

**PHOENIX FOUNDATION OF THE BOUNDARY COMMUNITIES**

**Financial Statements**

**Year Ended March 31, 2016**

# PHOENIX FOUNDATION OF THE BOUNDARY COMMUNITIES

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Year Ended March 31, 2016

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# KEMP HARVEY BURCH KIENTZ INC.

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## INDEPENDENT AUDITOR'S REPORT

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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, 2016 and the statements of revenues and expenditures, 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.

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Independent Auditor's Report to the Members of Phoenix Foundation of the Boundary Communities (continued)

**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, 2016 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 Matter**

As required by the British Columbia Society Act, we report that, in our opinion, the accounting principles in Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

Grand Forks, British Columbia  
September 6, 2016

*Kemp Harvey Burch Kientz Inc.*  
CHARTERED PROFESSIONAL ACCOUNTANTS

**PHOENIX FOUNDATION OF THE BOUNDARY COMMUNITIES**

**Statement of Revenues and Expenditures**

**For the Year Ended March 31, 2016**

	Operations	Income, Grants and Flow Thru	Endowment	2016	2015
<b>REVENUES</b>					
Endowment contributions	\$ -	\$ -	\$ 105,286	\$ 105,286	\$ 145,470
Flow thru grants and contributions	-	76,960	-	76,960	71,184
Fundraising and other contributions	2,503	-	-	2,503	3,800
Investment income (loss) (Note 4)	37	13,055	(86,278)	(73,186)	163,572
	2,540	90,015	19,008	111,563	384,026
<b>EXPENDITURES</b>					
Administration and bookkeeping	9,878	-	-	9,878	7,528
Amortization of tangible assets	371	-	-	371	222
Audit and legal	3,126	-	-	3,126	3,093
Insurance	1,050	-	-	1,050	1,716
Investment management fees	-	-	21,368	21,368	19,403
Meetings and events	1,435	-	-	1,435	424
Memberships	606	-	-	606	544
Office	697	-	-	697	541
Promotion and advertising	481	-	-	481	362
Travel and conference	1,931	-	-	1,931	-
Vital signs	-	1,883	-	1,883	14,483
	19,575	1,883	21,368	42,826	48,316
AVAILABLE BEFORE DISTRIBUTIONS	(17,035)	88,132	(2,360)	68,737	335,710
<b>DISTRIBUTIONS</b>					
Grants and flow thru	-	160,051	-	160,051	129,168
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	\$ (17,035)	\$ (71,919)	\$ (2,360)	\$ (91,314)	\$ 206,542

See accompanying notes to financial statements

**PHOENIX FOUNDATION OF THE BOUNDARY COMMUNITIES**

**Statement of Changes in Fund Balances**

**Year Ended March 31, 2016**

	Operations	Income, Grants and Flow Thru	Endowment	2016	2015
<b>BEGINNING OF YEAR</b>	\$ 20,327	\$ 96,918	\$ 2,383,205	\$ <b>2,500,450</b>	\$ 2,293,908
Excess (deficiency) of revenues over expenditures	(17,035)	(71,919)	(2,360)	<b>(91,314)</b>	206,542
Interfund transfers	38,674	32,542	(71,216)	-	-
<b>END OF YEAR</b>	41,966	57,541	2,309,629	<b>2,409,136</b>	2,500,450

See accompanying notes to financial statements

**PHOENIX FOUNDATION OF THE BOUNDARY COMMUNITIES**

**Statement of Financial Position**

**March 31, 2016**

	Operations	Income, Grants and Flow Thru	Endowment	2016	2015
<b>ASSETS</b>					
<b>CURRENT</b>					
Cash and banks	\$ 48,107	\$ 49,842	\$ 2,943	\$ 100,892	\$ 131,625
Goods and services tax recoverable	688	-	-	688	3,034
Interfund receivable (payable)	(2,545)	4,485	(1,940)	-	-
	46,250	54,327	1,003	101,580	134,659
TANGIBLE CAPITAL ASSETS (Notes 3, 5)	753	-	-	753	1,124
INVESTMENTS, at market value (Note 6)	-	3,214	2,308,626	2,311,840	2,369,997
	\$ 47,003	\$ 57,541	\$ 2,309,629	\$ 2,414,173	\$ 2,505,780
<b>LIABILITIES AND NET ASSETS</b>					
<b>CURRENT</b>					
Accounts payable	\$ 5,037	\$ -	\$ -	\$ 5,037	\$ 5,330
<b>FUND BALANCES</b>					
Unrestricted net assets	36,516	-	-	36,516	15,178
Internally restricted net assets (Note 7)	5,450	35,152	29,147	69,749	73,816
Externally restricted net assets (Note 8)	-	22,389	2,280,482	2,302,871	2,411,456
	41,966	57,541	2,309,629	2,409,136	2,500,450
	\$ 47,003	\$ 57,541	\$ 2,309,629	\$ 2,414,173	\$ 2,505,780

**APPROVED BY THE DIRECTORS**

\_\_\_\_\_ Director

\_\_\_\_\_ Director

See accompanying notes to financial statements

**PHOENIX FOUNDATION OF THE BOUNDARY COMMUNITIES**

**Statement of Cash Flows**

**Year Ended March 31, 2016**

	Operations	Income, Grants and Flow Thru	Endowment	2016	2015
<b>OPERATING ACTIVITIES</b>					
Cash receipts from contributions and investments	\$ 2,540	\$ 98,520	\$ 180,405	\$ 281,465	\$ 306,623
Cash paid to suppliers	(19,497)	(1,883)	(21,366)	(42,748)	(46,428)
Grant distributions	-	(160,051)	-	(160,051)	(129,168)
Goods and services tax	2,346	-	-	2,346	(1,000)
Cash flow from operating activities	(14,611)	(63,414)	159,039	81,012	130,027
<b>INVESTING ACTIVITIES</b>					
Purchase of tangible capital assets	-	-	-	-	(1,347)
Acquisition of marketable securities	-	-	(111,747)	(111,747)	(92,298)
Cash flow from (used by) investing activities	-	-	(111,747)	(111,747)	(93,645)
<b>FINANCING ACTIVITY</b>					
Interfund transfers	26,214	62,460	(88,674)	-	-
Cash flow from financing activity	26,214	62,460	(88,674)	-	-
<b>INCREASE (DECREASE) IN CASH FLOW</b>	11,603	(954)	(41,382)	(30,733)	36,382
Cash - beginning of year	36,504	50,796	44,325	131,625	95,243
<b>CASH - END OF YEAR</b>	\$ 48,107	\$ 49,842	\$ 2,943	\$ 100,892	\$ 131,625
<b>CASH CONSISTS OF:</b>					
Cash and banks	\$ 48,107	\$ 49,842	\$ 2,943	\$ 100,892	\$ 131,625

See accompanying notes to financial statements



# PHOENIX FOUNDATION OF THE BOUNDARY COMMUNITIES

## Notes to Financial Statements

Year Ended March 31, 2016

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### 1. PURPOSE OF THE FOUNDATION

Phoenix Foundation of the Boundary Communities (the "Foundation") is a not-for-profit organization incorporated under the Society's 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's mission is "Building a Better Boundary"

It fulfills its mission by:

Perpetuity - Establishing a growing capital fund whose earnings will be used to meet a wide range of local charitable needs and interests;

Development - Attracting contributions in the form of permanent endowments either with or without restriction or designation;

Investment - Maintaining the purchasing power of funds entrusted to the Foundation while achieving maximum returns consistent with prudent investment;

Grant-making - Making wise and effective distributions to meet the communities' needs while respecting specific directions of the donors;

Community Leadership - Providing leadership to the communities in identifying problems, opportunities and appropriate responses.

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### 2. BASIS OF PRESENTATION

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

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### 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 endowment investments.

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# PHOENIX FOUNDATION OF THE BOUNDARY COMMUNITIES

## Notes to Financial Statements

Year Ended March 31, 2016

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

#### 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. The main estimates include estimated useful lives of tangible capital assets and accrued liabilities.

#### 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.

#### 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.

#### Investments

Investments for which there are quoted prices in an active market are carried at fair value, determined using market prices on the stock exchanges at the year end date. The 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.

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# PHOENIX FOUNDATION OF THE BOUNDARY COMMUNITIES

## Notes to Financial Statements

Year Ended March 31, 2016

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

#### 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>2016</u>	<u>2015</u>
Interest and dividends	\$ 87,276	\$ 85,496
Realized gains (losses)	(18,612)	33,038
Unrealized gains (losses)	(141,850)	45,038
	<u>\$ (73,186)</u>	<u>\$ 163,572</u>

### 5. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	<u>2016 Net book value</u>	2015 Net book value
Computer equipment	\$ 3,349	\$ 2,596	<u>\$ 753</u>	<u>\$ 1,124</u>

### 6. INVESTMENTS

	<u>2016</u>	<u>2015</u>
Vancouver Foundation, at cost	\$ 317,293	\$ 317,294
National Bank, at cost	1,894,715	1,776,471
Allowance for unrealized gains (losses) on investments	91,699	258,659
Accrued interest receivable	8,133	17,573
	<u>\$ 2,311,840</u>	<u>\$ 2,369,997</u>

# PHOENIX FOUNDATION OF THE BOUNDARY COMMUNITIES

## Notes to Financial Statements

Year Ended March 31, 2016

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### 7. INTERNALLY RESTRICTED NET ASSETS

	<u>2016</u>	<u>2015</u>
<b>Operations</b>		
Equipment replacement	\$ 700	\$ 400
Board convening	<u>4,750</u>	<u>4,750</u>
	<u>\$ 5,450</u>	<u>\$ 5,150</u>
<b>Income, Grants and Flow Thru</b>		
Grants payable	\$ 26,482	\$ 11,818
Available for granting	<u>8,670</u>	<u>39,701</u>
	<u>\$ 35,152</u>	<u>\$ 51,519</u>

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

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### 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.

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### 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, 2016.

#### 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.

#### 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 market risk as the investments in publicly traded securities are subject to fluctuations due to price changes in the market. The prices can also be affected by changes in interest rates and foreign currency exchange rates.

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# PHOENIX FOUNDATION OF THE BOUNDARY COMMUNITIES

## Notes to Financial Statements

Year Ended March 31, 2016

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### 9. FINANCIAL INSTRUMENTS *(continued)*

#### Currency risk

Currency risk is the risk that fair value of a financial instrument will fluctuate due to change in foreign exchange rates. The exposure to currency risk is the result of approximately 7.6% 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 market 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 33% of the fair value of the marketable securities held.

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