

PHOENIX FOUNDATION OF THE BOUNDARY COMMUNITIES

Financial Statements

Year Ended March 31, 2015

PHOENIX FOUNDATION OF THE BOUNDARY COMMUNITIES

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Year Ended March 31, 2015

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KEMP HARVEY BURCH KIENTZ INC.

Chartered Professional Accountants

Proud Member of the Kemp Harvey Group Inc.

Burnaby • Coquitlam • Grand Forks • Kelowna • Osoyoos • Penticton • Terrace • Vernon

INDEPENDENT AUDITOR'S 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, 2015 and the statements of operations, changes in fund balances 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 audit opinion.

(continues)

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, 2015 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 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, British Columbia
September 28, 2015

Kemp Harvey Burch Kientz Inc.
CHARTERED PROFESSIONAL ACCOUNTANTS

PHOENIX FOUNDATION OF THE BOUNDARY COMMUNITIES

Statement of Operations

For the Year Ended March 31, 2015

	Operations	Income, Grants and Flow Thru	Endowment	2015	2014
REVENUES					
Endowment contributions	\$ -	\$ -	\$ 145,470	\$ 145,470	\$ 125,544
Flow thru grants and contributions	-	71,184	-	71,184	62,646
Fundraising and other contributions	2,717	1,083	-	3,800	70
Investment income (Note 4)	-	12,505	151,067	163,572	212,619
	2,717	84,772	296,537	384,026	400,879
EXPENDITURES					
Administration and bookkeeping	7,528	-	-	7,528	6,456
Amortization of tangible assets	222	-	-	222	-
Audit and legal	3,093	-	-	3,093	2,524
Insurance	1,716	-	-	1,716	1,017
Investment management fees	-	-	19,403	19,403	17,504
Meetings and events	424	-	-	424	1,809
Memberships	544	-	-	544	25
Office	541	-	-	541	389
Promotion and advertising	362	-	-	362	988
Vital signs	-	14,483	-	14,483	70
	14,430	14,483	19,403	48,316	30,782
AVAILABLE BEFORE DISTRIBUTIONS	(11,713)	70,289	277,134	335,710	370,097
DISTRIBUTIONS					
Grants and flow thru	-	129,168	-	129,168	94,744
EXCESS OF REVENUES OVER EXPENDITURES	\$ (11,713)	\$ (58,879)	\$ 277,134	\$ 206,542	\$ 275,353

See accompanying notes to financial statements

PHOENIX FOUNDATION OF THE BOUNDARY COMMUNITIES

Statement of Changes in Fund Balances

Year Ended March 31, 2015

	Operations	Income, Grants and Flow Thru	Endowment	2015	2014
BEGINNING OF YEAR	\$ 21,332	\$ 82,365	\$ 2,190,212	\$ 2,293,909	\$ 2,018,556
Excess (deficiency) of revenues over expenditures after distributions	(11,713)	(58,879)	277,134	206,542	275,353
Interfund transfers	10,709	73,432	(84,141)	-	-
	-	-	-	-	-
END OF YEAR	20,328	96,918	2,383,205	2,500,451	2,293,909

See accompanying notes to financial statements

PHOENIX FOUNDATION OF THE BOUNDARY COMMUNITIES

Statement of Financial Position

March 31, 2015

	Operations	Income, Grants and Flow Thru	Endowment	2015	2014
ASSETS					
CURRENT					
Cash and banks	\$ 36,504	\$ 50,796	\$ 44,325	\$ 131,625	\$ 95,244
Goods and services tax recoverable	3,034	-	-	3,034	2,034
Prepaid expenses	-	-	-	-	666
Interfund receivable (payable)	(15,005)	34,403	(19,398)	-	-
	24,533	85,199	24,927	134,659	97,944
TANGIBLE CAPITAL ASSETS (Notes 3, 5)	1,125	-	-	1,125	-
INVESTMENTS, at market value (Note 6)	-	11,719	2,358,278	2,369,997	2,200,295
	\$ 25,658	\$ 96,918	\$ 2,383,205	\$ 2,505,781	\$ 2,298,239
LIABILITIES AND NET ASSETS					
CURRENT					
Accounts payable	\$ 5,330	\$ -	\$ -	\$ 5,330	\$ 4,331
FUND BALANCES					
Unrestricted net assets	15,178	-	-	15,178	16,182
Internally restricted net assets (Note 7)	5,150	51,519	17,147	73,816	67,245
Externally restricted net assets (Note 8)	-	45,399	2,366,058	2,411,457	2,210,481
	20,328	96,918	2,383,205	2,500,451	2,293,908
	\$ 25,658	\$ 96,918	\$ 2,383,205	\$ 2,505,781	\$ 2,298,239

ON BEHALF OF THE BOARD

_____ Director

_____ Director

See accompanying notes to financial statements

PHOENIX FOUNDATION OF THE BOUNDARY COMMUNITIES

Statement of Cash Flows

Year Ended March 31, 2015

	Operations	Income, Grants and Flow Thru	Endowment	2015	2014
OPERATING ACTIVITIES					
Cash receipts from contributions and investments	\$ 2,718	\$ 84,286	\$ 219,619	\$ 306,623	\$ 262,778
Cash paid to suppliers	(12,542)	(14,483)	(19,403)	(46,428)	(29,045)
Grant distributions	-	(129,168)	-	(129,168)	(94,744)
Goods and services tax	(1,000)	-	-	(1,000)	(635)
Cash flow from operating activities	(10,824)	(59,365)	200,216	130,027	138,354
INVESTING ACTIVITIES					
Purchase of tangible capital assets	(1,347)	-	-	(1,347)	-
Acquisition of marketable securities	-	-	(92,298)	(92,298)	(114,448)
Cash flow from (used by) investing activities	(1,347)	-	(92,298)	(93,645)	(114,448)
FINANCING ACTIVITY					
Interfund transfers	7,475	57,268	(64,743)	-	-
Cash flow from financing activity	7,475	57,268	(64,743)	-	-
INCREASE (DECREASE) IN CASH FLOW	(4,696)	(2,097)	43,175	36,382	23,906
Cash - beginning of year	41,200	52,893	1,150	95,243	71,337
CASH - END OF YEAR	\$ 36,504	\$ 50,796	\$ 44,325	\$ 131,625	\$ 95,243
CASH CONSISTS OF:					
Cash and banks	\$ 36,504	\$ 50,796	\$ 44,325	\$ 131,625	\$ 95,243

See accompanying notes to financial statements

PHOENIX FOUNDATION OF THE BOUNDARY COMMUNITIES

Notes to Financial Statements

Year Ended March 31, 2015

1. PURPOSE OF THE FOUNDATION

Phoenix Foundation of the Boundary Communities (the "Foundation") is a not-for-profit organization incorporated under the Societies Act of British Columbia. As a registered charity the Foundation is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

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

2. BASIS OF PRESENTATION

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPPO).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund accounting

Phoenix Foundation of the Boundary Communities follows the restricted fund method of accounting for contributions.

The Operating 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.

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 in the year received.

Contributions for endowment are recognized as revenue in the Endowment Fund in the year received. Investment income earned from endowments is recognized as revenue in the year it is received or receivable if the amount to be recorded can be reasonably estimated and collection is reasonably assumed.

All other investment income is recognized as revenue in the Income, Grants and Flow Thru Fund when it is received or receivable if the amount to be recorded can be reasonably estimated and collection is reasonably assumed.

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PHOENIX FOUNDATION OF THE BOUNDARY COMMUNITIES

Notes to Financial Statements

Year Ended March 31, 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currency translation

Accounts in foreign currencies have been translated into Canadian dollars using the temporal method. Under this method, monetary assets and liabilities have been translated at the year end exchange rate. Non-monetary assets have been translated at the rate of exchange prevailing at the date of transaction. Revenues and expenses have been translated at the average rates of exchange during the year.

Foreign exchange gains and losses on monetary assets and liabilities are included in the determination of earnings.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Investments

Investments for which there are quoted prices in an active market are carried at fair value. Unrealized gains or losses are reported as part of net income. Investments for which there is not an active market are carried at amortized cost except when it is established that their value is impaired. Impairment losses, or reversal of previously recognized impairment losses, are reported as part of net income.

Tangible capital assets

Tangible capital assets are stated at cost or deemed cost less accumulated amortization. Tangible capital assets are amortized over their estimated useful lives on a declining balance basis at the following rates and methods:

Computer equipment	33%	declining balance method
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The Foundation regularly reviews its tangible capital assets to eliminate obsolete items.

Contributed services

The operations of the organization depend on the contribution of time by volunteers. The fair value of services cannot be reasonably determined and is therefore not reflected in these financial statements.

4. INVESTMENT INCOME

	<u>2015</u>	<u>2014</u>
Interest and dividends	\$ 85,496	\$ 75,640
Realized gains (losses)	33,038	28,864
Unrealized gains (losses)	45,038	108,115
	<u>\$ 163,572</u>	<u>\$ 212,619</u>

PHOENIX FOUNDATION OF THE BOUNDARY COMMUNITIES

Notes to Financial Statements

Year Ended March 31, 2015

5. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2015 Net book value	2014 Net book value
Computer equipment	\$ 3,349	\$ 2,224	\$ 1,125	\$ -

6. INVESTMENTS

	2015	2014
Vancouver Foundation, at cost	\$ 317,294	\$ 317,292
National Bank, at cost	1,776,471	-
TD Waterhouse, at cost	-	1,639,537
Allowance for unrealized gains (losses) on investments	258,659	225,219
Accrued interest receivable	17,573	18,247
	<u>\$ 2,369,997</u>	<u>\$ 2,200,295</u>

7. INTERNALLY RESTRICTED NET ASSETS

	2015	2014
Operations		
Equipment replacement	\$ 400	\$ 400
Board convening	4,750	5,000
	<u>\$ 5,150</u>	<u>\$ 5,400</u>
Income, Grants and Flow Thru		
Grants payable	\$ 11,818	\$ 16,507
Available for granting	39,701	28,191
	<u>\$ 51,519</u>	<u>\$ 44,698</u>

The fund balance in the Endowment Fund consist of funds set aside by the Board of Directors to be held in perpetuity.

8. EXTERNALLY RESTRICTED NET ASSETS

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 of the Flow Thru Fund.

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.

PHOENIX FOUNDATION OF THE BOUNDARY COMMUNITIES

Notes to Financial Statements

Year Ended March 31, 2015

9. FINANCIAL INSTRUMENTS

The Foundation is exposed to various risks through its financial instruments. The following analysis provides information about the Foundation's risk exposure and concentration as of March 31, 2015.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Foundation is exposed to credit risk through its investment income. In order to reduce its credit risk, the Foundation 's 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 remote.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Foundation is exposed to this risk mainly in respect of its receipt of funds from its contributors.

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. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk.

Currency risk

The exposure to currency risk is the result of approximately 10% 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 loss due to fluctuations in that currency.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. The risk affects the value of bonds and other fixed income investments more directly than stocks. Bonds and fixed income investments comprise of approximately 39% of the fair value of the marketable securities held.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Foundation is exposed to other price risk through its investment in public stocks and bonds.

10. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.
