

Financial Statements of

**ABBOTSFORD COMMUNITY  
FOUNDATION**

Year ended December 31, 2013



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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors 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, 2013, the statement of revenue, expenses and fund equity, 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 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.

### *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 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 audit opinion.

### *Opinion*

In our opinion the financial statements present fairly, in all material respects, the financial position of Abbotsford Community Foundation as at December 31, 2013, 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.

### *Report on Other Legal and Regulatory Requirements.*

As required by the Society Act (British Columbia), we report that, in our opinion, the accounting principles in the Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

Chartered Accountants

June 19, 2014

Abbotsford, British Columbia

# ABBOTSFORD COMMUNITY FOUNDATION

## Statement of Financial Position

December 31, 2013, with comparative information for 2012

	2013	2012
<b>Assets</b>		
Current assets:		
Cash	\$ 224,598	\$ 373,412
Accounts receivable	4,917	11,034
	<u>229,515</u>	<u>384,446</u>
Investments, measured at fair value (note 2)	9,757,812	8,913,496
Insurance contracts (note 3)	501,235	232,793
Capital assets (note 4)	7,920	8,233
	<u>\$ 10,496,482</u>	<u>\$ 9,538,968</u>

## Liabilities and Fund Equity

### Liabilities

Accounts payable and accrued liabilities (note 5)	\$ 15,021	\$ 14,021
Grants payable	111,500	256,000
	<u>126,521</u>	<u>270,021</u>

### Fund Equity

Unrestricted (note 6)	(210,208)	(433,541)
Restricted funds:		
Endowments (note 7)	9,551,490	9,246,116
Other	1,028,679	456,372
	<u>10,580,169</u>	<u>9,702,488</u>

Commitments (note 8)

\$ 10,496,482   \$ 9,538,968

See accompanying notes to financial statements.

Approved on behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# ABBOTSFORD COMMUNITY FOUNDATION

## Statement of Revenue, Expenses and Fund Equity

Year ended December 31, 2013, with comparative information for 2012

	General Fund	Restricted Fund			2013	2012
		Endowment	Other	Total		
<b>Revenue</b>						
<b>Investment revenue</b>						
Investment income	\$ 94,760	\$ -	\$ 331,443	\$ 331,443	\$ 426,203	\$ 403,970
Gain on investments	151,881	-	531,231	531,231	683,112	244,792
Increase in value of life insurance contracts	-	268,442	-	268,442	268,442	21,609
Less: Investment management fees	(8,357)	-	(29,228)	(29,228)	(37,585)	(34,137)
	238,284	268,442	833,446	1,101,888	1,340,172	636,234
<b>Contributions</b>						
Designated Funds	-	11,981	-	11,981	11,981	699,980
Flow through	-	-	118,367	118,367	118,367	254,280
Other	700	-	-	-	700	500
Scholarship and Bursary Funds	-	21,703	-	21,703	21,703	266,507
	700	33,684	118,367	152,051	152,751	1,221,267
<b>Administration fees</b>						
Charged on restricted funds	160,522	-	(160,522)	(160,522)	-	-
Other	17,228	-	-	-	17,228	18,092
	177,750	-	(160,522)	(160,522)	17,228	18,092
<b>Fundraising revenue</b>						
Gala	70,686	-	-	-	70,686	-
Luncheon	10,050	-	-	-	10,050	11,243
	80,736	-	-	-	80,736	11,243
<b>Total revenue</b>	497,470	302,126	791,291	1,093,417	1,590,887	1,886,836
<b>Expenses</b>						
<b>Grants</b>						
Community Grants Fund	-	-	7,075	7,075	7,075	24,000
Designated Funds	-	-	33,183	33,183	33,183	126,279
Scholarship and Bursary Funds	-	-	78,350	78,350	78,350	89,250
Annual Scholarship and Bursary Awards	-	-	95,100	95,100	95,100	111,150
Agricultural and True Sport Grants	-	-	2,028	2,028	2,028	226,311
Gala charity partners grants	17,512	-	-	-	17,512	-
	17,512	-	215,736	215,736	233,248	576,990
<b>Administrative expenses</b>						
Amortization	6,866	-	-	-	6,866	5,803
Contract fees	17,211	-	-	-	17,211	18,611
Insurance	1,556	-	-	-	1,556	2,497
Office and miscellaneous	24,016	-	-	-	24,016	22,981
Professional fees	12,268	-	-	-	12,268	12,406
Public relations and communications	21,043	-	-	-	21,043	4,670
Rent	17,708	-	-	-	17,708	18,691
Salaries and wages	113,894	-	-	-	113,894	110,209
Scholarship and bursary expenses	1,676	-	-	-	1,676	5,866
Telephone and utilities	3,741	-	-	-	3,741	3,897
	219,979	-	-	-	219,979	205,631
<b>Fundraising expenses</b>						
Gala	32,804	-	-	-	32,804	-
Luncheon	3,842	-	-	-	3,842	4,577
	36,646	-	-	-	36,646	4,577
<b>Total expenses</b>	274,137	-	215,736	215,736	489,873	787,198
<b>Excess of revenue over expenses</b>	223,333	302,126	575,555	877,681	1,101,014	1,099,638
<b>Fund balances, beginning of year</b>	(433,541)	9,246,116	456,372	9,702,488	9,268,947	8,169,309
<b>Interfund transfers</b>	-	3,248	(3,248)	-	-	-
<b>Fund balances, end of year</b>	\$ (210,208)	\$ 9,551,490	\$ 1,028,679	\$ 10,580,169	\$ 10,369,961	\$ 9,268,947

See accompanying notes to financial statements.

# ABBOTSFORD COMMUNITY FOUNDATION

## Statement of Cash Flows

Year ended December 31, 2013 with comparative information for 2012

	2013	2012
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ 1,101,014	\$ 1,099,638
Items not involving cash:		
Amortization	6,866	5,803
Increase in value of life insurance contracts	(268,442)	(21,609)
Unrealized loss (gain) on investments	75,004	(207,074)
Changes in non-cash operating working capital:		
Accounts receivable	6,117	32
Accounts payable and accrued liabilities	1,000	(366)
Grants payable	(144,500)	37,300
	777,059	913,724
Investments:		
Purchase of capital assets	(6,553)	(10,652)
Dividends and interest reinvested	(1,180,644)	(435,930)
Net withdrawals (deposits)	261,324	(687,749)
	(925,873)	(1,134,331)
Decrease in cash position	(148,814)	(220,607)
Cash position, beginning of year	373,412	594,019
Cash position, end of year	\$ 224,598	\$ 373,412

See accompanying notes to financial statements.

# ABBOTSFORD COMMUNITY FOUNDATION

Notes to the Financial Statements

Year ended December 31, 2013

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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:

These financial statements are prepared in accordance with Canadian Accounting Standards for Not-For-Profit Organizations. The Foundation's significant accounting policies are as follows:

#### (a) Basis of accounting and presentation:

The Foundation follows the restricted fund method of accounting for contributions, thereby recognizing contributions and investment income as revenue in the appropriate restricted funds as specified by donors. The fund classifications are:

##### (i) General Fund

General Fund - represents unrestricted contributions, unrestricted investment income, unrestricted fundraising proceeds, administrative fees charged to restricted funds, administrative expenses and cumulative transfers to cover excess granting from the restricted funds.

##### (ii) Restricted Fund - Endowment

Restricted Fund - Endowment represents funds that are permanently restricted either by the donor or internally by the Foundation; these funds must be maintained in perpetuity.

Administration fees are charged on the endowment funds based on 1.5% of the endowed funds annually. The administration fees are deducted against the investment income of the endowment funds.

##### (iii) Restricted Fund - Other

Restricted Funds represent funds specifically designated by donors or internally by the Foundation, as well as restricted investment income earned on the endowment funds.

Administration fees are charged on the restricted funds in accordance with specific agreements with the donors.

#### (b) Revenue recognition:

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 is recorded in the appropriate fund on the accrual basis.

# ABBOTSFORD COMMUNITY FOUNDATION

Notes to the Financial Statements (continued)

Year ended December 31, 2013

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## 1. Significant accounting policies (continued):

(c) Insurance contracts:

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

(d) Capital assets:

Capital assets are recorded at cost and are amortized on a straight line basis using the following annual rates:

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

(e) 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.

(f) Contributed services and materials:

Contributed services and materials are not recognized in the financial statements due to the difficulty in determining fair value.

(g) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Foundation has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Foundation determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Foundation expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(h) Use of estimates:

The preparation of the financial statements 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 revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amount of investments, capital assets, and accrued liabilities. Actual results could differ from those estimates.

# ABBOTSFORD COMMUNITY FOUNDATION

Notes to the Financial Statements (continued)

Year ended December 31, 2013

## 2. Investments, measured at fair value:

	2013	2012
Fixed income	\$ 4,315,794	\$ 3,699,086
Global equity	2,024,175	2,198,358
Money market	482,803	240,475
Canadian equity	2,935,040	2,775,577
	<b>\$ 9,757,812</b>	<b>\$ 8,913,496</b>

Included in gain on investments are unrealized losses of \$75,004 (2012 - \$207,074 unrealized gain).

## 3. Insurance contracts:

	2013	2012
Cash surrender value of life insurance policies	\$ 501,235	\$ 232,793

The Foundation is the beneficiary named under life insurance policies in the aggregate amount of \$2,003,409 (2012 - \$732,792).

## 4. Capital assets:

			2013	2012
	Cost	Amortization	Net book value	Net book value
Computer equipment and software	\$ 20,623	\$ 14,508	\$ 6,115	\$ 7,528
Office furniture and equipment	6,698	4,893	1,805	705
	<b>\$ 27,321</b>	<b>\$ 19,401</b>	<b>\$ 7,920</b>	<b>\$ 8,233</b>

## 5. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are government remittances payable of \$2,984 (2012 - \$2,823), consisting of amounts payable for WCB and payroll related taxes.

## 6. Unrestricted Funds

	2013	2012
General Fund	(210,208)	(433,541)



# ABBOTSFORD COMMUNITY FOUNDATION

Notes to the Financial Statements (continued)

Year ended December 31, 2013

## 7. Restricted Endowments

	2013	2012
Administration Fund	\$ 721,620	\$ 721,620
Designated Funds	3,401,888	3,094,510
Housing Fund	144,327	144,327
Matching Fund	348	348
Scholarship and Bursary Funds	3,881,282	3,883,286
Smart & Caring Fund	1,402,025	1,402,025
	\$ 9,551,490	\$ 9,246,116

## 8. Commitments:

At December 31, 2013, minimum annual lease payments under a lease agreement for the office premises expiring August 31, 2016 are \$13,617.

## 9. Financial Risks:

The Foundation manages its investment portfolio to earn investment income and invests according to an investment policy approved by The Board. The Organization is not involved in any hedging relationships through its operations and does not hold or use any derivative financial instruments for trading purposes.

The Foundation manages interest-rate, market, credit and cash flow risk from its financial instruments by investing in a diversified portfolio.

Additionally, the Foundation believes it is not exposed to significant liquidity risk as all investments are held in instruments that are highly liquid and can be disposed of to settle commitments.

## 10. Comparative information:

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.