

SHUSWAP COMMUNITY FOUNDATION

Financial Statements

(Unaudited)

June 30, 2020

SHUSWAP COMMUNITY FOUNDATION

June 30, 2020

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Allen Finch*
CPA, CGA, ASSOCIATE
allen@acuitycpa.ca

Eric Penner*
CPA, PARTNER
eric@acuitycpa.ca

Harlan Anderson*
CPA, CA, PARTNER
harlan@acuitycpa.ca

* DENOTES PROFESSIONAL CORPORATION

Review Engagement Report

We have reviewed the financial statements of Shuswap Community Foundation that comprise the balance sheet as at June 30, 2020, the statement of operations and fund balances, and the statement of 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 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 applying analytical procedures.

The procedures performed in a review are substantially less in extent and vary in nature from those performed in an audit. Accordingly, we do not express an audit opinion on these financial statements.

Basis for qualified conclusion

In common with many not-for-profit 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 the 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.

Review Engagement Report

Qualified conclusion

Based on our review, except for the effects of the matter described in the Basis for qualified opinion 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, 2020, 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, 2019 were reviewed by Grant Thornton LLP who expressed a qualified conclusion on those financial statements on October 1, 2019 for reasons described in the Basis for Qualified conclusion paragraph.

Acuity Advisors LLP

Chartered Professional Accountants

Salmon Arm, BC
September 29, 2020

SHUSWAP COMMUNITY FOUNDATION

Balance Sheet

(Unaudited)

As at June 30, 2020

| | 2020 | 2019 |
|---|----------------------|----------------------|
| Assets | | |
| Current | | |
| Cash | \$ 136,176 | \$ 165,486 |
| Accounts receivable | 1,987 | 3,468 |
| | 138,163 | 168,954 |
| Long-term investments (Note 2) | 10,625,516 | 9,867,365 |
| | \$ 10,763,679 | \$ 10,036,319 |
| Liabilities and Net Assets | | |
| Current | | |
| Accounts payable and accrued liabilities | \$ 102,770 | \$ 67,896 |
| Due to government agencies | 2,328 | 1,508 |
| Funds held in trust on behalf of third parties (Note 3) | 12,916 | 17,773 |
| Deferred income | 6,375 | - |
| | \$ 124,389 | \$ 87,177 |
| Fund Balances | | |
| Endowment Funds (Note 4) | 10,602,717 | 9,926,702 |
| Unrestricted net assets | 36,573 | 22,440 |
| | \$ 10,763,679 | \$ 10,036,319 |

On behalf of the board:

The accompanying notes are an integral part of these financial statements

SHUSWAP COMMUNITY FOUNDATION

Statement of Operations and Fund Balances

(Unaudited)

For the year ended June 30, 2020

| | Endowment Fund | | Administration Fund | | City of Salmon Arm Trust Fund | | District of Sicamous Trust Fund | | Total | |
|---|----------------------|--------------|---------------------|-----------|-------------------------------|----------|---------------------------------|-----------|----------------------|--------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Revenue | | | | | | | | | | |
| Investment income (Note 5) | \$ 663,086 | \$ 727,351 | \$ - | \$ - | \$ 204 | \$ 245 | \$ 281 | \$ 175 | \$ 663,571 | \$ 727,771 |
| Donations | 520,607 | 398,302 | 7,337 | 10,282 | 62,500 | 57,500 | 25,000 | 43,000 | 615,444 | 509,084 |
| CFC Grant | - | - | 5,914 | 3,515 | - | - | - | - | 5,914 | 3,515 |
| Administration fee - capital | - | - | 147,821 | 116,645 | - | - | - | - | 147,821 | 116,645 |
| Administration fee - other | - | - | 9,601 | 3,650 | - | - | - | - | 9,601 | 3,650 |
| | 1,183,693 | 1,125,653 | 170,673 | 134,092 | 62,704 | 57,745 | 25,281 | 43,175 | 1,442,351 | 1,360,665 |
| Expenses | | | | | | | | | | |
| Administration (Schedule 1) | - | - | 154,234 | 143,060 | - | - | - | - | 154,234 | 143,060 |
| Administration fee | 142,446 | 111,520 | - | - | 2,875 | 2,625 | 2,500 | 2,500 | 147,821 | 116,645 |
| Administration fee: Memorial walkways | 4,500 | 3,500 | 2,306 | 2,306 | - | - | - | - | 6,806 | 5,806 |
| Investment management fees | 48,958 | 46,271 | - | - | - | - | - | - | 48,958 | 46,271 |
| Bank fees | - | - | - | - | 291 | - | - | - | 291 | - |
| | 195,904 | 161,291 | 156,540 | 145,366 | 3,166 | 2,625 | 2,500 | 2,500 | 358,110 | 311,782 |
| Excess (deficiency) of revenue over operating expenditures | 987,789 | 964,362 | 14,133 | (11,274) | 59,538 | 55,120 | 22,781 | 40,675 | 1,084,241 | 1,048,883 |
| Life insurance costs | - | 2,500 | - | - | - | - | - | - | - | 2,500 |
| Grants | 311,774 | 296,019 | - | - | 55,625 | 55,858 | 31,551 | 28,466 | 398,950 | 380,343 |
| Excess (deficiency) of revenue over expenses | 676,015 | 665,843 | 14,133 | (11,274) | 3,913 | (738) | (8,770) | 12,209 | 685,291 | 666,040 |
| Interfund transfers | - | 10,616 | - | - | - | (10,616) | - | - | - | - |
| Fund balances, beginning of year | 9,926,702 | 9,250,243 | 22,440 | 33,714 | 750 | 12,104 | 17,022 | 4,813 | 9,966,914 | 9,300,874 |
| Fund balances, end of year | \$ 10,602,717 | \$ 9,926,702 | \$ 36,573 | \$ 22,440 | \$ 4,663 | \$ 750 | \$ 8,252 | \$ 17,022 | \$ 10,652,205 | \$ 9,966,914 |

The accompanying notes are an integral part of these financial statements

SHUSWAP COMMUNITY FOUNDATION

Statement of Cash Flows

(Unaudited)

For the year ended June 30, 2020

| | 2020 | 2019 |
|--|-------------------|-------------------|
| Operating | | |
| Excess of revenues over expenditures | \$ 685,291 | \$ 666,040 |
| City of Salmon Arm - (excess) deficiency of revenues over expenditures | (3,913) | 738 |
| District of Sicamous - deficiency (excess) of revenues over expenditures | 8,770 | (12,209) |
| Interfund transfers | - | 10,616 |
| | 690,148 | 665,185 |
| Changes in non-cash working capital | | |
| Accounts receivable | 1,481 | (2,293) |
| Accounts payable and accruals | 34,874 | 46,863 |
| Due to government agencies | 820 | (10) |
| Funds held in trust on behalf of third parties | (4,857) | 5,025 |
| Deferred revenue | 6,375 | - |
| | 728,841 | 714,770 |
| Investing | | |
| Increase in investments | (758,151) | (609,021) |
| (Decrease) increase in cash during the year | (29,310) | 105,749 |
| Cash, beginning of year | 165,486 | 59,737 |
| Cash, end of year | \$ 136,176 | \$ 165,486 |

The accompanying notes are an integral part of these financial statements

SHUSWAP COMMUNITY FOUNDATION

Notes to Financial Statements

(Unaudited)

June 30, 2020

1. Summary of significant accounting policies

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

Basis of presentation

The financial statements have been prepared in accordance with Canadian accounting standards for not-for profit organizations and include the following significant accounting policies:

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 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 Financial Statements

(Unaudited)

June 30, 2020

1. Summary of significant accounting policies (continued)

Investments

All investments of the Foundation are held for resale, and are recorded at fair value. Investment income included 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

(Unaudited)

June 30, 2020

1. Summary of 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 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 Financial Statements

(Unaudited)

June 30, 2020

1. Summary of significant accounting policies (continued)

Financial instruments risk

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 the 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.

2. Investments

| | <u>2020</u> | <u>2019</u> |
|-------------------------|---------------------|---------------------|
| Life insurance policies | \$ 51,322 | \$ 51,140 |
| Mutual fund investments | <u>10,574,194</u> | <u>9,816,225</u> |
| | <u>\$10,625,516</u> | <u>\$ 9,867,365</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.

3. 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>2020</u> | <u>2019</u> |
|----------------------|------------------|------------------|
| City of Salmon Arm | \$ 4,663 | \$ 750 |
| District of Sicamous | <u>8,253</u> | <u>17,023</u> |
| | <u>\$ 12,916</u> | <u>\$ 17,773</u> |

SHUSWAP COMMUNITY FOUNDATION

Notes to Financial Statements

(Unaudited)

June 30, 2020

4. Endowment funds

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

| | <u>2020</u> | <u>2019</u> |
|--|---------------------|---------------------|
| Discretionary | \$ 4,312,344 | \$ 3,974,950 |
| Non-discretionary | 6,239,051 | 5,900,612 |
| Cash surrender value of life insurance | 51,322 | 51,140 |
| | <u>\$10,602,717</u> | <u>\$ 9,926,702</u> |

5. Investment income

Investment income - Endowment Fund:

| | <u>2020</u> | <u>2019</u> |
|---|-------------------|-------------------|
| Interest and dividends | \$ 231,919 | \$ 296,851 |
| Realized gains | 100,603 | 92,971 |
| Unrealized gains - investments | 330,381 | 339,933 |
| Increase (decrease) in surrender value of life insurance policies | 183 | (2,404) |
| | <u>\$ 663,086</u> | <u>\$ 727,351</u> |

Investment income - City of Salmon Arm Trust Fund:

| | <u>2020</u> | <u>2019</u> |
|----------|-------------|-------------|
| Interest | \$ 204 | \$ 245 |

Investment income - District of Sicamous Trust Fund:

| | <u>2020</u> | <u>2019</u> |
|----------|-------------|-------------|
| Interest | \$ 281 | \$ 175 |

6. 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

(Unaudited - See Notice to Reader)

June 30, 2020

Schedule of administrative expenditures

Schedule 1

| | <u>2020</u> | <u>2019</u> |
|------------------------------|--------------------------|--------------------------|
| Advertising and promotion | \$ 15,793 | \$ 10,313 |
| Annual report costs | 1,156 | 1,307 |
| Employee wages | 91,670 | 83,716 |
| Insurance | 2,436 | 2,075 |
| Memberships | 3,822 | 2,801 |
| Office | 9,347 | 8,441 |
| Office rent | 13,425 | 12,642 |
| Professional fees | 10,878 | 8,508 |
| Promotions and meetings | - | 661 |
| Seminar and conference costs | 348 | 2,884 |
| Telephone | 2,289 | 2,804 |
| Website | 3,070 | 6,908 |
| | <u>\$ 154,234</u> | <u>\$ 143,060</u> |
