

Financial Statements of

**ALTONA COMMUNITY  
FOUNDATION INC.**

Year ended September 30, 2013



**KPMG LLP**  
**Chartered Accountants**  
Suite 2000 – One Lombard Place  
Winnipeg MB R3B 0X3  
Canada

Telephone (204) 957-1770  
Fax (204) 957-0808  
Internet [www.kpmg.ca](http://www.kpmg.ca)

## INDEPENDENT AUDITORS' REPORT

To the Directors of Altona Community Foundation Inc.

We have audited the accompanying financial statements of Altona Community Foundation Inc., which comprise the statement of financial position as at September 30, 2013, the statements of operations, changes in fund balances and cash flows for the year then ended, and notes, comprising 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.

### *Auditors' 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 our 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, we consider 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 not-for-profit organizations, Altona Community Foundation Inc. derives revenue from fund raising activities, 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 Altona Community Foundation Inc. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenues and excess of revenues over expenses reported in the statement of operations, excess of revenues over expenses reported in the statement of cash flows and current assets reported in the statement of financial position as at September 30, 2013 and fund balances reported in the statement of financial position as at October 1, 2012 and September 30, 2013.

*Qualified Opinion*

In our opinion, except for the possible effect on the financial statements of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Altona Community Foundation Inc. as at September 30, 2013, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

*Comparative Information*

Without modifying our opinion, we draw attention to Note 1 of the financial statements which describes that Altona Community Foundation Inc. adopted Canadian accounting standards for not-for-profit organizations on October 1, 2012 with a transition date of October 1, 2011. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statements of financial position as at September 30, 2012 and October 1, 2011, and the statements of operations, changes in fund balances and cash flows for the year ended September 30, 2012, and related disclosures. We were not engaged to report on the restated comparative information, and as such, it is unaudited.

*KPMG LLP*

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Chartered Accountants

January 9, 2014

Winnipeg, Canada

# ALTONA COMMUNITY FOUNDATION INC.

## Statement of Financial Position

September 30, 2013, with comparative information for September 30, 2012 and October 1, 2011

	September 30, 2013	September 30, 2012	October 1, 2011
		(unaudited)	(unaudited)
<b>Assets</b>			
Current assets:			
Cash and cash equivalents (note 3)	\$ 110,050	\$ 134,747	\$ 49,922
GST recoverable	95	149	135
Interest receivable	22,732	25,032	20,793
	<u>132,877</u>	<u>159,928</u>	<u>70,850</u>
Long-term investments (note 4)	1,010,045	971,203	963,609
	<u>\$ 1,142,922</u>	<u>\$ 1,131,131</u>	<u>\$ 1,034,459</u>

## Liabilities and Fund Balances

Current liabilities:			
Accounts payable and accrued liabilities	\$ 2,500	\$ -	\$ -
Grants payable	21,800	28,635	27,870
	<u>24,300</u>	<u>28,635</u>	<u>27,870</u>
Fund balances:			
Operating	3,340	4,362	4,879
Undistributed income	30,758	36,200	24,445
Youth IP Fund	-	6	6
Curtis Klassen Memorial	6,205	5,429	4,025
Contributed capital	1,078,319	1,056,499	973,234
	<u>1,118,622</u>	<u>1,102,496</u>	<u>1,006,589</u>
	<u>\$ 1,142,922</u>	<u>\$ 1,131,131</u>	<u>\$ 1,034,459</u>

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# ALTONA COMMUNITY FOUNDATION INC.

## Statement of Operations and Changes in Fund Balances

Year ended September 30, 2013

	Operating Fund	Undistributed income	Contributed capital	Curtis Klassen Memorial Fund	Youth IP Fund	Total
<b>Revenue:</b>						
Donations	\$ 8,903	\$ -	\$ 21,820	\$ 4,300	\$ -	\$ 35,023
Interest	-	39,308	-	29	-	39,337
	8,903	39,308	21,820	4,329	-	74,360
<b>Expenses:</b>						
Advertising and promotion	1,757	-	-	-	-	1,757
Annual meeting dinner	1,433	-	-	-	-	1,433
Bank charges	7	-	-	3	-	10
Grants	-	44,750	-	-	-	44,750
Meetings	403	-	-	-	-	403
Memberships	450	-	-	-	-	450
Office supplies	763	-	-	-	-	763
Professional fees	2,500	-	-	-	-	2,500
Salaries and benefits	1,020	-	-	-	-	1,020
Youth activities and bursaries	-	-	-	3,550	-	3,550
Website	1,598	-	-	-	-	1,598
	9,931	44,750	-	3,553	-	58,234
Excess (deficiency) of revenue over expenses	(1,028)	(5,442)	21,820	776	-	16,126
Fund balances, beginning of year (unaudited)	4,362	36,200	1,056,499	5,429	6	1,102,496
Inter fund transfers	6	-	-	-	(6)	-
Fund balances, end of year	\$ 3,340	\$ 30,758	\$ 1,078,319	\$ 6,205	\$ -	\$ 1,118,622

See accompanying notes to financial statements.

# ALTONA COMMUNITY FOUNDATION INC.

## Statement of Operations and Changes in Fund Balances

Year ended September 30, 2012 (unaudited)

	Operating Fund	Undistributed income	Contributed capital	Curtis Klassen Memorial Fund	Youth IP Fund	Total
<b>Revenue:</b>						
Donations	\$ 6,611	\$ -	\$ 83,265	\$ 5,389	\$ -	\$ 95,265
Interest	-	52,490	-	15	-	52,505
	6,611	52,490	83,265	5,404	-	147,770
<b>Expenses:</b>						
Advertising and promotion	2,070	-	-	-	-	2,070
Annual meeting dinner	2,430	-	-	-	-	2,430
Bank charges	5	-	-	-	-	5
Grants	-	40,735	-	-	-	40,735
Meetings	128	-	-	-	-	128
Memberships	450	-	-	-	-	450
Office supplies	149	-	-	-	-	149
Salaries and benefits	581	-	-	-	-	581
Youth activities and bursaries	-	-	-	4,000	-	4,000
Website	1,315	-	-	-	-	1,315
	7,128	40,735	-	4,000	-	51,863
Excess (deficiency) of revenue over expenses	(517)	11,755	83,265	1,404	-	95,907
Fund balances, beginning of year (unaudited)	4,879	24,445	973,234	4,025	6	1,006,589
Fund balances, end of year	\$ 4,362	\$ 36,200	\$ 1,056,499	\$ 5,429	\$ 6	\$ 1,102,496

See accompanying notes to financial statements.

# ALTONA COMMUNITY FOUNDATION INC.

## Statement of Cash Flows

Year ended September 31, 2013, with comparative information for 2012

	2013	2012
		(unaudited)
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 16,126	\$ 95,907
Net change in non-cash working capital balances relating to operations:		
GST recoverable	54	(14)
Interest receivable	2,300	(4,240)
Accounts payable	2,500	-
Grants payable	(6,835)	765
	<u>14,145</u>	<u>92,418</u>
Investing activities:		
Increase in investments, net	(38,842)	(22,400)
Increase (decrease) in cash	(24,697)	70,018
Cash and cash equivalents, beginning of year	134,747	64,729
Cash and cash equivalents, end of year	<u>\$ 110,050</u>	<u>\$ 134,747</u>

See accompanying notes to financial statements.

# ALTONA COMMUNITY FOUNDATION INC.

Notes to Financial Statements

Year ended September 31, 2013

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## 1. General:

Altona Community Foundation Inc. (the "Foundation") is a self-funded organization, which raises funds to provide funding through grants for projects relating to youth, education, health and other local community development initiatives for the area of Altona, Manitoba including Gretna, Rosenfeld and Rhineland. The foundation utilizes the interest and donations received in funds to make the grants.

The Foundation was incorporated in the Province of Manitoba as a not-for-profit organization and is a registered charity under the *Income Tax Act*.

On October 1, 2012, the Foundation adopted Canadian Accounting Standards for Not-For-Profit Organizations (NPO Standards) in Part III of the Canadian Institute of Chartered Accountants (CICA) Handbook. These are the first financial statements prepared in accordance with the NPO Standards.

In accordance with the transitional provisions in the NPO Standards, the Foundation has adopted the changes retrospectively, subject to certain exemptions allowed under these standards. The transition date is October 1, 2011 and all comparative information provided has been presented by applying the NPO Standards.

There were no adjustments to net assets as at October 1, 2011 or to excess of revenue over expenditures for the year ended September 30, 2012 as a result of the transition to the NPO standards.

## 2. Significant accounting policies:

### (a) Fund accounting:

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

The Operating Fund consists of contributions for which donors have not designated a specific purpose as well as revenue related to general fundraising. This fund is utilized for general operations, website and related expenses.

Capital funds are contributions designated by donors to remain in perpetuity. The interest income earned and donations received by these funds are either restricted by the donor for specific use, or used by the Foundation for granting purposes. The Foundation has three main capital funds:



# ALTONA COMMUNITY FOUNDATION INC.

Notes to Financial Statements

Year ended September 31, 2013

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## 2. Significant accounting policies (continued):

### (i) Undistributed income:

This fund represents the interest income generated by contributed capital held for endowment purposes less grants that are approved for disbursement by the Board.

### (ii) Contributed capital:

This designated fund is solely an endowment fund which holds designated contributions from donors into perpetuity for purposes of generating interest income for granting purposes by the Board as noted in (i).

### (ii) Curtis Klassen Memorial Fund:

This designated fund consists of restricted contributions related to specific area relating to youth activities and bursaries.

### (b) Revenue recognition:

Externally restricted contributions are recognized as revenue when received or receivable in the restricted funds if the amount to be received can be reasonably estimated and collection is reasonably assured. Unrestricted contributions are recognized as revenue when received or receivable in the unrestricted fund, if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as revenue when received into the contributed capital fund.

Restricted income is recognized and allocated to the specific designated fund.

### (c) Contributed services:

Volunteers are an integral part of carrying out the activities of the Foundation. Contributed services are not recognized in the financial statements because of the difficulty in determining their fair market value.

### (d) Grants:

Grants are expensed in the fiscal year for which they are approved. Grants that are approved but unpaid as at year end are recorded as a liability (grants payable). Approved grants are disbursed when all the guideline requirements have been met.

# ALTONA COMMUNITY FOUNDATION INC.

Notes to Financial Statements

Year ended September 31, 2013

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## 2. Significant accounting policies (continued):

### (d) Cash and cash equivalents:

The Foundation considers cash and cash equivalents to be liquid investments with original maturity of three months or less.

### (e) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Foundation has elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Foundation determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Foundation expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

### (f) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

# ALTONA COMMUNITY FOUNDATION INC.

Notes to Financial Statements

Year ended September 31, 2013

### 3. Cash and cash equivalents:

The Foundation maintains a chequing account as well as savings accounts with Access Credit Union. Cash and cash equivalents are comprised of the following:

	September 30, 2013	September 30, 2012 (unaudited)	October 1, 2011 (unaudited)
Non-Profit Chequing	\$ 5,847	\$ 9,949	\$ 60
Savings for Granting	32,083	35,880	41,495
VIP Surplus Shares	5,853	6,324	2,927
Savings for investments	149	3,159	1,409
Savings Youth IP	–	6	6
Curtis Klassen Fund	6,118	5,429	4,025
GICs maturing within three months	60,000	74,000	–
	<u>\$ 110,050</u>	<u>\$ 134,747</u>	<u>\$ 49,922</u>

### 4. Long term investments:

	September 30, 2013	September 30, 2012 (unaudited)	October 1, 2011 (unaudited)
GICs non-redeemable	\$ 1,010,045	\$ 971,203	\$ 963,609

The guaranteed investment certificates (GICs) have an effective interest rate of 2.90 percent to 4.50 percent (2012 - 3.30 percent to 5.25 percent) and mature between 2013 and 2018.

### 5. Financial risks:

Credit risk:

The Foundation is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts when due or requested. The Foundation's more significant concentration of credit risk is its investments in guaranteed investment certificates maintained with Access Credit Union.

# ALTONA COMMUNITY FOUNDATION INC.

Notes to Financial Statements

Year ended September 31, 2013

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## 5. Financial risks (continued):

Liquidity risk:

Liquidity risk is the risk that the organization will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Foundation manages its liquidity risk by monitoring its operating requirements. The Foundation on an annual basis, assess cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposures from 2012.

Interest rate risk:

Interest rate risk is the risk that the fair value of future cash flows or a financial instrument will fluctuate because of changes in the market interest rates. The Foundation is exposed to interest rate risk on its guaranteed investment certificates maintained with Access Credit Union. Further details about the investment are included in note 4. There has been no change to the risk exposures from 2012.