

**PHOENIX FOUNDATION OF THE BOUNDARY COMMUNITIES**

**FINANCIAL STATEMENTS**

**MARCH 31, 2014**

**PHOENIX FOUNDATION OF THE BOUNDARY COMMUNITIES**

**FINANCIAL STATEMENTS**

**MARCH 31, 2014**

**INDEX**

**INDEPENDENT AUDITORS REPORT**

**STATEMENT A -Statement of Operations**

**STATEMENT B -Statement of Changes in Fund Balances**

**STATEMENT C -Statement of Financial Position**

**STATEMENT D -Statement of Cash Flows**

**NOTES TO FINANCIAL STATEMENTS**



# Kemp Harvey Burch Kientz Inc.

Certified General Accountants  
A Proud Member of Kemp Harvey Group Inc.

J. R. (Jim) Burch, CPA, FCGA  
Sylvia Burch, CPA, CGA  
K. Sarah Kientz, CPA, CGA  
Tel: 250.442.2121  
Fax: 250.442.5825

---

## INDEPENDENT AUDITORS REPORT

To the members of Phoenix Foundation of the Boundary Communities

We have audited the accompanying financial statements of Phoenix Foundation of the Boundary Communities, which comprise the statement of financial position as at March 31, 2014, and the statements of operations, changes in fund balances and cash flows for the year ended March 31, 2014, 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 audit opinion.

## Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Phoenix Foundation of the Boundary Communities as at March 31, 2014, and its financial performance 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 British Columbia Society Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Grand Forks, BC  
September 17, 2014

*Kemp Harvey Burch Kientz Inc.*  
CERTIFIED GENERAL ACCOUNTANTS

**PHOENIX FOUNDATION OF THE BOUNDARY COMMUNITIES**  
**STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED MARCH 31, 2014**

STATEMENT A

	Operations	Income, Grants and Flow Thru	Endowment	2014	2013
<b>REVENUES</b>					
Endowment contributions					
◆Agency	\$ -	\$ -	\$ 3,999	\$ 3,999	\$ 744
◆Community	-	-	5,258	5,258	7,991
◆Designated	-	-	2,718	2,718	196
◆Donor Advised	-	-	101,300	101,300	101,000
◆Field of Interest	-	-	4,769	4,769	350
◆Scholarship	-	-	7,500	7,500	8,050
Flow thru grants and contributions	-	62,716	-	62,716	51,221
Fundraising and other contributions	-	-	-	-	8,004
Investment income - Note 5	-	11,930	200,689	212,619	170,970
	<u>-</u>	<u>74,646</u>	<u>326,233</u>	<u>400,879</u>	<u>348,526</u>
<b>EXPENDITURES</b>					
Administrative and office services	3,162	-	-	3,162	8,522
Amortization	-	-	-	-	549
Board meetings	213	-	-	213	149
Insurance	1,017	-	-	1,017	998
Investment management fees	-	-	17,504	17,504	16,229
Membership dues	25	-	-	25	506
Office and general	389	-	-	389	153
Professional fees	5,818	-	-	5,818	2,084
Promotion and advertising	988	-	-	988	2,784
Public meetings and events	1,596	-	-	1,596	2,744
Travel and conferences	-	-	-	-	1,277
Y Shift	-	-	-	-	500
	<u>13,208</u>	<u>-</u>	<u>17,504</u>	<u>30,712</u>	<u>36,495</u>
<b>AVAILABLE BEFORE DISTRIBUTIONS</b>	<b>(13,208)</b>	<b>74,646</b>	<b>308,729</b>	<b>370,167</b>	<b>312,031</b>
<b>DISTRIBUTIONS</b>					
Grants	-	44,574	-	44,574	53,038
Flow thru	-	50,240	-	50,240	49,670
	<u>-</u>	<u>94,814</u>	<u>-</u>	<u>94,814</u>	<u>102,708</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AFTER DISTRIBUTIONS</b>	<b>\$ (13,208)</b>	<b>\$ (20,168)</b>	<b>\$ 308,729</b>	<b>\$ 275,353</b>	<b>\$ 209,323</b>

See accompanying notes to financial statements

**PHOENIX FOUNDATION OF THE BOUNDARY COMMUNITIES**  
**STATEMENT OF CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED MARCH 31, 2014**

STATEMENT B

	Operations	Income, Grants and Flow Thru	Endowment	2014	2013
Beginning balance	\$ 12,667	\$ 69,095	\$ 1,936,793	\$ 2,018,555	\$ 1,809,232
Excess (deficiency) of revenues over expenditures after distributions - Statement A	<u>(13,208)</u>	<u>(20,168)</u>	<u>308,729</u>	<u>275,353</u>	<u>209,323</u>
	(541)	48,927	2,245,522	2,293,908	2,018,555
Interfund transfers - Note 6	<u>17,123</u>	<u>38,187</u>	<u>(55,310)</u>	<u>-</u>	<u>-</u>
	16,582	87,114	2,190,212	2,293,908	2,018,555

See accompanying notes to financial statements

**PHOENIX FOUNDATION OF THE BOUNDARY COMMUNITIES**  
**STATEMENT OF FINANCIAL POSITION**  
**MARCH 31, 2014**

STATEMENT C

	Operations	Income, Grants and Flow Thru	Endowment	2014	2013
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash	\$ 41,200	\$ 52,893	\$ 1,150	\$ 95,243	\$ 71,338
Goods and services tax receivable	2,034	-	-	2,034	1,399
Interfund receivable (payable)	(22,988)	22,988	-	-	-
Prepaid expenses	667	-	-	667	632
	<u>20,913</u>	<u>75,881</u>	<u>1,150</u>	<u>97,944</u>	<u>73,369</u>
INVESTMENTS - Notes 2 & 7	<u>-</u>	<u>11,233</u>	<u>2,189,062</u>	<u>2,200,295</u>	<u>1,947,746</u>
	<u>\$ 20,913</u>	<u>\$ 87,114</u>	<u>\$ 2,190,212</u>	<u>\$ 2,298,239</u>	<u>\$ 2,021,115</u>

**LIABILITIES**

Accounts payable	\$ 4,331	\$ -	\$ -	\$ 4,331	\$ 2,560
------------------	----------	------	------	----------	----------

**FUND BALANCES** - Statement B

EXTERNALLY RESTRICTED - Note 8	-	37,416	2,173,065	2,210,481	1,943,943
INTERNALLY RESTRICTED - Note 9	400	21,507	-	21,907	17,381
UNRESTRICTED	<u>16,182</u>	<u>28,191</u>	<u>17,147</u>	<u>61,520</u>	<u>57,231</u>
	<u>16,582</u>	<u>87,114</u>	<u>2,190,212</u>	<u>2,293,908</u>	<u>2,018,555</u>
	<u>\$ 20,913</u>	<u>\$ 87,114</u>	<u>\$ 2,190,212</u>	<u>\$ 2,298,239</u>	<u>\$ 2,021,115</u>

APPROVED ON BEHALF OF THE FOUNDATION

\_\_\_\_\_ Director

\_\_\_\_\_ Director

See accompanying notes to financial statements

**PHOENIX FOUNDATION OF THE BOUNDARY COMMUNITIES**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED MARCH 31, 2014**

STATEMENT D

	Operations	Income, Grants and Flow Thru	Endowment	2014	2013
<b>OPERATIONS</b>					
Receipts from contributions and fundraising	\$ -	\$ 62,716	\$ 125,545	\$ 188,261	\$ 177,556
Receipts from investment income	-	11,650	62,868	74,518	77,868
Payments to suppliers for goods and services	(11,472)	-	(16,998)	(28,470)	(38,408)
Distributions made	-	(94,814)	-	(94,814)	(102,708)
Payments of goods and services tax	(635)	-	-	(635)	(1,399)
<b>CASH PROVIDED (USED)</b>	<b>(12,107)</b>	<b>(20,448)</b>	<b>171,415</b>	<b>138,860</b>	<b>112,909</b>
<b>INVESTMENTS</b>					
Proceeds (acquisition) of investments	-	-	(114,954)	(114,954)	(143,025)
<b>INCREASE (DECREASE) IN CASH</b>	<b>(12,107)</b>	<b>(20,448)</b>	<b>56,461</b>	<b>23,906</b>	<b>(30,116)</b>
<b>BEGINNING CASH</b>	<b>23,244</b>	<b>48,094</b>	<b>-</b>	<b>71,338</b>	<b>101,454</b>
<b>INTERFUND TRANSFERS</b>	<b>30,063</b>	<b>25,247</b>	<b>(55,310)</b>	<b>-</b>	<b>-</b>
<b>ENDING CASH</b>	<b>\$ 41,200</b>	<b>\$ 52,893</b>	<b>\$ 1,151</b>	<b>\$ 95,244</b>	<b>\$ 71,338</b>

See accompanying notes to financial statements



**PHOENIX FOUNDATION OF THE BOUNDARY COMMUNITIES**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2014**

---

**Note 1 PURPOSE OF THE ORGANIZATION**

The purpose of the Foundation is to make the Boundary area a better place to live and work by distributing the earnings from a permanent ever-growing pool of funds.

The Foundation is incorporated under the *Society Act of British Columbia*. It is a registered charity within the definition of the *Income Tax Act* and therefore is exempt from income taxes and may issue charitable donation receipts to donors.

---

**Note 2 SIGNIFICANT ACCOUNTING POLICIES**

**a) Basis of Presentation**

The financial statements of the Foundation have been prepared, in accordance with Canadian accounting standards for not-for-profit organizations.

**b) Use of estimates**

When preparing financial statements, according to Canadian accounting standards for not-for-profit organizations, estimates are made and assumptions relating to:

- Reported amounts of revenue and expenditures
- Reported amounts of assets and liabilities
- Disclosure of contingent assets and liabilities

Assumptions are based on a number of factors including historical experience, current events, actions that the Foundation may undertake in the future, and other assumptions that are believed to be reasonable under the circumstances. Actual results could differ from those estimates under different conditions and assumptions. Estimates are used when accounting for certain items such as accrued interest receivable, useful lives of capital assets, accrued liabilities.

**c) Fund accounting**

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

The Operations Fund reports the operating and administrative activities of the Foundation and includes contributions towards administrative activities, capital asset acquisitions and amortization and operating expenditures.

The Income, Grants and Flow Thru Fund reports investment income earned and designated for distribution, grants received for distribution, flow thru contributions and disbursements made and all other distributions.

Donations for endowment are recognized as revenue in the Endowment Fund. The Endowment Fund reports, income earned, gains and losses and management fees paid, on investments.

**d) Revenue recognition**

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

Flow Thru grants and contributions are recognized as revenue in the Income, Grants and Flow Thru Fund.

Contributions for endowment and investment income earned from endowments are recognized as revenue in the Endowment Fund.

All other investment income is recognized as revenue in the Income, Grants and Flow Thru Fund.

**Note 2 SIGNIFICANT ACCOUNTING POLICIES, continued**

**e) Foreign currency translation**

Foreign currency denominated monetary assets and liabilities are translated to Canadian dollars at the exchange rate in effect at the Statement of Financial Position date. Foreign currency denominated non-monetary assets and liabilities are translated to Canadian dollars at the exchange rate in effect on the transaction date. Revenue and expenditure items are translated at the average exchange rate for the period. Foreign exchange gains or losses are included in the determination of excess of revenue and gains over expenditure and losses for the year.

**f) Contributed services**

Volunteers contribute many hours per year to assist the Foundation in carrying out its activities. Because of the difficulty of determining their fair value, contributed services are not recognized in these financial statements.

**g) Investments**

The Foundation accounts for investments in publicly traded shares at fair value, determined using market prices on the stock exchanges at the Statement of Financial Position date. The resulting unrealized gains or losses are reported in income. All investments are held at the Vancouver Foundation and TD Waterhouse, where the Foundation has no significant influence.

---

**Note 3 FINANCIAL INSTRUMENTS**

The Foundation's financial instruments consist of cash, interest receivable, marketable securities and accounts payable. It is the opinion of management that The Foundation is exposed to financial risks that arise from systematic market risk, unsystematic individual securities risk, credit risk, liquidity risk and the fluctuation of currency exchange rates and interest rates.

**Systematic market risk**

The Foundation is exposed to financial risk that arises from systematic market risk as the result of investments in marketable securities subject to public stock and bond market fluctuations and volatility. Interest rates, recession and wars all represent sources of systematic risk because they affect the entire market and cannot be avoided through diversification.

**Unsystematic market risk**

Unsystematic risk affects a very specific group of securities or an individual security. The diversification of the Foundation's investments provides protection from unsystematic risk but the risk still remains.

**Credit risk**

Credit risk is the risk that a company or government will be unable to pay the contractual interest or principal on its debt obligations to the Foundation. Cash, interest receivable and marketable securities are potentially impacted. Cash is held with reputable and major financial institutions. Other interest bearing investments are issued by high-credit corporations, financial institutions and governments. The risk of non-performance of these instruments is normally considered to be remote.

**Liquidity risk**

The Foundation is exposed to liquidity risk in meeting its obligations associated with financial liabilities, which is dependent on receipt of funds from contributors.

**Note 3 FINANCIAL INSTRUMENTS , continued**

**Currency risk**

The exposure to currency risk is the result of approximately 9.5% of the fair value of marketable securities being held in foreign currency with the resulting revenues being incurred in foreign currency. These balances are therefore subject to gain or losses due to fluctuations in that currency.

**Interest rate risk**

The Foundation is exposed to the risk that an investment's value will change as a result of a change in interest rates. The risk affects the value of bonds and other fixed income investments more directly than stocks. Bonds and fixed income investments comprise approximately 32% of the fair value of the marketable securities held.

**Fair value**

The cash, interest receivable and accounts payable are short-term financial instruments whose fair value approximates their carrying values.

The investments are long-term financial instruments and are shown at fair market values.

**Note 4 COMPARATIVE FIGURES**

Certain 2013 comparative figures have been adjusted where applicable to conform with the presentation used in the current year.

**Note 5 INVESTMENT INCOME**

	Operations	Income, Grants and Flow Thru	Endowment	2014	2013
Interest and dividends	\$ -	\$ 11,930	\$ 63,710	\$ 75,640	\$ 78,865
Realized gains (losses)	-	-	30,315	30,315	3,050
Unrealized gains (losses)	-	-	106,664	106,664	89,055
	<u>\$ -</u>	<u>\$ 11,930</u>	<u>\$ 200,689</u>	<u>\$ 212,619</u>	<u>\$ 170,970</u>

**Note 6 INTERFUND TRANSFERS**

	Operations	Income, Grants and Flow Thru	Endowment
Administration fees	\$ 16,653	\$ (16,653)	\$ -
Distributions	-	56,427	(56,427)
Distributions transferred back to endowments	-	(1,587)	1,587
Miscellaneous fund transfers	470	-	(470)
	<u>\$ 17,123</u>	<u>\$ 38,187</u>	<u>\$ (55,310)</u>

**Note 7 INVESTMENTS**

	2014	2013
<b>Vancouver Foundation</b>		
Endowment Fund, before adjustment to fair value	\$ 317,292	\$ 317,292
<b>TD Waterhouse</b>		
Cash and securities, before adjustment to fair value	1,639,537	1,553,705
Allowance for unrealized gains (losses) on investments	225,219	59,624
Accrued interest receivable	<u>18,247</u>	<u>17,125</u>
	<b>\$ 2,200,295</b>	<b>\$ 1,947,746</b>

---

**Note 8 EXTERNALLY RESTRICTED FUNDS**

The fund balances in the Income, Grants and Flow Thru Fund are restricted for future distributions in accordance with the agreement established with the donor.

The fund balances in the Endowment Fund are restricted, at the request of the donors, or were earned through fundraising activities, for the purpose of being held in perpetuity.

---

**Note 9 INTERNALLY RESTRICTED FUNDS**

The fund balances in the Operations Fund consist of funds set aside by the Board of Directors for future capital expenditures.

The fund balances in the Income, Grants and Flow Thru Fund consist of funds approved by the Board of Directors for specific grants.

---