

SHUSWAP COMMUNITY FOUNDATION
FINANCIAL STATEMENTS
JUNE 30, 2018
(Unaudited)

SHUSWAP COMMUNITY FOUNDATION
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JUNE 30, 2018
(Unaudited)

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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Directors:

We have reviewed the accompanying financial statements of **SHUSWAP COMMUNITY FOUNDATION** that comprise the statement of financial position as at June 30, 2018, and the statements of revenues and expenditures, changes in net assets and cash flow 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 generally accepted accounting principles, 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.

Qualified Conclusion

Based on our review, except for the possible effects of the matter described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that these financial statements do not present fairly, in all material respects, the financial position of **SHUSWAP COMMUNITY FOUNDATION** as at June 30, 2018, and the results of its operations and its cash flows for the year then ended in accordance with the Canadian generally accepted accounting principles.

Salmon Arm, BC
September 12, 2018

DREW LEE-HAI

CHARTERED PROFESSIONAL ACCOUNTANTS

SHUSWAP COMMUNITY FOUNDATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018
(Unaudited)

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	2018	2017
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 59,735	\$ 272,301
Accounts receivable	<u>1,175</u>	<u>909</u>
	60,910	273,210
INVESTMENTS (Note 3)	<u>9,258,344</u>	<u>8,646,190</u>
	<u>\$ 9,319,254</u>	<u>\$ 8,919,400</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 21,031	\$ 15,993
Government remittances payable	1,518	-
Unearned revenue	-	1,500
Funds held on behalf of third parties (Note 4)	<u>12,748</u>	<u>6,541</u>
	<u>35,297</u>	<u>24,034</u>
FUND BALANCES		
Endowment funds (Note 5)	9,250,243	8,852,795
Unrestricted net assets	<u>33,714</u>	<u>42,571</u>
	<u>9,283,957</u>	<u>8,895,366</u>
	<u>\$ 9,319,254</u>	<u>\$ 8,919,400</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, 2018

(Unaudited)

	Endowment Fund		Administration Fund		City of Salmon Arm Trust Fund		District of Sicamous Trust Fund		Total
	2018	2017	2018	2017	2018	2017	2018	2017	
Revenue:									
Investment income (Note 6)	\$ 660,213	\$ 743,128	\$ -	\$ -	\$ 201	\$ 105	\$ 116	\$ 43	\$ 660,530
CFC Grant	-	8,050	4,584	-	-	-	-	-	4,584
Administration fee - capital	-	-	102,710	78,098	-	-	-	-	102,710
Administration fee - other	-	-	6,655	12,806	-	-	-	-	6,655
Donations	246,626	447,700	5,300	8,500	62,500	57,500	42,000	41,000	356,426
	<u>906,839</u>	<u>1,188,878</u>	<u>119,249</u>	<u>99,404</u>	<u>62,701</u>	<u>57,605</u>	<u>42,116</u>	<u>41,043</u>	<u>1,130,905</u>
Operational Expenses:									
Administration (Schedule 1)	-	-	125,287	91,220	3,125	-	2,500	-	130,912
Administration fee	97,085	78,098	-	-	-	-	-	-	97,085
Administration fee: Memorial walkways	-	-	2,819	2,242	-	-	-	-	2,819
Investment management fees	44,924	38,759	-	-	-	-	-	-	44,924
	<u>142,009</u>	<u>116,857</u>	<u>128,106</u>	<u>93,462</u>	<u>3,125</u>	<u>-</u>	<u>2,500</u>	<u>-</u>	<u>275,740</u>
Excess (deficiency) of revenue over operational expenses	764,830	1,082,021	(8,857)	5,942	59,576	57,605	39,616	41,043	855,165
Life insurance costs	2,500	2,108	-	-	-	-	-	-	2,500
Grants	364,882	363,146	-	-	51,642	54,350	36,875	40,000	453,399
	<u>367,382</u>	<u>365,254</u>	<u>-</u>	<u>-</u>	<u>51,642</u>	<u>54,350</u>	<u>36,875</u>	<u>40,000</u>	<u>455,899</u>
Excess (deficiency) of revenue over expenses for the year	397,448	716,767	(8,857)	5,942	7,934	3,255	2,741	1,043	399,266
Fund balances beginning of year	8,852,795	8,136,028	42,871	36,929	4,170	915	2,072	1,029	8,901,908
Fund balances end of year	<u>\$ 9,250,243</u>	<u>\$ 8,852,795</u>	<u>\$ 34,014</u>	<u>\$ 42,871</u>	<u>\$ 12,104</u>	<u>\$ 4,170</u>	<u>\$ 4,813</u>	<u>\$ 2,072</u>	<u>\$ 9,301,174</u>

See notes to financial statements

SHUSWAP COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(Unaudited)

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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

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:

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.

SHUSWAP COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Revenue recognition (Cont'd)

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.

Investments and investment income

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 FINANCIAL STATEMENTS
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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'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.

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.

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.

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.

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
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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 **2018** **2017**

Investments consist of the following:

Life insurance policies	\$ 53,544	\$ 53,750
Mutual fund investments	<u>9,204,800</u>	<u>8,592,440</u>
 Total investments	 <u>\$ 9,258,344</u>	 <u>\$ 8,646,190</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 ON BEHALF OF THIRD PARTIES **2018** **2017**

The Funds Held on Behalf of Third Parties consists of the following amounts available for distribution:

City of Salmon Arm	\$ 7,934	\$ 4,469
District of Sicamous	<u>4,814</u>	<u>2,072</u>
	<u>\$ 12,748</u>	<u>\$ 6,541</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.

SHUSWAP COMMUNITY FOUNDATION
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5. ENDOWMENT FUNDS **2018** **2017**

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

Discretionary	\$	3,703,626	\$	3,513,892
Non-discretionary		5,493,073		5,261,323
Cash surrender value of life insurance		53,544		53,750
Grant funds to be transferred		<u>-</u>		<u>23,830</u>
	\$	<u>9,250,243</u>	\$	<u>8,852,795</u>

6. INVESTMENT INCOME **2018** **2017**

Investment income – Endowment Fund:

Interest and dividends	\$	188,557	\$	171,772
Realized gains		57,429		87,851
Unrealized gains - investments		414,434		484,677
Life Insurance		<u>(207)</u>		<u>(1,172)</u>
	\$	<u>660,213</u>	\$	<u>743,128</u>

Investment income – City of Salmon Arm Trust Fund:

Interest	\$	<u>201</u>	\$	<u>105</u>
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Investment income – District of Sicamous Trust Fund:

Interest	\$	<u>116</u>	\$	<u>43</u>
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7. COMMITMENT

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

SHUSWAP COMMUNITY FOUNDATION
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8. STATEMENT 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

Schedule 1

ADMINISTRATIVE EXPENSES

JUNE 30, 2018

(Unaudited)

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	2018	2017
Advertising and annual report - annual report	\$ 1,909	\$ 1,202
- advertising	12,600	7,720
Employee wages	69,361	50,422
Insurance	2,488	2,361
Memberships	3,404	3,421
Office rent	11,890	9,993
Office supplies	7,245	6,608
Professional fees	8,956	3,925
Promotion and meetings	1,947	1,569
Seminar and conference costs	3,662	2,710
Telephone	1,825	1,289
	<u>\$ 125,287</u>	<u>\$ 91,220</u>