF THIRD PARTIES

The Foundation administers the City of Salmon Arm annual grants-in-aid and accordingly holds funds on behalf of the City of Salmon Arm.

SHUSWAP COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

(Unaudited)

6. ENDOWMENT FUNDS	2013	2012
---------------------------	-------------	-------------

The Endowment Fund consists of the following amounts available for distribution:

Discretionary	\$ 2,123,760	\$ 1,859,466
Non-discretionary	3,527,994	2,998,095
Cash surrender value of life insurance	49,373	46,829
Working capital balance	<u>5</u>	<u>(19,469)</u>
	<u>\$ 5,701,132</u>	<u>\$ 4,884,921</u>

7. INVESTMENT INCOME	2013	2012
-----------------------------	-------------	-------------

Investment income – Endowment Fund:

Interest and dividends	\$ 111,630	\$ 214,113
Realized gains	7,875	219,720
Unrealized gains - investments	633,513	13,760
Life Insurance	<u>2,544</u>	<u>(9,754)</u>
	<u>\$ 755,562</u>	<u>\$ 437,839</u>

Investment income – City of Salmon Arm Trust Fund:

Interest	<u>\$ 120</u>	<u>\$ 136</u>
----------	---------------	---------------

SHUSWAP COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

(Unaudited)

8. COMMITMENT

The Foundation has entered into a premises lease with monthly payments of \$750 ending August 31, 2014.

9. STATEMENTS OF CASH FLOW

A separate statement of cash flows has not been presented since cash flows from operating, investing and financial activities are readily apparent from the other financial statements.

SHUSWAP COMMUNITY FOUNDATION

ADMINISTRATIVE EXPENSES

YEAR ENDED JUNE 30, 2013

(Unaudited)

	2013	2012
Advertising and annual report - annual report	\$ 2,962	\$ 2,507
- advertising	336	3,022
Computer and software	-	9,123
Employee wages	39,447	25,376
Insurance	2,140	2,301
Memberships	1,395	1,349
Office rent	9,635	8,500
Office supplies	7,570	7,816
Professional fees	6,301	4,040
Promotion and meetings	666	801
Seminar and conference costs	2,036	1,136
Telephone	576	1,194
Walkway expenses	2,052	-
Web site and Internet	1,161	2,593
	<u>\$ 76,277</u>	<u>\$ 69,758</u>