

Squamish Community Foundation
Financial Statements
For the year ended December 31, 2017

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Financial Statements
For the year ended December 31, 2017**

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Independent Auditor's Report

To the Board of the Squamish Community Foundation

We have audited the accompanying financial statements of Squamish Community Foundation, which comprise the Statement of Financial Position as at December 31, 2017 and the Statements of Operations, Changes in Net Assets and Cash Flows 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 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 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.

Basis for Qualified Opinion

In common with many charitable organizations, Squamish Community Foundation derives revenue from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of Squamish Community Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to donation revenue, excess of revenue over expenses, and cash flows from operations for the years ended December 31, 2017 and 2016, current assets as at December 31, 2017 and 2016, and net assets as at January 1 and December 31 for both 2017 and 2016 years. Our audit opinion on the financial statements for the year ended December 31, 2016 was modified accordingly because of the possible effects of this limitation in scope.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Squamish Community Foundation as at December 31, 2017 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 Societies Act (British Columbia), we report that, in our opinion, the accounting principles in Canadian Accounting Standards for not-for-profit organizations have been applied on a consistent basis.

BDO Canada LLP.

Chartered Professional Accountants

Whistler, British Columbia

October 18, 2018

Squamish Community Foundation
Statement of Financial Position

December 31	2017	2016
Assets		
Current		
Cash (Note 2)	\$ 54,130	\$ 81,517
Accounts receivable	1,435	3,005
	55,565	84,522
Cash held for endowment funds (Note 2)	170,573	48,539
Term deposits (Note 3)	91,239	141,988
Portfolio investments (Note 3)	237,793	236,735
	\$ 555,170	\$ 511,784
 Liabilities and Net Assets		
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 641	\$ 1,419
 Net Assets (Note 8)		
Restricted for Endowment Funds		
Wild At Art Fund	2,974	3,044
Rob W. MacIntosh Fund	60,806	60,882
L & L Ingraham Endowment Fund	181,475	159,026
Music Making Squamish Fund	10,000	-
SCF Fund	68,087	63,130
Communities That Care Fund	29,576	29,939
Ray Peters Fund	5,431	5,451
Ron Anderson Memorial Scholarship	29,306	-
Grad Legacy Fund	8,207	8,392
Valhalla Fund	72,110	66,151
Realtors Fund	14,098	13,690
Squamish Terminals Endowment Fund	17,535	17,557
	499,605	427,262
Flow-through Funds	8,575	7,927
Internally Restricted Funds	3,871	3,871
Unrestricted Operating Fund	42,478	71,305
	554,529	510,365
	\$ 555,170	\$ 511,784

On behalf of the Board:



Director



Director

The accompanying notes are an integral part of these financial statements.

Squamish Community Foundation
Statement of Changes in Net Assets

	Endowment Funds (Note 8)	Flow-through Funds (Note 8)	Internally and Unrestricted (Note 8)	2017	2016
Fund balances, December 31, 2016	\$ 427,262	\$ 7,927	\$ 75,176	\$ 510,365	\$ 449,266
Allocation of revenue and expenses:					
Donation revenue	78,854	32,500	5,475	116,829	71,131
Grants and sponsorship (Note 4)	-	-	6,225	6,225	4,659
Investment and other income	5,872	-	-	5,872	7,589
Administration fee	(6,408)	-	6,408	-	-
Donations granted	(5,975)	(41,344)	(5,856)	(53,175)	(10,000)
Operating costs	-	(508)	(31,079)	(31,587)	(12,280)
Excess of revenue over expenses for the year	72,343	(9,352)	(18,827)	44,164	61,099
Interfund transfer	-	10,000	(10,000)	-	-
Fund balances, December 31, 2017	\$ 499,605	\$ 8,575	\$ 46,349	\$ 554,529	\$ 510,365

The accompanying notes are an integral part of these financial statements.

Squamish Community Foundation
Statement of Operations

For the year ended December 31	2017	2016
Revenue		
Donations	\$ 116,829	\$ 71,131
Grants and sponsorship (Note 4)	6,225	4,659
Investment income	7,270	9,969
	<u>130,324</u>	<u>85,759</u>
Expenses		
Administration	23,022	6,011
Advertising and fundraising	2,228	2,644
Donations granted	53,175	10,000
Office expenses	6,217	3,191
Website	120	434
	<u>84,762</u>	<u>22,280</u>
Income from operations for the year	45,562	63,479
Other income		
Unrealized loss on portfolio investments	<u>(1,398)</u>	<u>(2,380)</u>
Excess of revenue over expenses for the year	\$ 44,164	\$ 61,099

Squamish Community Foundation
Statement of Cash Flows

For the year ended December 31	2017	2016
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenses for the year	\$ 44,164	\$ 61,099
Item not involving cash		
Unrealized loss on portfolio investments	1,398	2,380
	45,562	63,479
Changes in non-cash working capital balances		
Accounts receivable	1,570	(1,395)
Accounts payable and accrued liabilities	(778)	1,419
	792	24
	46,354	63,503
Investing activities		
Sale of term deposits and portfolio investments	48,293	48,265
Increase in cash held for endowment funds	(122,034)	(48,539)
	(73,741)	(274)
Increase (decrease) in cash during the year	(27,387)	63,229
Cash, beginning of year	81,517	18,288
Cash, end of year	\$ 54,130	\$ 81,517

The accompanying notes are an integral part of these financial statements.

Squamish Community Foundation

Notes to the Financial Statements

December 31, 2017

1. Significant Accounting Policies

Purpose of the Foundation The Squamish Community Foundation ("Foundation") was incorporated under the Society Act of British Columbia. The purpose of the Foundation is to improve the quality of life by distributing donations and the earnings from a permanent growing endowment of funds, to charitable organizations in Squamish. On November 28, 2016, the Society Act (British Columbia) was replaced with the Societies Act (British Columbia). The Society is currently in the process of transitioning to the new act.

Fund Accounting The Foundation follows the restricted fund method of accounting for contributions. Revenue and expenses related to program delivery and administrative expenses are reported in the Restricted Endowment Funds and the Unrestricted Operating Fund. These funds report unrestricted and restricted resources with restricted grants being allocated to the respective Restricted Endowment funds, and internally generated revenue and general grants and donations being allocated to the Unrestricted Operating Fund. The Internally Restricted Fund reports internally restricted assets set aside for future projects.

Basis of Presentation These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Revenue Recognition Donations and grants are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured. The Foundation follows the restricted fund method of accounting for contributions. Restricted donations and grants are recorded as revenue and expenses to the respective funds only. All other unrestricted donations and grants are recorded in the Unrestricted Operating Fund.

Income Taxes The Foundation is a registered charity, designated as a public foundation, under the Income Tax Act and is exempt from tax as per section 149(1) of the Income Tax Act.

Donated Goods and Services The Foundation recognizes goods donated in kind at their fair market value. The Foundation does not recognize donated services.

Squamish Community Foundation

Notes to the Financial Statements

December 31, 2017

1. Significant Accounting Policies (Continued)

Use of Estimates 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 amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Areas requiring management to exercise judgment on the determination of estimates include but are not limited to, collectibility of accounts receivable, the completeness of accounts payable and accrued liabilities, and the allocation of administration expenses to funds.

Actual results could differ from management's best estimates as additional information becomes available and may impact future periods.

Administration Fee All administrative and operating costs are charged to the Unrestricted Operating Fund. In order to recover these costs, an administrative fee is then charged from the unrestricted operating fund to each individual fund based on 1.5% of fund balance.

Financial Instruments The Foundation's financial instruments consist of cash, cash held for endowment funds, accounts receivable, portfolio investments, term deposits and accounts payable and accrued liabilities. The Foundation measures its portfolio investments at fair value. All other financial instruments are measured at amortized cost using the effective interest rate method. Financial assets are tested for impairment when changes in circumstances indicate an asset could be impaired.

2. Cash and Cash Equivalents

The Foundation's bank accounts are held at one chartered bank and one BC credit union. The bank accounts earn interest at the current prevailing rates.

Cash held for endowments represents cash and equivalents received for permanent endowment funds that has not yet been invested. Cash held for endowments is classified as a long-term asset as it is not available for operations.

Squamish Community Foundation

Notes to the Financial Statements

December 31, 2017

3. Portfolio Investments and Term Deposits

All of the Foundation's investments are managed by one investment manager. Portfolio investments are stated at fair value determined by quoted bid prices where available from active markets. Term deposits earn interest at rates ranging between 2.33% and 2.55% (2016 - 2.15% and 2.55%) and mature between June 4, 2018 and June 6, 2019.

It is the intention of the Foundation to maintain these funds as a permanent endowment to support each specific fund and therefore have been classified as long term assets.

After year end, the Society transferred \$440,000 to the Vancouver Foundation to establish the Squamish Community Foundation Transferable Fund (the "Transferable Fund"). The Transferable Fund will be managed by the Vancouver Foundation with the investment income to be used for the Society's charitable objectives. The Society may redeem the capital of this fund in whole or in part upon written request and in accordance with the policies of the Vancouver Foundation.

4. Grants and sponsorship

The Foundation has donated amounts to establish a permanent, non-revocable, endowment fund with the Vancouver Foundation (the "Non-Revocable Fund"). In return, the Vancouver Foundation matched the donated amounts and grants the interest income that is earned on the combined funds back to the Squamish Community Foundation. This income is recorded as grant revenue and is credited to the Unrestricted Operating Fund. In 2017, \$6,225 (2016 - \$4,659) was received from the Vancouver Foundation.

The cumulative balance donated to the Non-Revocable Fund since the fund's inception to December 31, 2017 is \$110,000, and it has an estimated market value of \$137,437 as at December 31, 2017 (2016 - \$132,563).

5. Remuneration of Directors, Employees and Contractors

On November 28, 2016 the Society Act (British Columbia) was repealed and replaced with the Societies Act (British Columbia) ("New Act"). The New Act requires that all Societies transition to the New Act before November 28, 2018. The Foundation is currently in the process of transitioning to the New Act. The New Act requires that the Foundation disclose the total remuneration paid to the Directors, for either being a director or for acting in another capacity, as well as the total number of employees or contractors with annual remuneration equal to or greater than \$75,000 and the aggregate remuneration of those employees.

During the year the amounts paid to Directors of the Foundation for acting in their noted capacity was \$nil (2016 - \$nil). A total of 0 (2016 - 0) employees received remuneration in excess of \$75,000 which resulted in expenditure of \$nil (2016 - \$nil).

Squamish Community Foundation Notes to the Financial Statements

December 31, 2017

6. Financial Instruments Risks

The Association, through its financial instruments, is exposed to various risks. The following analysis provides an assessment of those risks as at December 31, 2017.

(a) Interest Rate Risk

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Foundation is exposed to fluctuations in interest rates which impact the fair value and future cash flows on its investments in term deposits and portfolio investments where the instrument or the underlying security are linked to interest rates, such as fixed income, mortgage and bond funds. As at December 31, 2017, the fair value of instruments subject to interest rate risk totaled \$329,032 (2016 - \$378,723).

(b) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Foundation is exposed to fluctuations in market prices for securities on its portfolio investments which are invested in various funds. At December 31, 2017 the fair value of the Foundation's portfolio investments totaled \$237,793 (2016 - \$236,735).

(c) 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 fluctuations in foreign exchange rates on its portfolio investments where the instrument or the underlying security are denominated in a foreign currency. At December 31, 2017 the fair value of the Foundation's portfolio investments in which all or a portion of the underlying security was denominated in a foreign currency totaled \$55,381 (2016 - \$54,379) in Canadian dollars.

(d) 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 is potentially exposed to credit risk on its cash (Note 2), portfolio investments and term deposits (Note 3). To mitigate this risk, the Foundation has deposited its cash and investments with reputable financial institutions.

It is management's opinion that the Foundation is not exposed to significant liquidity risk arising from financial instruments. There have been no changes in the Foundation's exposure to financial instruments risks from previous years.

7. Comparative Figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

Squamish Community Foundation
Notes to the Financial Statements

December 31, 2017

8. Fund Balances for the Year Ended December 31, 2017

	2016 Balance	Donation Revenue	Grants and Sponsorship Revenue	Investment and Other Income	Administration Fee	Donations Granted	Operating Costs	Excess (Deficiency) of Revenue over Expenses	Interfund Transfer	2017 Balance
<u>Endowment Funds</u>										
Communities that Care Fund	\$ 29,939	\$ 350	\$ -	\$ 411	\$ (449)	\$ (675)	\$ -	\$ (363)	\$ -	\$ 29,576
Grad Legacy Fund	8,392	20	-	115	(126)	(194)	-	(185)	-	8,207
L & L Ingraham Fund	159,026	25,000	-	2,186	(2,385)	(2,352)	-	22,449	-	181,475
Music Making Squamish Fund	-	10,000	-	-	-	-	-	10,000	-	10,000
Ray Peters Fund	5,451	100	-	75	(82)	(113)	-	(20)	-	5,431
Realtors Fund	13,690	800	-	188	(205)	(375)	-	408	-	14,098
Rob W. MacIntosh Fund	60,882	-	-	837	(913)	-	-	(76)	-	60,806
Ron Anderson Memorial Scholarship Fund	-	30,306	-	-	-	(1,000)	-	29,306	-	29,306
SCF Fund	63,130	5,036	-	868	(947)	-	-	4,957	-	68,087
Squamish Terminals Fund	17,557	-	-	241	(263)	-	-	(22)	-	17,535
Valhalla Environment Fund	66,151	7,242	-	909	(992)	(1,200)	-	5,959	-	72,110
Wild at Art Endowment Fund	3,044	-	-	42	(46)	(66)	-	(70)	-	2,974
Total	427,262	78,854	-	5,872	(6,408)	(5,975)	-	72,343	-	499,605
<u>Flow-Through Funds</u>										
Canada 150 Fund	-	30,000	-	-	-	(40,000)	-	(10,000)	10,000	-
Neighbourhood Small Grant Fund	-	2,500	-	-	-	(1,344)	(508)	648	-	648
Wigglesworth Fund	7,927	-	-	-	-	-	-	-	-	7,927
Total	7,927	32,500	-	-	-	(41,344)	(508)	(9,352)	10,000	8,575
<u>Unrestricted and Internally Restricted Funds</u>										
Internally Restricted Fund	3,871	-	-	-	-	-	-	-	-	3,871
Unrestricted Operating Fund	71,305	5,475	6,225	-	6,408	(5,856)	(31,079)	(18,827)	(10,000)	42,478
	\$ 510,365	\$ 116,829	\$ 6,225	\$ 5,872	\$ -	\$ (53,175)	\$ (31,587)	\$ 44,164	\$ -	\$ 554,529