

COMMUNITY FOUNDATION OF THE SOUTH OKANAGAN

FINANCIAL STATEMENTS

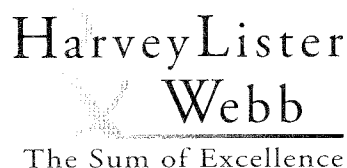
DECEMBER 31, 2010

**COMMUNITY FOUNDATION OF THE SOUTH OKANAGAN
FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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INDEPENDENT AUDITORS' REPORT



To the Board of Directors
Community Foundation of the South Okanagan

We have audited the accompanying financial statements of the Community Foundation of the South Okanagan which comprise of the statements of financial position as at December 31, 2010 and statement of changes in fund balances and statement of operations for the year then ended, and 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 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 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, these financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2010 and its financial performance for the year then ended in accordance with Canadian generally accepted accounting principles, applied on a basis consistent with that of the preceding year.

Harvey, Lister & Webb Incorporated
CERTIFIED GENERAL ACCOUNTANTS

Penticton, BC
June 23, 2011

Harvey, Lister & Webb
Incorporated
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COMMUNITY FOUNDATION OF THE SOUTH OKANAGAN
STATEMENT OF FINANCIAL POSITION
as at December 31, 2010

ASSETS

	Operating Fund	Flow Through Fund	Income and Grants Fund	Endowment Fund	2010 Total	2009 Total
CURRENT ASSETS						
Cash	\$ 50,307	\$ 18,587	\$ -	\$ -	\$ 68,894	\$ 85,822
Accounts receivable	4,867	-	-	-	4,867	2,440
Prepaid expenses	966	-	-	-	966	560
Due from funds - Note 4	50,632	-	210,411	10,600	-	-
	<u>106,772</u>	<u>18,587</u>	<u>210,411</u>	<u>10,600</u>	<u>74,727</u>	<u>88,822</u>
INVESTMENTS - Note 5	-	-	-	5,701,136	5,701,136	5,062,386
CAPITAL ASSETS - Note 6	5,535	-	-	-	5,535	-
	<u>\$ 112,307</u>	<u>\$ 18,587</u>	<u>\$ 210,411</u>	<u>\$ 5,711,736</u>	<u>\$ 5,781,398</u>	<u>\$ 5,151,208</u>

LIABILITIES


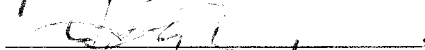
CURRENT LIABILITIES

Accounts payable	\$ 10,004	\$ -	\$ -	\$ -	\$ 10,004	\$ 9,497
Payroll liabilities	1,700	-	-	-	1,700	533
Due to funds- Note 4	10,600	-	50,632	210,411	-	-
	<u>22,304</u>	<u>-</u>	<u>50,632</u>	<u>210,411</u>	<u>11,704</u>	<u>10,030</u>

FUND BALANCES

INVESTED IN CAPITAL ASSETS	5,535	-	-	-	5,535	-
RESTRICTED	-	18,587	159,779	5,501,325	5,679,691	5,078,940
UNRESTRICTED	84,468	-	-	-	84,468	62,238
	<u>90,003</u>	<u>18,587</u>	<u>159,779</u>	<u>5,501,325</u>	<u>5,769,694</u>	<u>5,141,178</u>
	<u>\$ 112,307</u>	<u>\$ 18,587</u>	<u>\$ 210,411</u>	<u>\$ 5,711,736</u>	<u>\$ 5,781,398</u>	<u>\$ 5,151,208</u>

APPROVED BY THE BOARD:

 PRESIDENT
 TREASURER

COMMUNITY FOUNDATION OF THE SOUTH OKANAGAN
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES
year ended December 31, 2010

	Operating Fund	Flow Through Fund	Income and Grants Fund	Endowment Fund	2010 Total	2009 Total
REVENUES						
Fundraising events	\$ 71,826	\$ -	\$ -	\$ -	\$ 71,826	\$ 80,870
Grants and sponsorships	10,000	1,074	-	-	11,074	8,841
Interest, dividends and gains	-	-	183,944	-	183,944	157,214
Vancouver Foundation	-	-	9,171	-	9,171	3,188
Endowment contributions	-	-	-	422,378	422,378	453,242
	81,826	1,074	193,115	422,378	698,393	703,355
EXPENSES						
Amortization of tangible assets	615	-	-	-	615	-
Bank charges	219	-	-	-	219	708
Consulting fees	1,788	-	-	-	1,788	-
Employee benefits	3,893	-	-	-	3,893	3,371
Fundraising activities	35,142	-	-	-	35,142	36,382
Grants paid	-	7,050	137,566	-	144,616	7,195
Insurance	700	-	-	-	700	700
Investment management fee	-	-	29,025	-	29,025	26,960
Licences, dues and fees	3,256	-	-	-	3,256	530
Office and sundry	4,411	-	-	-	4,411	948
Professional development	2,257	-	-	-	2,257	27
Professional fees	11,284	-	-	-	11,284	11,713
Publicity and promotion	3,697	-	-	-	3,697	2,793
Telephone	1,858	-	-	-	1,858	2,583
Travel	1,789	-	-	-	1,789	2,174
Volunteer recognition	707	-	-	-	707	949
Wages	51,083	-	-	-	51,083	46,551
	122,699	7,050	166,591	-	296,340	143,584
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(40,873)	(5,976)	26,524	422,378	402,053	559,771
FUND BALANCES, beginning of the year	62,237	16,553	-	5,062,388	5,141,178	4,147,249
INTERFUND TRANSFERS						
- Note 8	68,639	8,010	(93,208)	16,559	-	-
	90,003	18,587	(66,684)	5,501,325	5,543,231	4,707,020
ACCUMULATED UNREALIZED GAINS (LOSSES) FOR FINANCIAL INSTRUMENTS DESIGNATED AS AVAILABLE-FOR-SALE						
- Prior year	-	-	434,158	-	434,158	(706,527)
- Current year	-	-	(207,695)	-	(207,695)	1,140,685
	-	-	226,463	-	226,463	434,158
FUND BALANCES, end of the year	\$ 90,003	\$ 18,587	\$ 159,779	\$ 5,501,325	\$ 5,769,694	\$ 5,141,178

COMMUNITY FOUNDATION OF THE SOUTH OKANAGAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

1. NATURE OF THE FOUNDATION

The Community Foundation of the South Okanagan is dedicated to improving the quality of community life for residents in communities throughout the Regional District of Okanagan Similkameen by working closely with donors, building and managing permanent endowment funds, and providing grants to charitable organizations.

The foundation administers funds received through bequests or endowments and makes distributions from the income and gains of the endowed funds to various charities of the South Okanagan and Similkameen areas.

The foundation was incorporated on December 18, 1991 under the Society Act of British Columbia and became a registered charity under the Income Tax Act on August 10, 1992. As a result of its status as a charity, the foundation is exempt from income taxes and may issue tax receipts to donors as long as it complies with the rules and regulations of the Income Tax Act.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Fund accounting

The foundation follows the restricted fund method of accounting for contributions.

The Operating Fund reports the operating and administrative activities of the foundation. This fund reports unrestricted resources and restricted administrative contributions including donations and investment income designated for administrative activities.

The Flow Through Fund reports restricted donations and grants designated for specific charitable purposes and programs.

The Income and Grants Fund reports all investment income earned from endowments that is not designated for administrative purposes, grants received for non-specific charitable activities, grants paid and investment management fees.

The Endowment Fund reports resources contributed with the restriction that they be held in perpetuity.

b) Revenue recognition

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.

Restricted contributions designated for general operations are recognized as revenue of the Operating Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Contributions for endowment purposes are recognized as revenue in the Endowment Fund.

COMMUNITY FOUNDATION OF THE SOUTH OKANAGAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Investments

The foundation has designated its portfolio investments managed by HSBC Asset Management and Phillips, Hager & North as available for sale and reports them at fair value with the change in value charged directly to fund balances.

d) Capital assets

Purchased capital assets are reported at cost. Contributed capital assets are recorded at the fair market value of the asset at the date of contribution. Capital assets are amortized over their estimated useful lives, which for computer software is 5 years on a straight line basis. Amortization is recorded at half the normal rate in the year of acquisition. Amortization expense is recorded in the Operating Fund.

e) Use of estimates

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 the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. These estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

f) Donated supplies and services

Donated supplies are reported at their fair market value at the date of donation. The value of donated services has not been recognized in the financial statements.

g) Statement of Cash Flows

A Statement of Cash Flows has not been presented as it would not provide any further meaningful information.

3. FUTURE CHANGES IN ACCOUNTING POLICIES

Effective January 1, 2012, the Foundation's current accounting framework will no longer exist. In December 2010 the CICA in conjunction with the Accounting Standards Board issued Part III - Accounting Standards for Not-for-Profit Organizations of the CICA Handbook. Part III is effective for fiscal years commencing on or after January 1, 2012 and provides Canadian private sector not-for-profit organizations with a new financial reporting framework. The Foundation has the option to apply International Financial Reporting Standards or the newly approved accounting standards for Not-for-Profit Organizations.

The Foundation has elected to adopt the new accounting standards for not-for-profit organizations effective January 1, 2012.

The Foundation is evaluating the impact of adopting the new accounting standards for not-for-profit organizations; differences on adoption are expected to be minimal.

COMMUNITY FOUNDATION OF THE SOUTH OKANAGAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

4. DUE TO (FROM) FUNDS

The amount due to the Operations Fund from the Income and Grants Fund results from an interfund transfer representing a charge for administering the endowment investments. The amount due to the Endowment Fund from the Operations Fund results from endowment contributions being deposited into the Operating Fund bank account. The amount due to the Income and Grants Fund from the Endowment Fund results from an interfund transfer for income earned but not granted.

5. INVESTMENTS

	2010	2009
HSBC Asset Management	\$ 3,972,384	\$ 3,532,098
Portfolio investments with a cost of \$3,791,023 (2009 - \$3,524,753)		
Phillips, Hager & North	1,521,251	1,421,190
Portfolio investments with a cost of \$1,479,135 (2009 - \$1,434,638)		
Cash account	207,501	109,098
Business chequing account held at TD Canada Trust		
	<u>\$ 5,701,136</u>	<u>\$ 5,062,386</u>

6. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net Book Value	
			2010	2009
Computer software	<u>\$ 6,150</u>	<u>\$ 615</u>	<u>\$ 5,535</u>	<u>\$ -</u>

7. VANCOUVER FOUNDATION

The Board of Directors has established an endowment fund with the Vancouver Foundation. The capital of the fund is held permanently in trust by the Vancouver Foundation. The endowment is invested with the income paid at least annually to the Community Foundation of the South Okanagan for distribution to non-profit charitable organizations and for such other charitable purposes contributing to the mental, moral, cultural and physical improvement of the inhabitants of the South Okanagan.

As the Vancouver Foundation controls the endowment, the principal of that endowment is not included on the statement of financial position.

As at December 31, 2010 the endowment had a cost of \$206,994 (2009 - \$206,994) and a fair market value of \$218,344 (2009 - \$213,648).

COMMUNITY FOUNDATION OF THE SOUTH OKANAGAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

8. INTERFUND TRANSFERS

	Operating	Flow Through	Income and Grants	Endowment
Investment administration fees	\$ 50,632	\$ -	\$ (50,632)	\$ -
Allocation of grants to administration	7,596	(3,000)	(4,596)	-
Cash transferred	1,240	11,010	(15,108)	2,858
Allocation of interest income	9,171	-	(9,171)	-
Income re-invested in endowments	-	-	(13,701)	13,701
	<u>\$ 68,639</u>	<u>\$ 8,010</u>	<u>\$ (93,208)</u>	<u>\$ 16,559</u>

9. RESTRICTED FUNDS

The restricted fund balances in the Endowment Fund are subject to donor restrictions which state that the capital must be held in perpetuity. The earnings may be utilized to meet the foundation's goals or reinvested in the endowment. Restricted funds in the Flow Through Fund are restricted for future distributions in accordance with the general wishes of the donors.