

PARKSVILLE - QUALICUM COMMUNITY FOUNDATION

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

PARKSVILLE - QUALICUM COMMUNITY FOUNDATION

FINANCIAL STATEMENTS

DECEMBER 31, 2012

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AUDITOR'S REPORT

Auditor's Report to the Directors

I have audited the statement of financial position of Parksville - Qualicum Community Foundation, as at December 31, 2012 and the statement of operations and changes in fund balances for the year then ended. These financial statements are the responsibility of the Directors. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, the Foundation derives revenue from cash and other donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amounts recorded in the records of the Foundation and I was not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenses, assets and fund balances.

In my opinion, except for the effect of adjustments, if any, which I might have determined to be necessary had I been able to satisfy myself concerning the completeness of the donations referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2012 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Qualicum Beach, British Columbia
May 6, 2013

PARKSVILLE - QUALICUM COMMUNITY FOUNDATION

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

YEAR ENDED DECEMBER 31, 2012

	Operating Fund	Capital Fund	Endowment Fund	Total 2012	Total 2011
REVENUE					
Contributions	\$ 1,755	\$ -	\$ 8,052	\$ 9,807	\$ 41,695
Fundraising income	5,089	-	-	5,089	24,814
Interest income	277	-	377	654	1,000
Other income	139	-	-	139	315
Grants	5,909	-	69,307	75,216	71,378
Unrealized gains and (losses)	<u>-</u>	<u>-</u>	<u>52,315</u>	<u>52,315</u>	<u>(35,169)</u>
	13,169	-	130,051	143,220	104,033
EXPENSES- Page 8	<u>9,037</u>	<u>411</u>	<u>156,507</u>	<u>165,955</u>	<u>93,251</u>
Excess Revenue over Expenses	4,132	(411)	(26,456)	(22,735)	10,782
Fund Balance					
Beginning balance	<u>27,303</u>	<u>1,274</u>	<u>1,892,104</u>	<u>1,920,681</u>	<u>1,909,899</u>
Ending balance - Page 3	<u>\$ 31,435</u>	<u>\$ 863</u>	<u>\$1,865,648</u>	<u>\$1,897,946</u>	<u>\$1,920,681</u>

The auditor's report and notes are an integral part of the financial statements.

PARKSVILLE - QUALICUM COMMUNITY FOUNDATION

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2012

ASSETS

	Operating Fund	Capital Fund	Endowment Fund	Total 2012	Total 2011
CURRENT					
Cash	\$ 23,232	\$ -	\$ -	\$ 23,232	\$ 26,733
Harmonized Sales Tax refund	329	-	-	329	1,702
Prepaid expenses	256	-	-	256	432
Accounts receivable	<u>7,618</u>	<u>-</u>	<u>35,631</u>	<u>43,249</u>	<u>-</u>
	31,435	-	35,631	67,066	28,867
SPECIAL PURPOSE INVESTMENTS (Note 4)	-	-	1,841,481	1,841,481	1,892,104
CAPITAL (Note 2(a) and 5)	<u>-</u>	<u>863</u>	<u>-</u>	<u>863</u>	<u>1,274</u>
	<u>\$ 31,435</u>	<u>\$ 863</u>	<u>\$ 1,877,112</u>	<u>\$ 1,909,410</u>	<u>\$ 1,922,245</u>

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PARKSVILLE - QUALICUM COMMUNITY FOUNDATION

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2012

LIABILITIES

	Operating Fund	Capital Fund	Endowment Fund	Total 2012	Total 2011
CURRENT					
Accounts payable	\$ _____ -	\$ _____ -	\$ <u>11,464</u>	\$ <u>11,464</u>	\$ <u>1,564</u>

FUND BALANCES

Invested in capital assets	-	863	-	863	1,274
Externally restricted net assets (Note 6)	-	-	1,497,990	1,497,990	1,535,295
Internally restricted net assets (Note 7)	-	-	360,836	360,836	349,709
Unrestricted (discretionary) net assets (Note 8)	<u>31,435</u>	<u>-</u>	<u>6,822</u>	<u>38,257</u>	<u>34,403</u>
Ending balance - Page 1	<u>31,435</u>	<u>863</u>	<u>1,865,648</u>	<u>1,897,946</u>	<u>1,920,681</u>
	<u>\$ 31,435</u>	<u>\$ 863</u>	<u>\$ 1,877,112</u>	<u>\$ 1,909,410</u>	<u>\$ 1,922,245</u>

APPROVED BY THE BOARD OF DIRECTORS

_____ Director

_____ Director

PARKSVILLE - QUALICUM COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

1. PURPOSE OF THE ORGANIZATION

The Parksville - Qualicum Community Foundation (the Foundation) envisions vibrant communities for all through permanent legacies. The Foundation was formed under Part II of the Canada Corporations Act on October 19, 1998 and commenced operations January 1, 1999.

The Foundation is registered with the Charities Division, Canada Revenue Agency, and is classified as a public foundation. As such, it is exempt from income taxes and may issue charitable donation receipts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Foundation are in accordance with Canadian generally accepted accounting principles applied on a basis consistent with that of the preceding year. Outlined below are those policies considered particularly significant:

- (a) **Fund accounting** - In order to ensure observance of the limitations and restrictions placed on the use of resources available to the Foundation, the accounts of the foundation follow the restricted fund method of accounting for contributions. Accordingly, resources are classified for accounting and financial reporting purposes into funds. These funds are held in accordance with either the objectives specified by the donors or with directives issued by the Board of Directors.

For financial reporting purposes, the accounts have been classified into the following funds:

The **Operating Fund** accounts for the Foundation's program delivery and administrative activities.

The **Capital Fund** accounts for the Foundation's capital assets.

The **Endowment Fund** reports resources contributed for endowment and the related investment income.

- (b) **Capital assets** are recorded at cost. Amortization is determined at rates which will reduce original cost to estimated residual value over the estimated useful life of each asset. Annual rates used to compute amortization are as follows:

Equipment	20% declining balance
Computer hardware	30% declining balance

- (c) **Grants** are recorded when paid by the Foundation.

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PARKSVILLE - QUALICUM COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) REVENUE RECOGNITION

Restricted contributions related to endowments are recognized as revenue of the Endowment Fund in the year in which they are received.

Unrestricted contributions are recognized as revenue of the Operating Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income earned on Endowment Fund resources is recognized as revenue of the Endowment Fund. Other investment income is recognized as revenue of the Operating Fund when earned.

Bequests in a form of marketable securities are recorded at fair value as determined, by the Vancouver Foundation on our behalf.

(e) **Investments** are recorded at fair values determined by the Vancouver Foundation on the last day of the fiscal period.

(f) **Comparative figures** have been reclassified, where applicable, to conform to the current presentation.

(g) **A statement of changes in cash flow** has not been presented as the Directors do not consider it meaningful in the circumstances.

(h) **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 and disclosure reported in financial statements and accompanying notes. Management believes that the estimates utilized in preparing these financial statements are reasonable and prudent, however, actual results could differ from these estimates.

(i) **Donated services** - a number of people have donated significant time and expertise to the foundation across its operations. However, since no objective basis exists for recording and assigning fair values to donated services, the value of this time has not been reflected in these financial statements.

3. FINANCIAL INSTRUMENTS

The Foundation's financial instruments consist of cash and cash equivalents, accrued investment income, accounts receivable, and accounts payable. Unless otherwise noted, it is management's opinion that the Foundation is not exposed to significant interest, currency or credit risks arising from these financial instruments, the fair value of which approximates their carrying value.

The auditor's report and notes are an integral part of the financial statements.

PARKSVILLE - QUALICUM COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

4. SPECIAL PURPOSE INVESTMENTS/ ENDOWMENT FUND

The endowment fund is comprised of funds held in perpetuity for donor specified purposes, with the investment income distributed according to the terms of the original contribution.

The funds invested in the Vancouver Foundation are exposed to market risk due to changing market conditions. The Vancouver Foundation manages market risk by establishing and monitoring asset allocation strategies and by diversifying investments within the various assets classes to control overall market risk.

Cash endowed for specific purposes are invested as follows:

	2012	2011
Funds invested in the Vancouver Foundation	\$ 1,814,092	\$ 1,858,138
Coastal Community Credit Union	<u>27,389</u>	<u>33,966</u>
	<u>\$ 1,841,481</u>	<u>\$ 1,892,104</u>

5. CAPITAL ASSETS

	<u>Cost</u>	<u>Amortization</u>	<u>Net 2012</u>	<u>Net 2011</u>
Equipment	\$ -	\$ -	\$ -	\$ 41
Computer hardware	<u>2,516</u>	<u>1,653</u>	<u>863</u>	<u>1,233</u>
	<u>\$ 2,516</u>	<u>\$ 1,653</u>	<u>\$ 863</u>	<u>\$ 1,274</u>

6. EXTERNALLY RESTRICTED NET ASSETS

Externally restricted net assets consist of organization funds and scholarship funds. These are endowments funds held in perpetuity, the income from which is specifically designated to a registered charity.

7. INTERNALLY RESTRICTED NET ASSETS

Community Fund consists of endowments held in perpetuity, the income from which is provided in the way of grants to registered charities as decided by the Board of Directors.

8. UNRESTRICTED (DISCRETIONARY) NET ASSETS

Unrestricted (Discretionary) Net Assets consist of funds held for operations and programs.

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PARKSVILLE - QUALICUM COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

9. Outstanding Scholarships

As of December 31, 2012 the following scholarships are still to be paid out.

	2012	2011
Donn Larsen Bursary	\$ 3,500	\$ 3,000
Quality Foods Scholarship	<u>3,000</u>	<u>3,000</u>
	<u>\$ 6,500</u>	<u>\$ 6,000</u>

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PARKSVILLE - QUALICUM COMMUNITY FOUNDATION

SCHEDULE OF EXPENSES

DECEMBER 31, 2012

	Operating Fund	Capital Fund	Endowment Fund	Total 2012	Total 2011
EXPENSES					
Advertising and promotions	\$ -	\$ -	\$ -	\$ -	\$ 367
Amortization	-	370	-	370	539
Bank service charges and interest	-	-	20	20	16
Fundraising costs	4,402	-	-	4,402	12,995
Grants	-	-	45,517	45,517	61,970
Insurance	1,280	-	-	1,280	1,103
Licences, dues and memberships	734	-	-	734	692
Loss on disposition of assets	-	41	-	41	-
Office	885	-	-	885	1,858
Redemption	-	-	100,750	100,750	-
Scholarships	-	-	10,220	10,220	10,700
Telephone	927	-	-	927	1,879
Utilities	<u>809</u>	<u>-</u>	<u>-</u>	<u>809</u>	<u>1,132</u>
Total - Page 1	<u>\$ 9,037</u>	<u>\$ 411</u>	<u>\$ 156,507</u>	<u>\$ 165,955</u>	<u>\$ 93,251</u>

The auditor's report and notes are an integral part of the financial statements.