

Financial Statements of

**ABBOTSFORD COMMUNITY  
FOUNDATION**

Year ended December 31, 2010



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## INDEPENDENT AUDITORS' REPORT

To the Members of the Abbotsford Community Foundation,

We have audited the accompanying financial statements of the Abbotsford Community Foundation which comprise the statement of financial position as at December 31, 2010, the statements of fund equity, revenue, expenditures, distributable income and cash flows for the year then ended, and notes comprising 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.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

### *Basis for Qualified Opinion*

As at December 31, 2010, the individual fund equity balances are overstated by \$606,199. Rather than being recorded in the fund equity accounts, the overstatement is reflected in a separate equity account, the Capital Stabilization Reserve (Note 1(a)(iv)).

### *Qualified Opinion*

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Abbotsford Community Foundation as at December 31, 2010, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

April 14, 2011  
Abbotsford, British Columbia

# ABBOTSFORD COMMUNITY FOUNDATION

## Statement of Financial Position

December 31, 2010, with comparative figures for 2009

	2010	2009
<b>Assets</b>		
Current assets:		
Cash	\$ 211,847	\$ 246,916
Accounts receivable	13,386	19,418
	<u>225,233</u>	<u>266,334</u>
Investments (Note 2)	7,566,694	6,436,121
Insurance contracts (Note 3)	196,096	143,619
Equipment (net of accumulated amortization of \$3,361 (2009 - \$1,121)) (Note 4)	6,756	5,601
	<u>\$ 7,994,779</u>	<u>\$ 6,851,675</u>

## Liabilities and Fund Equity

### Liabilities

Accounts payable	\$ 11,575	\$ 14,284
Grants payable	273,210	301,684
	<u>284,785</u>	<u>315,968</u>

### Fund Equity

Contributed capital:		
Discretionary fund (Note 5)	2,197,494	2,152,935
Directed fund (Note 6)	2,226,864	2,155,630
Scholarship and bursary fund (Note 7)	3,515,286	2,447,567
Capital stabilization reserve	(606,199)	(622,244)
	<u>7,333,445</u>	<u>6,133,888</u>
Distributable income:		
Discretionary fund (Note 5)	108,430	125,355
Directed fund (Note 6)	61,802	96,747
Scholarship and bursary fund (Note 7)	206,317	179,717
	<u>376,549</u>	<u>401,819</u>

Commitments (Note 8)

	<u>\$ 7,994,779</u>	<u>\$ 6,851,675</u>
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Approved on behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

See accompanying notes to financial statements.

# ABBOTSFORD COMMUNITY FOUNDATION

## Statement of Changes in Fund Equity

Year ended December 31, 2010, with comparative figures for 2009

	Contributed Capital					2010 Total	2009 Total
	Distributable Income	Discretionary Fund	Directed Fund	Scholarship and Bursary Fund	Capital Stabilization Reserve		
Balance, beginning of year	\$ 401,819	\$ 2,152,935	\$ 2,155,630	\$ 2,447,567	\$ (622,244)	\$ 6,535,707	\$ 5,879,117
Excess (deficiency) of revenue over expenditures	(25,270)	44,559	18,757	1,067,719	16,045	1,121,810	642,033
Increase in value of insurance contracts	-	-	52,477	-	-	52,477	14,557
<b>Balance, end of year</b>	<b>\$ 376,549</b>	<b>\$ 2,197,494</b>	<b>\$ 2,226,864</b>	<b>\$ 3,515,286</b>	<b>\$ (606,199)</b>	<b>\$ 7,709,994</b>	<b>\$ 6,535,707</b>

See accompanying notes to financial statements.

# ABBOTSFORD COMMUNITY FOUNDATION

## Statement of Revenue and Expenditures

Year ended December 31, 2010, with comparative figures for 2009

	2010	2009
<b>Revenue</b>		
<b>Investment revenue</b>		
Unrealized gains on investments	\$ 189,219	\$ 514,904
Investment income	274,074	258,779
Less: Investment management fees	(30,339)	(28,998)
	432,954	744,685
<b>Contributions</b>		
Discretionary fund - housing fund	29,080	109,205
Discretionary fund - other	15,479	112
Directed fund	18,757	92,029
Endowment contributions	1,067,719	43,101
Flow through contributions	132,392	114,690
Distributable income contributions	-	65,800
Contributions to administrative expenses	13,500	13,450
	1,276,927	438,387
<b>Net fundraising revenue (loss) (Schedule)</b>	<b>(13,576)</b>	<b>3,008</b>
<b>Total revenue</b>	<b>1,696,305</b>	<b>1,186,080</b>
<b>Expenditures</b>		
<b>Grants</b>		
Discretionary fund	37,910	68,750
Directed fund	85,620	72,749
Scholarship and bursary fund	188,666	164,009
	312,196	305,508
<b>Administrative expenses</b>		
Amortization	2,240	1,121
Contract fees	53,898	60,395
Insurance	2,937	2,767
Office and miscellaneous	24,545	28,261
Professional fees	18,609	6,996
Public relations and communications	23,726	8,738
Rent	18,061	17,813
Salaries and wages	111,655	99,189
Scholarship and bursary expenses	997	7,824
Telephone and utilities	5,631	5,435
	262,299	238,539
<b>Total expenditures</b>	<b>574,495</b>	<b>544,047</b>
<b>Excess of revenue over expenditures</b>	<b>\$ 1,121,810</b>	<b>\$ 642,033</b>

See accompanying notes to financial statements.

# ABBOTSFORD COMMUNITY FOUNDATION

## Statement of Cash Flows

Year ended December 31, 2010, with comparative figures for 2009

	2010	2009
Cash provided by (used in):		
Operations:		
Excess of revenue over expenditures	\$ 1,121,810	\$ 642,033
Items not involving cash:		
Amortization	2,240	1,121
Change in cash surrender value of insurance contracts	(52,477)	(14,557)
Unrealized gains on investments	(189,219)	(514,904)
Changes in non-cash operating capital:		
Accounts receivable	6,032	(3,790)
Accounts payable	(2,707)	(70)
Grants payable	(28,474)	(64,611)
	857,204	45,222
Investments:		
Purchase of equipment	(3,395)	(3,358)
Dividends and interest reinvested	(273,651)	(257,180)
Net deposits to investment account	(667,703)	196,851
Contributions to insurance contracts	-	(25,000)
Increase in value of insurance contracts	52,477	14,557
	(892,272)	(74,130)
Decrease in cash position	(35,068)	(28,908)
Cash position, beginning of year	246,916	275,824
Cash position, end of year	\$ 211,847	\$ 246,916

See accompanying notes to financial statements.

# ABBOTSFORD COMMUNITY FOUNDATION

Notes to the Financial Statements

Year ended December 31, 2010

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## General:

Abbotsford Community Foundation (the "Foundation") was established for the purpose of funding various charitable, educational, recreational and cultural organizations primarily in the Abbotsford area.

### 1. Significant accounting policies:

(a) Basis of accounting and presentation:

These financial statements are prepared in accordance with Canadian generally accepted accounting principles for not-for-profit organizations. The Foundation follows the restricted fund method of accounting for contributions.

The funds are accounted for as follows:

(i) Discretionary Fund:

The Discretionary Fund comprises those assets donated where income earned on the investment may be distributed at the discretion of the Foundation. Capital contributed to this fund will be maintained in perpetuity.

(ii) Directed Fund:

The Directed Fund is comprised of assets over which donors have placed certain terms of restriction on distribution of income. Capital contributed to this fund will be maintained in perpetuity.

(iii) Scholarship and Bursary Fund:

The Scholarship and Bursary Fund consists of scholarships and bursaries donated by various members of the community over which the donors have placed certain terms or restrictions on distribution of income. Capital contributed to this fund will be maintained in perpetuity.

(iv) Capital Stabilization Reserve:

The balances in the Discretionary Fund, Directed Fund and Scholarship and Bursary Fund reflect the capital that was originally contributed to these funds. Any excess or deficiency in the underlying investment balances compared to the reported capital is reflected in the capital stabilization reserve. The capital stabilization reserve balance fluctuates to the extent investment revenue differs from the earnings allocated to distributable income and based on any surplus/deficit with respect to the administration of the Foundation.

(v) Distributable income:

Distributable income represents the investment income allocated to the funds and non-endowment contributions less the grants granted from the funds.

# ABBOTSFORD COMMUNITY FOUNDATION

Notes to the Financial Statements

Year ended December 31, 2010

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## 1. Significant accounting policies (continued):

(b) Revenue recognition:

The Foundation follows the restricted fund method of accounting for contributions. Contributions are recognized as revenue of the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income, which is recorded on the accrual basis, includes income received relating to endowment investments held with the Foundation.

(c) Investments:

Investments are recorded at market value.

(d) Insurance contracts:

Insurance contracts are valued at their cash surrender value. Proceeds from insurance policies are recognized when the insurance proceeds are received.

(e) Equipment:

Equipment is recorded at cost. Equipment is amortized using the following rates and methods:

Computer equipment and software	3 years straight line
Office furniture and equipment	3 years straight line

(f) Income taxes:

The Foundation is registered as a charitable organization under the Income Tax Act (the "Act") and as such is exempt from income taxes and is able to issue donation receipts for income tax purposes. In order to maintain its status as a registered charity under the Act, the Foundation must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

(g) Financial instruments:

The Foundation's cash and investments are classified as held-for-trading and stated at fair value. Fair values of investments are valued based on quoted market prices. Changes in the fair value of these financial assets are reflected in distributable income.

Accounts receivable are classified as loans and receivables and are recorded at amortized cost. Accounts payable and grants payable are classified as other financial liabilities and are recorded at amortized cost.

# ABBOTSFORD COMMUNITY FOUNDATION

Notes to the Financial Statements

Year ended December 31, 2010

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## 1. Significant accounting policies (continued):

(h) Measurement uncertainty:

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

(i) Future changes in accounting framework:

The Foundation is currently classified as a not-for-profit organization. The Accounting Standards Board ("AcSB") has approved new accounting standards for non-government controlled not-for-profit organizations (NPOs). These accounting standards provide NPOs the option of adopting International Financial Reporting Standards or Accounting Standards for Not-For-Profit Organizations, supplemented by Accounting Standards for Private Enterprises (APSE), where required. NPOs must adopt one of these two accounting frameworks for fiscal years beginning on or after January 1, 2012. The Foundation intends to adopt the Accounting Standards for Not-For-Profit Organizations, supplemented by ASPE. The Foundation is in the process of assessing the impact of the new standards.

# ABBOTSFORD COMMUNITY FOUNDATION

Notes to the Financial Statements

Year ended December 31, 2010

## 2. Investments:

	2010	2009
	Market Value	Market Value
Fixed income	\$ 4,329,727	\$ 3,771,004
Global equity	1,676,184	1,474,929
Money market	77,927	32,153
Canadian equity	1,482,856	1,158,035
	\$ 7,566,694	\$ 6,436,121

## 3. Insurance contracts:

	2010	2009
Cash surrender value of life insurance policies	\$ 196,096	\$ 143,619

The Foundation is the beneficiary named under life insurance policies in the aggregate amount of \$696,096 (2009 - \$643,619).

## 4. Equipment:

	Accumulated		2010	2009
	Cost	amortization	Net book value	Net book value
Computer equipment and software	\$ 6,126	\$ 2,379	\$ 3,747	\$ 4,080
Office furniture and equipment	3,991	982	3,009	1,521
	\$ 10,117	\$ 3,361	\$ 6,756	\$ 5,601

## 5. Discretionary Fund:

	2010		2009	
	Contributed Capital	Distributable Income	Contributed Capital	Distributable Income
Capital Trust Fund	\$ 1,331,921	\$ 68,134	\$ 1,316,880	\$ 81,626
General Fund	-	15,000	-	15,000
Administration Fund	721,273	18,350	720,835	25,245
Matching Capital Grant Fund	6,015	905	6,015	754
Housing Fund	138,285	6,042	109,205	2,730
	\$ 2,197,494	\$ 108,430	\$ 2,152,935	\$ 125,355

# ABBOTSFORD COMMUNITY FOUNDATION

Notes to the Financial Statements

Year ended December 31, 2010

## 6. Directed Fund:

	2010		2009	
	Contributed Capital	Distributable Income	Contributed Capital	Distributable Income
Abbotsford Community Services Fund	\$ 101,034	\$ 2,451	\$ 86,035	\$ 3,011
Spud Huestis Memorial Fund	16,543	414	16,543	579
Abbotsford Royals Track and Field Fund	522,961	13,074	522,961	18,303
General Hospital Fund	22,239	555	22,140	774
FVCU/Ewald Rempel Memorial Fund	92,500	2,312	92,500	3,238
Abbotsford 2006 BC Seniors Games	36,388	4,712	36,388	3,803
Multi-Purpose Sports Centre Fund	268,230	6,706	268,230	9,388
Mary Anne Curtin Trust Fund	15,192	378	14,872	520
Abbotsford Community Summer School	16,143	404	16,143	565
Abbotsford Matsqui Hospice Fund	8,016	200	8,016	561
Dave Kandal Elementary School Fund	21,018	525	21,018	735
United Way of the Fraser Valley Fund	18,773	469	18,773	657
Anderson Community Fund	47,292	1,141	38,944	5,848
Career Technical Centre Award Fund	18,897	459	16,132	2,765
Abbotsford Symphony Orchestra	22,874	572	22,874	800
Abbotsford Land Trust Society	133,733	3,343	133,733	4,681
John A. & Muriel Murphy Comm. Fund	22,246	670	45,021	2,488
Abbotsford Police Foundation Fund	63,844	1,596	63,844	4,349
Investors Group Community Fund	82,428	2,061	82,428	2,886
Tabor Home Society Fund	13,000	325	13,000	455
Abbotsford Community Safety Society	25,879	647	25,879	4,508
Eric Vanderham Memorial Fund	11,064	277	11,064	2,917
Mary Victoria Wakefield Animal Welfare	235,327	7,717	235,327	9,237
Insurance Contracts	196,096	-	143,618	-
Oakland Thompson Trust Fund	7,837	2,991	7,837	2,795
Imperial Athletic Scholarship Fund	25,000	625	25,000	1,750
D. Carter & Muffy - Feed the Children Fund	16,140	404	16,140	565
MSA Museum Society	121,170	3,029	121,170	3,874
Conexions	30,000	3,445	30,000	4,695
Daphne May Smith Fund	5,000	100	-	-
Fraser Valley Brain Injury Association	5,000	100	-	-
Valley Concert Society Fund	5,000	100	-	-
	<b>\$ 22,226,864</b>	<b>\$ 61,802</b>	<b>\$ 2,155,630</b>	<b>\$ 96,747</b>

## 7. Scholarship and Bursary Fund:

	2010		2009	
	Contributed Capital	Distributable Income	Contributed Capital	Distributable Income
Community Scholarship and Bursary Fund	\$ 3,515,286	\$ 152,441	\$ 2,447,567	\$ 141,752
Scholarship and Bursary Fund	-	53,876	-	37,965
	<b>\$ 3,515,286</b>	<b>\$ 206,317</b>	<b>\$ 2,447,567</b>	<b>\$ 179,717</b>

# ABBOTSFORD COMMUNITY FOUNDATION

Notes to the Financial Statements

Year ended December 31, 2010

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## 8. Commitments:

The Foundation has entered into a lease agreement for the office premises with estimated minimum annual payments as follows:

2011	\$	18,604
2012		19,437
2013		13,328

## 9. Financial instruments:

The Foundation's financial instruments consist of cash, accounts receivable, investments, accounts payable and grants payable. The fair values of these financial instruments approximate their carrying values due to their short maturities.

## 10. Capital disclosures:

The Foundation receives its principal source of capital through fundraising activities, donations, and investment income earned on endowment funds. The Foundation defines capital to be fund equity which includes amounts held in the discretionary fund, directed fund, scholarship and bursary fund and capital stabilization reserve. Capital contributed to the funds are maintained in perpetuity. In carrying out its purpose, the Foundation regularly distributes income earned on capital to fund various charitable, educational, recreational and cultural organizations primarily in the Abbotsford area.

The Foundation is not subject to any other external capital requirements or restrictions other than as disclosed in note 1(i) and 6 related to the directed fund.

# ABBOTSFORD COMMUNITY FOUNDATION

## Schedule of Net Fundraising Revenue

Year ended December 31, 2010

	2010	2009
Revenue		
Ticket sales	\$ 36,050	\$ 36,975
Sponsorships	31,950	38,887
Auction	27,100	13,050
Other revenue	6,735	-
Total revenue	101,835	88,912
Expenditures		
Advertising	8,932	5,113
Catering	35,118	22,648
Contract services	35,040	25,000
Entertainment	25,203	23,025
Other	11,118	10,118
Total expenditures	115,411	85,904
Net fundraising revenue (loss)	\$ (13,576)	\$ 3,008

The fundraising activities resulted in \$29,080 (2009 - \$109,205) of donations which are recorded as a contribution on the Statement of Revenue and Expenditures as Discretionary fund - housing fund.