

THE COMMUNITY FOUNDATION OF GREATER GRANDE PRAIRIE

FINANCIAL STATEMENTS

DECEMBER 31, 2010

THE COMMUNITY FOUNDATION OF GREATER GRANDE PRAIRIE
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FOR THE YEAR ENDED DECEMBER 31, 2010

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INDEPENDENT AUDITOR'S REPORT

**To: The Members of
The Community Foundation of Greater Grande Prairie**

We have audited the accompanying financial statements of The Community Foundation of Greater Grande Prairie, which comprise the statement of financial position as at December 31, 2010, and the statements of operations, changes in net assets, and cash flows for the for the year then ended, as well as 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.

Auditor's 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 the 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 the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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.

INDEPENDENT AUDITOR'S REPORT, continued

Basis for Qualified Opinion

As is common with many non-profit organizations, the Foundation derives some revenue from cash donations, the completeness of which is not determinable through audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded by the Foundation. We were not able to determine whether any adjustments may have been necessary to contributions, excess of revenues over expenses, current assets, and net assets.

Qualified Opinion

Except as noted in the above paragraph, in our opinion, these financial statements present fairly, in all material respects, the financial position of the 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.

**CALGARY, ALBERTA
MARCH 31, 2011**

Catalyst LLP
ACCOUNTANTS

THE COMMUNITY FOUNDATION OF GREATER GRANDE PRAIRIE
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2010

	2010	2009 (Note 7)
Assets		
Current		
Cash	\$ 2,872	\$ 9,488
Accounts receivable	43,177	23,891
Portfolio investments (Note 3)	181,917	169,161
Prepaid expenses	545	1,395
	228,511	203,935
Portfolio investments (Note 3)	3,537,232	2,192,314
Property and equipment (Note 4)	918	4,716
	\$ 3,766,661	\$ 2,400,965

Liabilities and fund balances

Current		
Accounts payable and accrued liabilities	\$ 11,601	\$ 12,371
Unearned revenue (Note 5)	11,490	8,560
	23,091	20,931
Fund balances (Note 6)	3,743,570	2,380,034
	\$ 3,766,661	\$ 2,400,965

Approved on behalf of the Board

_____ Director

_____ Director

THE COMMUNITY FOUNDATION OF GREATER GRANDE PRAIRIE
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2010

	Operating Fund	Flow through Fund	Endowment Fund	2010 Total	2009 Total (Note 6)
Revenues (Schedule 1)	\$ 325,000	\$ 1,048,060	\$ 330,451	\$1,703,511	\$ 488,967
Direct expenses					
Burgher event	268	-	-	268	951
Vintage evening gala	32,731	-	-	32,731	32,203
	32,999	-	-	32,999	33,154
Administrative and operating expenses (Schedule 2)	226,252	102,009	50,275	378,536	305,383
Other income (expense)					
Loss on disposal of property and equipment	(733)	-	-	(733)	-
Unrealized gain (loss) on portfolio investments	(251)	5,236	70,544	75,530	157,391
Foreign exchange gain (loss)	-	-	(3,236)	(3,236)	22,969
	(984)	5,236	67,308	71,561	180,360
Operating Surplus	64,765	951,287	347,484	1,363,537	330,790
Fund balances, beginning of year, as previously stated	176,173	129,661	2,087,040	2,392,874	2,049,243
Prior period adjustment (Note 7)	(12,840)	-	-	(12,840)	-
Fund balances, beginning of year, restated	163,333	129,661	2,087,040	2,380,034	2,049,243
Interfund transfers (Note 6)	1,493	9,705	(11,198)	-	-
Fund balances, end of year	\$ 229,591	\$ 1,090,653	2,423,326	\$3,743,570	\$ 2,380,033

The accompanying notes are an integral part of these financial statements

THE COMMUNITY FOUNDATION OF GREATER GRANDE PRAIRIE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities		
Excess of revenues over expenditures for the year	\$ 1,363,536	\$ 330,791
Adjustments for		
Amortization	3,064	3,508
Loss on sale of property and equipment	733	-
Unrealized gain on portfolio investments	(128,318)	(157,391)
Unrealized portion of foreign exchange gain (loss)	(2,865)	22,544
	<u>1,236,150</u>	<u>199,452</u>
Change in non-cash working capital items		
Accounts receivable	(19,286)	(5,182)
Prepaid expenses	850	(32)
Accounts payable and accrued liabilities	(771)	861
Unearned revenue	2,930	8,560
	<u>1,219,873</u>	<u>203,659</u>
Cash flows from investing activities		
Purchase of unrestricted portfolio investments	(12,756)	(35,982)
Purchase of restricted portfolio investments	(1,213,733)	(163,572)
Purchase of property and equipment	-	(5,395)
	<u>(1,226,489)</u>	<u>(204,949)</u>
Decrease in cash	(6,616)	(1,290)
Cash, beginning of year	<u>9,488</u>	<u>10,778</u>
Cash, end of year	<u>\$ 2,872</u>	<u>\$ 9,488</u>
Supplemental Cash Flow Information		
Interest received	<u>\$ 36,743</u>	<u>\$ 38,372</u>

THE COMMUNITY FOUNDATION OF GREATER GRANDE PRAIRIE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

1. Purpose and nature of the Foundation

The Community Foundation of Greater Grande Prairie ("the Foundation") serves the people of the Peace Country Region by building endowments and flexible donor services: to benefit other registered charities within the community, to help donors reach their charitable goals, to provide a wide range of grants within the community to meet short term and long term priorities, and to provide leadership in building a stronger, caring community.

The Foundation is incorporated as a registered Canadian charitable organization as defined by the Income Tax Act (Canada). The Foundation is a not-for-profit organization and as such is not subject to income tax.

2. Significant accounting policies

These financial statements are prepared in accordance with Canadian generally accepted accounting principles. The significant policies are detailed as follows:

(a) Fund accounting

The Foundation follows the restricted fund method of accounting for contributions. Restricted fund accounting requires separate disclosure of net assets attributable to internal or external restrictions.

The purpose of the operating fund is to fund budgeted administrative costs with unrestricted donations and donations for specified costs. The operating fund is unrestricted, and unrestricted net assets can be used at the discretion of the Foundation's management, under the direction of the Board of Directors.

Endowment funds represent amounts donated to the Foundation for which the capital is intended to be preserved. Grants are made for designated purposes from the investment income earned. Net assets restricted for endowment purposes are subject to externally imposed restrictions stipulating that the resources be maintained for specifically defined purposes. Investment income earned from endowment funds are utilized within the fund where it was earned.

Flow through funds represent amounts invested in trust with the Foundation and are not intended to be held as endowment funds. These funds are distributed to a designated charitable organization or used for other special purposes as requested by the donor.

(b) Portfolio investments

Investments are recorded at fair value. Unrealized gains and losses as a result of fair value adjustments at year end are recognized in the statement of operations. Investments held in the operating fund are classified as short-term investments.

THE COMMUNITY FOUNDATION OF GREATER GRANDE PRAIRIE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

2. Significant accounting policies, continued

(c) Property and equipment

Property and equipment are recorded at cost. The Foundation provides for amortization using the declining balance method at rates designed to amortize the cost of the property and equipment over their estimated useful lives. No amortization is recorded in the year of disposal. The annual amortization rates are as follows:

Furniture and fixtures	20%
Computer equipment	55%
Computer software	100%

(d) Unearned revenue

Deferred revenue represents donations received in advance, intended for use in the subsequent fiscal year.

(e) Revenue recognition

Restricted and unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Dividend income, interest income, and gains and losses on disposition of available for sale investments are recorded in investment income in the statement of operations when earned.

(f) Contributed materials and services

The Foundation is dependent on, and thankful for, the voluntary services of many individuals and organizations. Because of the difficulty in determining the fair value, contributed volunteer services are not recognized in these financial statements. contributed materials are only recorded in the financial statements to the extent that they represent property and equipment.

(g) Capital management

The Community Foundation of Greater Grande Prairie's objective in managing its net assets is to remain a sustainable operation while fulfilling its overall mandate of supporting the community. It achieves its objective by strong day-to-day management of its cash flows, and by regularly monitoring revenues and expenditures against its operating and capital budgets. When necessary, the Foundation takes appropriate action to reduce expenditures or curtail programs when actual revenues do not meet its budget and alternate sources of revenue cannot be found.

THE COMMUNITY FOUNDATION OF GREATER GRANDE PRAIRIE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

2. Significant accounting policies, continued

(h) Foreign currency transactions

The Foundation uses the temporal method to translate its foreign currency transactions. Monetary assets and liabilities are translated at the rate of exchange in effect at year-end. Other assets and liabilities are translated at their historic rates. Exchange gains and losses are included in the statement of operations.

(i) Financial instruments

The Foundation's financial instruments consist of cash, accounts receivable, portfolio investments, and accounts payable and accrued liabilities. Unless otherwise noted it is management's opinion that the Foundation is not exposed to significant interest, currency or credit risks.

Credit risk associated with portfolio investments is substantially minimized by ensuring that the financial assets are placed with a well capitalized financial institution. To mitigate risk exposure related to portfolio investments, the Foundation has established a diversified portfolio investment strategy which has a set maximum and minimum level of holdings for various financial instruments.

The Foundation is exposed to currency risk within the US portfolio investment account. This account is comprised of cash, common shares, and mutual funds. Foreign exchange is recorded as unrealized foreign exchange gain/loss on the income statement. The Foundation does not use derivative financial instruments to reduce its exposure to foreign currency risk.

(j) Financial instrument classification

All financial instruments are initially measured at fair value and subsequently according to the following measurement methods:

Financial instruments	Classification	Subsequent measurement
Cash	Held for trading	Fair value
Accounts receivable	Loans and receivables	Amortized cost using the effective interest method
Portfolio investments	Held for trading	Fair value
Accounts payable and accrued liabilities	Other liabilities	Amortized cost using the effective interest method

THE COMMUNITY FOUNDATION OF GREATER GRANDE PRAIRIE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

2. Significant accounting policies, continued

(k) Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

3. Portfolio investments

	2010	2009
Cash and cash equivalents	\$ 62,414	\$ 160,531
Fixed income	2,279,032	1,256,046
Canadian equity	727,117	403,611
US equity	354,920	259,047
International equity	228,132	225,560
Cash surrender value of life insurance policies	67,534	56,679
	3,719,149	2,361,474
Operating fund investments	(181,917)	(169,161)
	\$ 3,537,232	\$ 2,192,313

4. Property and equipment

	2010		2009	
	Cost	Accumulated amortization	Net Book Value	Net Book Value
Furniture and fixtures	\$ 4,119	\$ 3,343	\$ 776	\$ 1,703
Computer equipment	2,143	2,001	142	315
Computer software	6,844	6,844	-	2,698
	\$ 13,106	\$ 12,188	\$ 918	\$ 4,716

THE COMMUNITY FOUNDATION OF GREATER GRANDE PRAIRIE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

5. Unearned revenue

	2010	2009
Donations - operating fund	\$ 4,000	\$ -
Operating grant	7,490	8,560
	\$ 11,490	\$ 8,560

6. Endowment and non-endowment funds

Endowment funds are comprised of permanent contributions and attributed cumulative net growth. They are administered in accordance with the objectives established by the donor. Non-endowment funds, comprised of externally restricted contributions and attributed cumulative net growth, are not required to be maintained in perpetuity. Restrictions relating to the distributions from endowment and non-endowment funds are described below.

	Non- endowment Funds	Endowment funds - Restricted	2010	2009
Operating - Unrestricted	\$ 229,591	\$ -	\$ 229,591	\$ 163,333
Flow through - Restricted	1,090,653	-	1,090,653	129,661
Community	-	418,286	418,286	304,101
Designated	-	643,886	643,886	600,089
Donor advised	-	304,064	304,064	225,758
Field of interest	-	675,687	675,687	596,851
Scholarships, bursaries and awards	-	381,403	381,403	360,241
	\$ 1,320,244	\$ 2,423,326	\$ 3,743,570	\$ 2,380,034

THE COMMUNITY FOUNDATION OF GREATER GRANDE PRAIRIE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

6. Endowment and non-endowment funds, continued

(a) Operating

Donors indicate they wish to support the operations of the Foundation. The Foundation is entitled to charge administration fees based on the proceeding quarterly average market valuation of the Foundation's endowment and flow through funds, according to donor agreements. The Foundation fees, less related expenses may be drawn by the Foundation from the income of the fund and transferred to the operating fund to be used for operating purposes.

(b) Flow Through

Donors designate their gifts as being non-endowed and request that the entire gift be distributed to specific charities or purposes.

(c) Community

Donors indicate that distributions are to be made according to the Foundation's general distribution policies and guidelines, primarily in response to the needs of community agencies.

(d) Designated

Donors indicated one or more specific charities to support.

(e) Donor advised

Donors consult with the Foundation and advise regularly regarding the distributions from these funds.

(f) Field of interest

Donor agreements indicate area(s) of special interest for support.

(g) Scholarships, bursaries, and awards

Scholarships, bursaries, and awards are granted to students for a wide range of continuing education opportunities.

When designating gifts to an endowment fund, donors may direct a percentage of their fund to the community fund and/or the operations of the Foundation.

Transfers between funds are accepted by the fundholders and approved by the Board of Directors.

7. Prior period adjustment

The comparative figures have been retroactively restated to correct a deferred revenue balance relating to an ongoing operating grant, of which a portion was unearned as at December 31, 2009.

THE COMMUNITY FOUNDATION OF GREATER GRANDE PRAIRIE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

7. Prior period adjustment, continued

	As stated	Adjustment	As restated
Accounts payable and accrued liabilities	\$ (8,089)	\$ (4,282)	\$ (12,371)
Unearned revenue	-	(8,560)	(8,560)
Donations - operating fund	(93,349)	12,842	80,570

8. Comparative amounts

The statement of financial position as at December 31, 2009 and the statement of operations and changes in fund assets for the year then ended were reported on by Holt Rooney Chartered Accountants who issued a qualified opinion in their report dated March 16, 2010. The opinion was qualified with respect to the inability to obtain sufficient audit evidence on completeness of revenues, which is common with many not-for-profit organizations.

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.

THE COMMUNITY FOUNDATION OF GREATER GRANDE PRAIRIE
SCHEDULES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Operating Fund	Flow through Fund	Endowment Fund	2010 Total	2009 Total
Schedule 1 - Revenues					
Revenues					
Administration fees	\$ 62,784	\$ -	\$ -	\$ 62,784	\$ 37,105
Donations	74,508	1,045,924	257,076	1,377,508	218,757
Vintage evening gala	125,840	-	-	125,840	89,795
Burgher event	15,750	-	-	15,750	20,250
Increase in life insurance surrender value	-	-	10,856	10,856	8,595
Interest income	1,568	1,136	42,931	45,635	43,027
Dividend income	-	1,000	19,588	20,588	16,438
Corporate citizen contributions	44,550	-	-	44,550	55,000
	\$ 325,000	\$ 1,048,060	\$ 330,451	\$1,703,511	\$ 488,967

THE COMMUNITY FOUNDATION OF GREATER GRANDE PRAIRIE
SCHEDULES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Operating Fund	Flow through Fund	Endowment Fund	2010 Total	2009 Total
Schedule 2 – Administrative and operating expenses					
Administrative and operating expenses					
Advertising and promotion	\$ 17,868	\$ -	\$ -	\$ 17,868	\$ 11,145
Amortization	3,064	-	-	3,064	3,508
Bad debts	250	-	-	250	-
Common area expenses	4,228	-	-	4,228	4,228
Community leadership	449	-	-	449	-
Insurance	2,130	-	-	2,130	1,635
Interest and bank charges	573	-	-	573	219
Memberships	1,669	-	-	1,669	1,900
Office	18,173	-	-	18,173	12,529
Power of Community	2,459	-	-	2,459	5,643
Professional fees	15,001	-	-	15,001	14,981
Telephone	2,282	-	-	2,282	3,646
Travel and conferences	2,444	-	-	2,444	4,742
Wages and benefits	155,662	-	-	155,662	150,168
Total administrative expenses	226,252	-	-	226,252	214,344
Administration fees	-	23,959	38,825	62,784	37,105
Grants to agencies	-	78,050	11,450	89,500	53,934
Total operating expenses	-	102,009	50,275	152,284	91,039
	\$ 226,252	\$ 102,009	\$ 50,275	\$ 378,536	\$ 305,383