

Chilliwack Foundation

Financial Statements

June 30, 2011



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INDEPENDENT AUDITORS' REPORT

To the Directors

We have audited the accompanying financial statements of Chilliwack Foundation which comprise the statement of financial position as at June 30, 2011, the statements of operations, changes in cash flows and changes in net assets 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 generally accepted accounting principles, 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 an 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 audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Chilliwack Foundation as at June 30, 2011, and its results of operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

Chilliwack, B.C.

September 12, 2011

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Chilliwack Foundation

Statement of Operations

Year Ended June 30, 2011, with comparative figures for 2010

	Distributable Income Fund (Schedule 1)	Common Trust Fund (Schedule 2)	Total 2011	Total 2010
Revenue				
Interest and dividends	\$ 261,763	\$ -	\$ 261,763	\$ 253,372
Donations and bequests	-	262,499	262,499	132,243
Gain (loss) on sale of investments	-	(7,149)	(7,149)	(17,780)
	<u>261,763</u>	<u>255,350</u>	<u>517,113</u>	<u>367,835</u>
Expenses				
Administration	21,988	-	21,988	18,456
Program	1,811	-	1,811	2,254
Chilliwack Bruins disbursements	-	131,921	131,921	46,885
	<u>23,799</u>	<u>131,921</u>	<u>155,720</u>	<u>67,595</u>
Excess Revenue over Expenses	<u>237,964</u>	<u>123,429</u>	<u>361,393</u>	<u>300,240</u>

See accompanying notes to financial statements.

Chilliwack Foundation

Statement of Changes in Net Assets

June 30, 2011, with comparative figures for 2010

	Distributable Income Fund	Common Trust Fund			2011 Total	2010 Total
		Contributed Principal	Excess of Revenue over Expenses	Cumulative unrealized gain (loss)		
Net assets, beginning of year	124,985	4,542,385	809,084	709,322	6,060,791	5,749,695
Excess of revenue over expenses	237,964	130,578	(7,149)	-	123,429	300,240
Realization of previously reported unrealized gains	-	-	109,410	(109,410)	-	-
Unrealized gain (loss) on available for sale financial assets	-	-	-	648,655	648,655	391,010
Awards and grants distributed (Note 6)	(208,370)	-	-	-	(208,370)	(255,169)
Net assets, end of year	154,579	4,672,963	911,345	1,248,567	6,832,875	6,185,776

Chilliwack Foundation

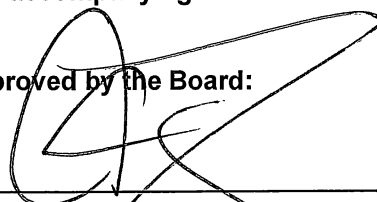
Statement of Financial Position


June 30, 2011, with comparative figures for 2010

	2011	2010
ASSETS		
Current Assets		
Cash	\$ 6,890	\$ 219,727
Accounts receivable	<u>1,165</u>	<u>424</u>
	8,055	220,151
Investments at Market Value (Note 3)	<u>6,991,449</u>	<u>5,975,125</u>
	<u>\$ 6,999,504</u>	<u>\$ 6,195,276</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ <u>12,050</u>	\$ <u>9,500</u>
Net Assets		
Distributable income fund (Schedule 1)	154,579	124,985
Common trust fund (Schedule 2)	<u>6,832,875</u>	<u>6,060,791</u>
	<u>6,987,454</u>	<u>6,185,776</u>
	<u>\$ 6,999,504</u>	<u>\$ 6,195,276</u>
Commitments (Note 4)		

See accompanying notes to financial statements.

Approved by the Board:


 _____ Chairman


 _____ Treasurer

Chilliwack Foundation

Statement of Cash Flows

June 30, 2011, with comparative figures for 2010

	Distributable Income Fund	Common Trust Fund	2011	2010
Cash provided by (used for) the following activities				
Operating Activities				
Excess of revenues over expenses	\$ 237,964	\$ 123,429	\$ 361,393	\$ 300,240
Loss on sale of investments	-	7,149	7,149	17,780
Decrease (increase) in accrued interest	(16,901)	-	(16,901)	3,540
Awards and grants distributed	(208,370)	-	(208,370)	(255,169)
	<u>12,693</u>	<u>130,578</u>	<u>143,271</u>	<u>66,391</u>
Changes in working capital accounts				
Accounts receivable	(743)	-	(743)	377
Accounts payable	<u>2,550</u>	<u>-</u>	<u>2,550</u>	<u>1,053</u>
	<u>1,807</u>	<u>-</u>	<u>1,807</u>	<u>1,430</u>
Financing Activities				
Interfund transfers	<u>(14,500)</u>	<u>14,500</u>	<u>-</u>	<u>-</u>
Investing Activities				
Purchase of long-term investments	-	(1,680,241)	(1,680,241)	(1,116,887)
Proceeds on disposal of long-term investments	<u>-</u>	<u>1,322,326</u>	<u>1,322,326</u>	<u>906,403</u>
	<u>-</u>	<u>(357,915)</u>	<u>(357,915)</u>	<u>(210,484)</u>
Increase (decrease) in cash resources	-	(212,837)	(212,837)	(142,663)
Cash resources, beginning of year	<u>-</u>	<u>219,727</u>	<u>219,727</u>	<u>362,390</u>
Cash resources, end of year	<u>\$ -</u>	<u>\$ 6,890</u>	<u>\$ 6,890</u>	<u>\$ 219,727</u>

Chilliwack Foundation

Notes to the Financial Statements

June 30, 2011

1. Purpose of Chilliwack Foundation

The Chilliwack Foundation was created by an Act of the British Columbia provincial legislature on June 28, 1985. This perpetual body was created to receive donations in trust so that the net annual income from such donations would be devoted perpetually to charitable purposes, principally within or near the boundaries of the former Regional District of Fraser-Cheam (as defined within the Act), in British Columbia.

2. Accounting Policies

The following accounting policies used by the Foundation are stated below to assist in understanding the financial statements.

General

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

Fund Accounting

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

Common Trust Fund

The Common Trust Fund comprises those assets contributed for perpetual management by the Foundation. The contributions within the fund are further segregated into a general or specific fund category according to the terms of the donor. The Foundation exercises discretionary investment control within guidelines established by the Board of Directors.

Distributable Income Fund

The Distributable Income Fund accounts for all revenue, expenses and net assets of the Foundation which are available for distribution within the guidelines of the Foundation.

Contributions and Distributions

Contributions are recognized upon receipt as revenue within the Common Trust Fund. Distributions are recognized as reductions to the Distributable Income Fund when paid by the Foundation.

Chilliwack Foundation

Notes to the Financial Statements

June 30, 2011

2. Accounting policies (*Continued*)

Investments and Investment Income

Investments are valued at current market prices on the last day of the fiscal year. Unrealized gains or losses arising from the revaluation of investments to current market prices are recognized as a separate component of net assets. Realized gains or losses arising from investment transactions are reflected in the Common Trust Fund. The Foundation has entered into a pooled investment arrangement whereby investment income is allocated between general and specifically donated funds, held within the Common Trust Fund, based on the average net asset balance during the year.

Non-publicly traded investments are recorded at cost for one year from the date the investment is made unless there is a transaction within that year which established a different value for the investment or there is a significant change within that year in the Foundation's expectations. After one year from the date of the investment, non-publicly traded investments are recorded at market value, based upon reliable and objective evidence of value.

Market value for non-publicly traded investments is determined on the basis of generally accepted valuation methods which best and most objectively reflect the expected value that would be agreed upon in an open and unrestricted market between fully informed, knowledgeable and willing parties dealing at arm's length and without constraints.

The process of valuing investments from which no public market exists is inevitably based on inherent uncertainties and the resulting values that would have been used had a ready market existed for the investments. These differences could be material to the fair value of the investment portfolio.

Revenue Recognition

Contributions are recognized on the earlier of when they are received or when the deeds of gift have been approved.

Bequests are recorded upon receipt of the donated assets. Bequests in a form other than cash or marketable securities are recorded at fair value as determined by the Board.

Interest on bonds, debentures and short-term notes is recorded using the accrual basis. Dividends which have been declared are recorded as income on the last date of record set for the dividend. Interest and dividends are recorded as revenue in the Distributable Income Fund.

Operating Expenses

Administration and program expenses are recorded using the accrual basis.

Chilliwack Foundation

Notes to the Financial Statements

June 30, 2011

2. Accounting policies (Continued)

Use of Estimates

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Financial Instruments

The Foundation has classified the following financial assets as available-for-sale: investments in government bonds and equity investments. These assets are initially recognized at their fair value, determined by published price quotations in an active market. Transactions to purchase or sell these items are recorded on the settlement date, and transaction costs directly attributable to their acquisition are included in the fair value cost of these assets, while transaction costs arising from their disposal are immediately recognized in income.

Available-for-sale financial assets are subsequently measured at their fair value. Investments in equity instruments that do not have a quoted market price in an active market are measured at cost. Gains and losses arising from changes in fair value, except for impairment losses and foreign exchange translation adjustments, are recognized in Net Assets until the financial asset is sold or otherwise derecognized. Upon derecognition, the cumulative gain or loss previously recognized in Net Assets is transferred to net income.

Recent accounting pronouncements

In October 2010, the Accounting Standards Board (AcSB) approved the accounting standards for private sector not-for-profit organizations (NFPOs) to be included in Part III of the CICA Handbook-Accounting ("Handbook"). Part III will comprise:

- The existing "4400 series" of standards dealing with the unique circumstances of NFPOs, currently in Part V of the Handbook; and
- The new accounting standards for private enterprises in Part II of the Handbook, to the extent that they would apply to NFPOs.

Effective for fiscal years beginning on or after January 1, 2012, private sector NFPOs will have the option to adopt either Part III of the Handbook or International Financial Reporting Standards (IFRS). Earlier adoption is permitted. The Foundation expects to adopt Part III of the Handbook as its new financial reporting standards. The Foundation has not yet determined the impact of the adoption of Part III of the Handbook on its financial statements.

Chilliwack Foundation

Notes to the Financial Statements

June 30, 2011

3. Financial instruments

The Foundation as part of its operations carries a number of financial instruments. It is management's opinion that the Foundation is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

Fair Value of Financial Instruments

The fair value of the Foundations financial instruments has been summarized below:

	2011		2010	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
Financial assets				
<i>Held for Trading</i>				
Cash and cash equivalents	\$ 6,890	\$ 6,890	\$ 219,727	\$ 219,727
<i>Available for Sale</i>				
Fixed Income	2,433,227	2,420,054	1,347,047	1,387,923
Equities	<u>3,309,653</u>	<u>4,571,395</u>	<u>3,918,756</u>	<u>4,587,202</u>
	5,742,880	6,991,449	5,265,803	5,975,125
Financial liabilities				
<i>Other financial liabilities</i>				
Accounts Payable and accruals	12,050	12,050	9,500	9,500

Financial Assets

Held for Trading

Cash and cash equivalents are recorded at their fair value, which is approximated by their initial carrying value, due to their short term nature.

Available for Sale

Except for investments in equity instruments for which a quoted market price is not available, which are recorded at cost, investments are recorded at their fair value. Fair value is determined by reference to published price quotations in an active market.

Financial Liabilities

Other Financial Liabilities

Accounts payable and accruals are recorded at their fair value, which is approximated by their initial carrying value, due to their short term nature.

Chilliwack Foundation

Notes to the Financial Statements

June 30, 2011

4. Commitments

The Foundation has committed to scholarships, awards and grants totaling \$127,032 at June 30, 2011. Payment of these awards and grants are conditional on the recipients meeting certain criteria and providing certain supporting information.

On June 3rd, 2010 the Foundation committed to distribute from the general fund a further total of \$100,000 to the Chilliwack General Hospital by December 31, 2014. Of this commitment, \$100,000 is remaining at June 30, 2011.

5. Subsequent events

On July 22, 2011, the total accumulated net assets of the Chilliwack Bruins Fund as at June 30, 2010, \$77,842 (*Schedule 2*) were disbursed to the Chilliwack Bruins Hockey Club Ltd.

Chilliwack Foundation

Notes to the Financial Statements

June 30, 2011

6. Awards and Grants Distributed

Grants and distributions were made as follows:

	2011	2010
General fund		
147 Airwolf Air Cadets Parent Association	3,000	-
Ann Davis Transition Society	-	9,500
Canadian Red Cross Society	5,155	-
City of Chilliwack - Chilliwack Arts & Cultural Centre	3,398	33,564
Chilliwack Academy of Music	12,250	5,846
Chilliwack Community Services	-	12,815
Chilliwack Learning Community Association	-	4,125
Chilliwack Museum & Archives	8,088	2,500
Chilliwack School of Performing Arts	2,680	-
Chilliwack Symphony Orchestra	15,000	15,500
Chilliwack Resource Centre	3,500	-
Chilliwack Restorative Action and Youth Advocacy Association	1,800	-
Fraser Valley Health Care Foundation	12,500	12,500
Gwynne Vaughn Park Association	-	15,600
Salvation Army	10,088	-
Sardis Doorway for Mothers	-	1,500
School District #33 - A.D. Rundle Middle	5,000	-
School District #33 - Watson Elementary	-	5,000
School District #33 - Central Elementary	-	1,500
	<u>82,459</u>	<u>119,950</u>
Specific funds		
F. Clifford Brown Memorial Scholarship	21,600	23,100
UFV - Betty Urquhart Fund	700	800
Chilliwack Community Services	21,742	22,674
UFV Scholarships and Bursaries	21,371	22,287
Chilliwack Museum and Historical Society Fund	9,881	10,304
Chilliwack Society for Community Living	2,474	2,581
The Bowes Education Fund	1,800	2,400
Dr. W.G. "Tony" Newby Memorial Scholarship Fund	3,800	1,000
B.C. Summer Games Legacy Fund:		
Educational Awards	4,000	5,000
Culture/Arts Awards	3,518	4,487
Sports/Recreation Awards	2,495	10,323
Luscombe/Von Bylburg Memorial Scholarship Fund	1,650	2,000
Chilliwack Restorative Action and Youth Advocacy Association Fund	2,465	2,570
Jack Williams Memorial Fund:		
Educational Awards	5,800	3,000
Culture/Arts Awards	1,501	1,950
Sports/Recreation Awards	1,505	1,915
Chris and Ken Jessiman Endowment Fund	5,722	5,952
Dr. Anne and Sam Sussell Scholarship Endowment Fund	1,300	1,500
Hospice Society	986	1,028
Chilliwack General Hospital Memorial Fund	5,289	5,563
Frank George Memorial Scholarship Fund	1,450	800
John & Joy Helder's Performing Arts Scholarship Fund	2,000	1,000
St. Thomas Anglican Youth Ministry Fund	2,862	2,985
	<u>125,911</u>	<u>135,219</u>
	<u>\$ 208,370</u>	<u>\$ 255,169</u>

Chilliwack Foundation

Schedule 1 - Distributable Income Fund Continuity

For the year ended June 30, 2011

	Net Assets As at <u>June 30, 2010</u>	Interest and Dividend <u>Income</u>	Awards and Grants <u>Distributed</u>	Administrative and Program <u>Expenses</u>	Net Assets As at <u>June 30, 2011</u>
General Funds	\$ (5,345)	\$ 110,714	\$ (82,459)	\$ (7,246)	\$ 15,664
Specific Funds					
F. Clifford Brown Memorial Scholarship Fund	24,942	21,441	(21,600)	(1,403)	23,380
Chilliwack Community Services	21,742	22,851	(21,742)	(1,501)	21,349
UCFV Scholarships and Bursaries	21,371	22,461	(21,371)	(1,476)	20,985
Chilliwack Society for Community Living	2,474	2,600	(2,474)	(171)	2,430
The Bowes Education Fund	2,807	2,248	(1,800)	(147)	3,108
Dr. W.G. "Tony" Newby Memorial Scholarship Fund	3,796	2,361	(3,800)	(154)	2,202
B.C. Summer Games Legacy Fund:					
Education Awards	4,955	4,419	(4,000)	(291)	5,083
Culture/Arts Awards	(265)	4,184	(3,518)	(274)	126
Sports/Recreation Awards	(248)	7,357	(2,495)	(486)	4,128
Luscombe/Von Bylburg Memorial Scholarship Fund	3,376	2,032	(1,650)	(134)	3,624
Jack Williams Memorial Fund:					
Education Awards	5,855	3,721	(5,800)	(243)	3,532
Culture/Arts Awards	(110)	1,782	(1,501)	(117)	54
Sports/Recreation Awards	(86)	1,760	(1,505)	(115)	54
Chris and Ken Jessiman Endowment Fund	5,722	6,014	(5,722)	(395)	5,619
Chilliwack Restorative Justice and Youth Diversion Assoc.	2,465	2,625	(2,465)	(172)	2,452
Anne and Sam Sussell Scholarship Endowment Fund	969	1,367	(1,300)	(89)	947
Hospice Society	986	1,036	(986)	(68)	968
Helders Scholarship Fund	9,073	4,240	(2,000)	(280)	11,034
Frank George Memorial	1,732	1,272	(1,450)	(83)	1,471
Chilliwack General Hospital Memorial Fund	5,289	14,152	(5,289)	(1,086)	13,066
St. Thomas Anglican Youth Ministry Fund	2,862	3,008	(2,862)	(198)	2,811
Chilliwack Museum and Historical Soc. Fund	9,881	10,385	(9,881)	(682)	9,703
Don Urquhart McGillvary fund	742	801	(700)	(52)	791
Chilliwack Bruins	-	6,933	-	(6,933)	-
	\$ 124,985	\$ 261,763	\$ (208,370)	\$ (23,799)	\$ 154,579

Chilliwack Foundation

Schedule 2 - Common Trust Fund Continuity
For the year ended June 30, 2011

	Contributed Principal as at June 30, 2011	Net Assets as at June 30, 2010	Donations Bequests and Contributions	Awards and Payments	Gain (Loss) on Sale of Investments	Unrealized Gain (Loss) on Investments	Net Assets As at June 30, 2011
General Funds	\$ 2,094,557	\$ 2,682,700	\$ 2,431	\$ -	\$ (2,986)	\$ 275,774	\$ 2,957,918
Specific Funds							
F. Clifford Brown Memorial Scholarship Fund	289,771	497,970	-	-	(581)	53,235	550,623
Chilliwack Community Services	409,937	536,617	-	-	(617)	56,974	592,974
UCFV Scholarships and Bursaries	400,069	527,463	-	-	(606)	56,002	582,859
Chilliwack Society for Community Living	40,000	61,068	-	-	(70)	6,484	67,482
The Bowes Education Fund	25,000	51,680	-	-	(61)	5,594	57,214
Dr. W.G. "Tony" Newby Memorial Scholarship Fund	30,500	55,214	-	-	(64)	5,863	61,013
B.C. Summer Games Legacy Fund:							
Education Awards	50,000	103,028	-	-	(120)	11,039	113,948
Culture/Arts Awards	50,000	101,721	-	-	(113)	10,400	112,008
Sports/Recreation Awards	86,693	176,621	-	-	(200)	18,456	194,877
Luscombe/Von Bylburg Memorial Scholarship Fund	23,776	46,176	-	-	(55)	5,085	51,206
Jack Williams Memorial Fund:							
Education Awards	45,000	86,951	-	-	(100)	9,239	96,090
Culture/Arts Awards	22,500	43,319	-	-	(48)	4,429	47,700
Sports/Recreation Awards	22,500	42,785	-	-	(47)	4,374	47,112
Chris and Ken Jessiman Endowment Fund	100,000	141,238	-	-	(162)	14,996	156,071
Chilliwack Restorative Justice and Youth Diversion Assoc.	50,571	61,646	-	-	(71)	6,545	68,120
Anne and Sam Sussell Scholarship Endowment Fund	26,865	32,204	-	-	(37)	3,385	35,552
Hospice Society	21,583	24,323	-	-	(28)	2,582	26,877
Helders Scholarship Fund	85,000	92,901	-	-	(115)	10,613	103,399
Frank George Memorial	25,000	29,309	-	-	(34)	3,143	32,418
Chilliwack General Hospital Memorial Fund	372,568	130,501	260,068	-	(446)	41,215	431,338
St. Thomas Anglican Youth Ministry Fund	60,000	70,647	-	-	(81)	7,501	78,067
Chilliwack Museum and Historical Soc. Fund	240,000	243,883	-	-	(280)	25,894	269,496
Don Urquhart McGillvary fund	20,000	18,702	-	-	(22)	1,990	20,671
Chilliwack Bruins	80,788	202,124	-	(131,921)	(203)	7,843	77,842
	\$ 4,672,679	\$ 6,060,791	\$ 262,499	\$ (131,921)	\$ (7,149)	\$ 648,655	\$ 6,832,875