

**THE COMMUNITY FOUNDATION OF GREATER GRANDE PRAIRIE**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2012**

**THE COMMUNITY FOUNDATION OF GREATER GRANDE PRAIRIE**  
**TABLE OF CONTENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

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	<b>Page</b>
<b>Independent Auditors' Report</b>	<b>1</b>
<b>Financial statements</b>	
Statement of Financial Position	3
Statement of Operations and Changes in Fund Balances	4
Statement of Cash Flows	5
Notes to the Financial Statements	6
Schedules to the Financial Statements	13

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## INDEPENDENT AUDITOR'S REPORT

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**To: The Directors 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 January 1, 2011, December 31, 2011 and December 31, 2012, and the statements of operations, changes in fund balances, 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 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.

*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 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, the auditor considers internal control relevant to the Foundation'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 Foundation'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.

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**INDEPENDENT AUDITOR'S REPORT, continued**

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*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 January 1, 2011, December 31, 2011 and December 31, 2012 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.

**CALGARY, ALBERTA  
MARCH 22, 2013**

*Catalyst LLP*  
**ACCOUNTANTS**

**THE COMMUNITY FOUNDATION OF GREATER GRANDE PRAIRIE**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2012**

	December 31, 2012	December 31, 2011	January 1, 2011 (Note 3)
<b>Assets</b>			
<b>Current</b>			
Cash	\$ 12,731	\$ 10,317	\$ 2,872
Unrestricted portfolio investments (Note 4)	352,195	265,592	181,917
Accounts receivable	7,044	4,844	43,177
Prepaid expenses	545	545	545
	372,515	281,298	228,511
<b>Restricted portfolio investments (Note 4)</b>	<b>4,235,888</b>	<b>3,908,283</b>	<b>3,537,232</b>
<b>Capital assets (Note 5)</b>	<b>534</b>	<b>695</b>	<b>918</b>
	<b>\$ 4,608,937</b>	<b>\$ 4,190,276</b>	<b>\$ 3,766,661</b>

**Liabilities and fund balances**

<b>Current</b>			
Accounts payable and accrued liabilities	\$ 11,796	\$ 11,503	\$ 11,601
Unearned revenue (Note 6)	6,125	5,125	11,490
	17,921	16,628	23,091
<b>Fund balances (Note 7)</b>	<b>4,591,016</b>	<b>4,173,648</b>	<b>3,743,570</b>
	<b>\$ 4,608,937</b>	<b>\$ 4,190,276</b>	<b>\$ 3,766,661</b>

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, 2012**

	Operating Fund	Flow through Fund	Endowment Fund	2012 Total	2011 Total
<b>Revenues (Schedule 1)</b>	\$ 425,013	\$ 131,375	\$ 374,602	\$ 930,990	\$1,005,661
<b>Direct expenses</b>					
Vintage evening gala	47,052	-	-	47,052	33,667
Community leadership program	11,195	-	-	11,195	60,676
Burgher event	-	-	-	-	533
	58,247	-	-	58,247	94,876
<b>Administrative and operating expenses (Schedule 2)</b>	277,285	24,182	55,370	356,837	296,514
<b>Grants to agencies</b>	1,000	143,725	14,250	158,975	51,330
	278,285	167,907	69,620	515,812	347,844
<b>Other income (expense)</b>					
Gain (loss) on portfolio investments	-	22,323	50,904	73,227	(123,002)
Foreign exchange loss	-	-	(12,790)	(12,790)	(9,861)
	-	22,323	38,114	60,437	(132,863)
<b>Operating Surplus</b>	88,481	(14,209)	343,096	417,368	430,078
<b>Fund balances, beginning of year</b>	260,845	1,205,063	2,707,740	4,173,648	3,743,570
<b>Fund balances, end of year</b>	\$ 349,326	\$1,190,854	\$3,050,836	\$4,591,016	\$4,173,648

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, 2012**

	<u>2012</u>	<u>2011</u>
<b>Cash flows from operating activities</b>		
Excess of revenues over expenditures for the year	\$ 417,368	\$ 430,079
Adjustments for		
Amortization	161	233
Unrealized gain (loss) on portfolio investments	73,227	(50,402)
Unrealized portion of foreign exchange loss	(12,790)	(9,861)
	<u>477,966</u>	<u>370,049</u>
Change in non-cash working capital items		
Accounts receivable	(2,200)	38,333
Accounts payable and accrued liabilities	293	(98)
Unearned revenue	1,000	(6,365)
	<u>477,059</u>	<u>401,919</u>
<b>Cash flows from investing activities</b>		
Purchase of unrestricted portfolio investments	(86,603)	(83,675)
Purchase of restricted portfolio investments	(388,042)	(310,799)
	<u>(474,645)</u>	<u>(394,474)</u>
<b>Increase in cash</b>	2,414	7,445
<b>Cash, beginning of year</b>	<u>10,317</u>	<u>2,872</u>
<b>Cash, end of year</b>	<u>\$ 12,731</u>	<u>\$ 10,317</u>

**THE COMMUNITY FOUNDATION OF GREATER GRANDE PRAIRIE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

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**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 accounting standards for not-for-profit organizations. 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.

**THE COMMUNITY FOUNDATION OF GREATER GRANDE PRAIRIE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

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**2. Significant accounting policies, continued**

**(b) Capital assets**

Capital assets are recorded at cost. The Foundation provides for amortization using the declining balance method at rates designed to amortize the cost of the capital assets over their estimated useful lives. One half of the year's amortization is recorded in the year of acquisition. 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%

**(c) Unearned revenue**

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

**(d) 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.

Administrative fees and government grants are recognized as earned.

**(e) 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.

**(f) 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. Items appearing in the income statement, except for the cost of inventories and amortization translated at historic rate, are translated at average year rates. Exchange gains and losses are included in the income statement.

**THE COMMUNITY FOUNDATION OF GREATER GRANDE PRAIRIE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

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**2. Significant accounting policies, continued**

**(g) Measurement uncertainty**

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically, and as adjustments become necessary they are reported in income in the period in which they become known.

**(h) Financial instruments**

**(i) Measurement of financial instruments**

The Foundation initially measures its financial assets and liabilities at fair value.

The Foundation subsequently measures all its financial assets and financial liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost on a straight-line basis include cash and accounts receivable.

Financial liabilities measured at amortized cost on a straight-line basis include accounts payable and accrued liabilities.

Financial assets measured at fair value include unrestricted and restricted portfolio investments.

**(ii) Impairment**

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

**THE COMMUNITY FOUNDATION OF GREATER GRANDE PRAIRIE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

**3. Impact of the change in the basis of accounting**

The Foundation has elected to apply the Canadian accounting standards for not-for-profit organizations.

These financial statements are the first financial statements for which the foundation has applied Canadian accounting standards for not-for-profit organizations hereafter referred to as "ASNFPO".

The financial statements for the year ended December 31, 2012 were prepared in accordance with the accounting principles and provisions set out in FIRST-TIME ADOPTION, Section 1501, for first-time adopters of this basis of accounting.

The impact of adopting these standards has not resulted in any material changes to the opening net assets.

**4. Restricted portfolio investments**

	2012	2011
Cash	\$ 255,378	\$ 820,481
Fixed income	2,241,341	2,064,937
Canadian equity	1,653,373	1,071,942
US equity	270,246	110,933
International equity	86,066	32,409
Cash surrender value of life insurance policies	81,679	73,173
	4,588,083	4,173,875
Unrestricted (operating fund) investments	(352,195)	(265,592)
	\$ 4,235,888	\$ 3,908,283

**5. Capital assets**

	2012		2011	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Furniture and fixtures	\$ 4,119	\$ 3,614	\$ 505	\$ 631
Computer equipment	2,143	2,114	29	64
Computer software	6,844	6,844	-	-
	\$ 13,106	\$ 12,572	\$ 534	\$ 695

**THE COMMUNITY FOUNDATION OF GREATER GRANDE PRAIRIE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

6. **Unearned revenue**

	2012	2011
Donations - operating fund	\$ 6,125	\$ 5,125

7. **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	2012	2011
Operating - Unrestricted	\$ 99,326	\$ -	\$ 99,326	\$ 260,843
Operating - Internally restricted	250,000	-	250,000	-
Flow through - Restricted Community and undesignated	1,190,854	-	1,190,854	1,205,063
Designated	-	1,063,991	1,063,991	968,360
Donor advised	-	94,423	94,423	91,578
Field of interest	-	442,998	442,998	332,764
Scholarships, bursaries and awards	-	842,568	842,568	788,011
	-	606,856	606,856	527,029
	\$ 1,540,180	\$ 3,050,836	\$ 4,591,016	\$ 4,173,648

**THE COMMUNITY FOUNDATION OF GREATER GRANDE PRAIRIE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

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**7. 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.

In 2012, the board has internally restricted funds within the operating fund as a contingency for funding future operational expenditures as required.

(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.

**THE COMMUNITY FOUNDATION OF GREATER GRANDE PRAIRIE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

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**8. Charitable Fundraising Act of Alberta**

As required under Section 7(2) of the Regulations of the Charitable Fund-raising Act of Alberta, the Foundation discloses that the services costs incurred for the purposes of soliciting contributions were nil (2011 - nil). The total amount paid as remuneration to employees whose principal duties involve fundraising was nil (2011 - nil).

No single disposition of contributions equalled or exceeded 10% of the gross contributions for the 12 month period ended December 31, 2012. (2011 - No single disposition of contributions equalled or exceeded 10% of the gross contributions).

**9. Financial instruments**

The Foundation is exposed to various financial risks through transactions in financial instruments. The following provides helpful information in assessing the extent of the Company's exposure to these risks.

(a) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Foundation is exposed to currency risk within the US portfolio investment account. This account is comprised of cash, common shares and mutual funds. The Foundation does not use derivative financial instruments to reduce its exposure to currency risk.

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Foundation's main credit risk relates to its portfolio investments.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Foundation is exposed to interest rate risk on its fixed income instruments within the portfolio investment account. Fixed-rate financial instruments subject the Foundation to a fair value risk.

Unless otherwise noted, it is management's opinion that the Foundation is not exposed to significant currency risk or other price risks arising from these financial instruments.

**10. Comparative figures**

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, 2012**

	Operating Fund	Flow through Fund	Endowment Fund	2012 Total	2011 Total
<b>Schedule 1 - Revenues</b>					
<b>Revenues</b>					
Donations	\$ 47,468	\$ 104,311	\$ 319,100	\$ 470,879	\$ 638,953
Vintage evening gala	180,721	-	-	180,721	107,303
Administration fees	79,552	-	-	79,552	82,483
Interest income	3,272	27,064	46,662	76,998	39,530
Corporate citizen contributions	72,000	-	-	72,000	52,450
Administrative grant	25,000	-	-	25,000	-
Community leadership grants	17,000	-	-	17,000	50,000
Increase in life insurance surrender value	-	-	8,507	8,507	5,638
Dividend income	-	-	333	333	29,304
	<b>\$ 425,013</b>	<b>\$ 131,375</b>	<b>\$ 374,602</b>	<b>\$ 930,990</b>	<b>\$1,005,661</b>

**THE COMMUNITY FOUNDATION OF GREATER GRANDE PRAIRIE**  
**SCHEDULES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	Operating Fund	Flow through Fund	Endowment Fund	2012 Total	2011 Total
<b>Schedule 2 – Administrative and operating expenses</b>					
<b>Administrative and operating expenses</b>					
Wages and benefits	\$ 187,088	\$ -	\$ -	\$ 187,088	\$ 142,158
Administration fees	-	24,182	55,370	79,552	82,483
Professional fees	31,432	-	-	31,432	27,377
Office	17,901	-	-	17,901	11,110
Advertising and promotion	11,538	-	-	11,538	13,166
Travel and conferences	6,376	-	-	6,376	2,576
Common area expenses	4,616	-	-	4,616	4,060
Power of Community	4,466	-	-	4,466	4,912
RAK expenses	4,414	-	-	4,414	-
Memberships	2,628	-	-	2,628	2,485
Telephone	2,626	-	-	2,626	1,630
Insurance	2,420	-	-	2,420	1,980
Interest and bank charges	1,619	-	-	1,619	2,344
Amortization	161	-	-	161	233
<b>Total administrative expenses</b>	<b>\$ 277,285</b>	<b>\$ 24,182</b>	<b>\$ 55,370</b>	<b>\$ 356,837</b>	<b>\$ 296,514</b>