

Financial Statements of

**ABBOTSFORD COMMUNITY
FOUNDATION**

Year ended December 31, 2014



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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, 2014, the statements 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, 2014, 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 consistent basis.

April 23, 2015

Abbotsford, British Columbia

ABBOTSFORD COMMUNITY FOUNDATION

Statement of Financial Position

December 31, 2014, with comparative information for 2013

	2014	2013
Assets		
Current assets:		
Cash	\$ 386,164	\$ 224,598
Accounts receivable	4,525	4,917
	390,689	229,515
Investments, measured at fair value (note 2)	10,358,632	9,757,812
Life insurance policies (note 3)	573,909	501,235
Capital assets (note 4)	2,916	7,920
	\$ 11,326,146	\$ 10,496,482

Liabilities and Fund Balances

Liabilities

Accounts payable and accrued liabilities (note 5)	\$ 16,836	\$ 15,021
Grants payable	110,900	111,500
	127,736	126,521

Fund Balances

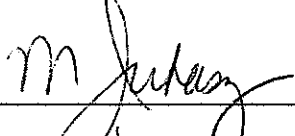
General	103,398	(210,208)
Restricted:		
Endowments (note 7)	9,956,738	9,551,490
Other	1,138,274	1,028,679
	11,095,012	10,580,169

Commitments (note 8)

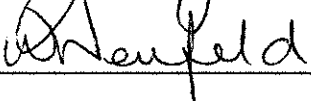
\$ 11,326,146 \$ 10,496,482

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, 2014, with comparative information for 2013

	General		Restricted			2014	2013
			Endowment	Other	Total		
Revenue							
Investment revenue							
Investment income	\$ 113,788	\$ -	\$ 414,967	\$ 414,967	\$ 528,755	\$ 426,203	
Gain on investments (note 2)	54,015	-	196,984	196,984	250,999	683,112	
Increase in value of life insurance policies	-	72,675	-	72,675	72,675	268,442	
Less: Investment management fees	(9,425)	-	(34,373)	(34,373)	(43,798)	(37,585)	
	158,378	72,675	577,578	650,253	808,631	1,340,172	
Contributions							
Designated funds	-	78,364	-	78,364	78,364	11,981	
Flow through	-	-	326,748	326,748	326,748	118,367	
Other	-	223,435	-	223,435	223,435	700	
Gifts-in-kind (note 9)	-	-	168,814	168,814	168,814	118,000	
Scholarship and bursary funds	-	18,980	-	18,980	18,980	21,703	
	-	320,779	495,562	816,341	816,341	270,751	
Administration fees							
Charged on restricted funds	104,550	-	(104,550)	(104,550)	-	-	
Other	21,416	-	-	-	21,416	17,228	
	125,966	-	(104,550)	(104,550)	21,416	17,228	
Fundraising revenue							
Gala	85,650	-	-	-	85,650	70,686	
Luncheon	10,500	-	-	-	10,500	10,050	
	96,150	-	-	-	96,150	80,736	
Total revenue	380,494	393,454	968,590	1,362,044	1,742,538	1,708,887	
Expenses							
Grants							
Community grants fund	86,500	-	-	-	86,500	7,075	
Designated funds	-	-	105,728	105,728	105,728	33,183	
Scholarship and bursary funds	-	-	140,300	140,300	140,300	78,350	
Annual scholarship and bursary awards	-	-	124,350	124,350	124,350	95,100	
Agricultural and true sport grants	-	-	123,363	123,363	123,363	2,028	
Gala charity partners grants	21,174	-	-	-	21,174	17,512	
	107,674	-	493,741	493,741	601,415	233,248	
Administrative expenses							
Amortization	6,101	-	-	-	6,101	6,866	
Contract fees	17,805	-	-	-	17,805	17,211	
Insurance	1,506	-	-	-	1,506	1,556	
Office and miscellaneous	21,321	-	-	-	21,321	24,016	
Professional fees	11,500	-	-	-	11,500	12,268	
Public relations and communications	19,584	-	-	-	19,584	21,043	
Rent	14,520	-	-	-	14,520	17,708	
Salaries and wages	116,539	-	-	-	116,539	113,894	
Scholarship and bursary expenses	1,475	-	-	-	1,475	1,676	
Telephone and utilities	3,493	-	-	-	3,493	3,741	
	213,844	-	-	-	213,844	219,979	
Other expenses							
Life insurance premiums	-	-	59,120	59,120	59,120	118,000	
Fundraising expenses							
Gala	35,050	-	-	-	35,050	32,804	
Luncheon	4,660	-	-	-	4,660	3,842	
	39,710	-	-	-	39,710	36,646	
Total expenses	361,228	-	552,861	552,861	914,089	607,873	
Excess of revenue over expenses	19,266	393,454	415,729	809,183	828,449	1,101,014	
Fund balances, beginning of year	(210,208)	9,551,490	1,028,679	10,580,169	10,369,961	9,268,947	
Interfund transfers (note 6)	294,340	11,794	(306,134)	(294,340)	-	-	
Fund balances, end of year	\$ 103,398	\$ 9,956,738	\$ 1,138,274	\$ 11,095,012	\$ 11,198,410	\$ 10,369,961	

See accompanying notes to financial statements.

ABBOTSFORD COMMUNITY FOUNDATION

Statement of Cash Flows

Year ended December 31, 2014 with comparative information for 2013

	2014	2013
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ 828,449	\$ 1,101,014
Items not involving cash:		
Amortization	6,101	6,866
Increase in value of life insurance policies	(72,675)	(268,442)
Unrealized loss on investments	7,712	75,004
Changes in non-cash operating working capital:		
Accounts receivable	392	6,117
Accounts payable and accrued liabilities	1,815	1,000
Grants payable	(600)	(144,500)
	771,194	777,059
Investments:		
Purchase of capital assets	(1,097)	(6,553)
Dividends and interest reinvested in investments	(783,256)	(1,180,644)
Net withdrawals from investments	174,725	261,324
	(609,628)	(925,873)
Increase (decrease) in cash position	161,566	(148,814)
Cash position, beginning of year	224,598	373,412
Cash position, end of year	\$ 386,164	\$ 224,598

See accompanying notes to financial statements.

ABBOTSFORD COMMUNITY FOUNDATION

Notes to the Financial Statements

Year ended December 31, 2014

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.

The Foundation is incorporated under the BC Society Act as a not-for-profit organization and is a registered charity under the Income Tax Act (the "Act"), and as such is not subject to income taxes provided certain requirements of the Act are met.

1. Significant accounting policies:

These financial statements are prepared by management 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

General - represents unrestricted contributions, unrestricted investment income, unrestricted fundraising proceeds, administrative fees charged to restricted funds, administrative expenses and community grants.

(ii) Restricted - Endowment

Restricted - 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 restricted funds in accordance with specific agreements with the donors.

(iii) Restricted - Other

Restricted - Other represent flow-through funds specifically designated by donors, 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.

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

ABBOTSFORD COMMUNITY FOUNDATION

Notes to the Financial Statements (continued)

Year ended December 31, 2014

1. Significant accounting policies (continued):

(c) Life insurance policies:

Life insurance policies 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) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. 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.

(f) 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 and grants payable. Actual results could differ from those estimates.

ABBOTSFORD COMMUNITY FOUNDATION

Notes to the Financial Statements (continued)

Year ended December 31, 2014

2. Investments, measured at fair value:

	2014	2013
Fixed income	\$ 4,614,101	\$ 4,315,794
Global equity	2,585,751	2,024,175
Money market	307,518	482,803
Canadian equity	2,851,262	2,935,040
	\$ 10,358,632	\$ 9,757,812

Included in gain on investments are realized gains of \$258,711 (2013 - \$758,116) net of unrealized losses of \$7,712 (2013 - \$75,004).

3. Life insurance policies:

	2014	2013
Cash surrender value of life insurance policies	\$ 573,909	\$ 501,235

The Foundation is the beneficiary named under life insurance policies in the aggregate amount of \$2,145,350 (2013 - \$2,003,409).

4. Capital assets:

			2014	2013
	Cost	Amortization	Net book value	Net book value
Computer equipment and software	\$ 21,720	\$ 19,706	\$ 2,014	\$ 6,115
Office furniture and equipment	6,698	5,796	902	1,805
	\$ 28,418	\$ 25,502	\$ 2,916	\$ 7,920

5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$2,889 (2013 - \$2,984), consisting of amounts payable for WCB and payroll related taxes.

6. Interfund transfers:

The Foundation transferred \$11,794 (2013 - \$3,428) from the Restricted - Other to the Restricted - Endowment for investment income added to the endowment principal as requested by the donors.

The Foundation transferred \$294,340 from Restricted - Other to General representing the repayment of amounts previously transferred from General to cover excess granting in prior years as approved by the board.

ABBOTSFORD COMMUNITY FOUNDATION

Notes to the Financial Statements (continued)

Year ended December 31, 2014

7. Restricted Endowments:

	2014	2013
Administration Fund	\$ 721,620	\$ 721,620
Agricultural Enhancement Fund	223,000	-
Designated Funds	3,556,713	3,401,888
Housing Fund	144,327	144,327
Matching Fund	207	348
Scholarship and Bursary Funds	3,908,269	3,881,282
Smart & Caring Fund	1,402,602	1,402,025
	\$ 9,956,738	\$ 9,551,490

8. Commitments:

The Foundation has a commitment related to a lease of office premises accounted for as an operating lease with minimum lease payments as follows:

2015	\$	13,044
2016		8,696
	\$	21,740

9. Gifts-in-kind:

During the year, the Foundation received \$168,814 (2013 - \$118,000) of gifts-in-kind. Gifts-in-kind are recorded under contributions and represent gifts of investment securities and insurance policy premiums.

10. Managed funds:

Managed funds are funds the Foundation invests on behalf of other charities. Per the agreements, these investments and their revenue are not owned by the Foundation and therefore, are excluded from the Foundation's investments. The Foundation charges the charities a 1.5% administration fee for this service.

11. Financial Risks:

The Foundation manages its investment portfolio to earn investment income and invests according to an investment policy approved by the Board. The Foundation 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.

12. Comparative figures:

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.