

**THE LETHBRIDGE
COMMUNITY FOUNDATION**

**FINANCIAL STATEMENTS
DECEMBER 31, 2002**



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AUDITORS' REPORT

To the Directors of
The Lethbridge Community Foundation

We have audited the balance sheet of The Lethbridge Community Foundation as at December 31, 2002 and the statements of revenue, expenditures and undistributed income, fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's Board of Directors. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2002 and the results of its operations and changes in its funds for the year then ended in accordance with Canadian generally accepted accounting principles.

Lethbridge, Alberta
February 12, 2003

BDO Dunwoody LLP

Chartered Accountants

THE LETHBRIDGE COMMUNITY FOUNDATION

BALANCE SHEET AS AT DECEMBER 31, 2002

	<u>2002</u>	<u>2001</u>
ASSETS		
Cash	\$ 40,965	\$ 18,392
Accounts receivable	4,381	238,040
Prepaid expenses	1,236	2,195
Investments (note 3)	4,710,440	4,724,487
Cash surrender value - life insurance policies (note 5)	40,801	61,238
	<u>\$ 4,797,823</u>	<u>\$ 5,044,352</u>
LIABILITIES		
Accounts payable	\$ 7,012	\$ 4,164
Grants payable	125,563	460,500
Life insurance premium reserve	14,654	-
	<u>147,229</u>	<u>464,664</u>
FUND BALANCES		
Community fund	2,699,783	2,688,468
Field of interest funds	191,180	158,577
Designated funds	1,659,944	1,732,643
Managed funds	99,687	-
	<u>4,650,594</u>	<u>4,579,688</u>
	<u>\$ 4,797,823</u>	<u>\$ 5,044,352</u>

APPROVED BY THE BOARD:

DIRECTOR

DIRECTOR

THE LETHBRIDGE COMMUNITY FOUNDATION

STATEMENT OF REVENUE, EXPENDITURES, AND UNDISTRIBUTED INCOME YEAR ENDED DECEMBER 31, 2002

	2002					2001
	General Community Fund	Field of Interest Funds	Designated Funds	Managed Funds	Total	Total
REVENUE						
Investments (loss)	\$ (166,844)	\$ (9,618)	\$ (87,902)	\$ (3,857)	\$ (268,221)	\$ 81,257
Other (note 6)	257,128	-	-	-	257,128	519,895
	<u>90,284</u>	<u>(9,618)</u>	<u>(87,902)</u>	<u>(3,857)</u>	<u>(11,093)</u>	<u>601,152</u>
EXPENDITURES						
Administrative (note 7)	(446)	1,280	13,394	843	15,071	(226)
Transfers	(814)	(12,375)	(128,771)	(4,700)	(146,660)	-
	<u>(1,260)</u>	<u>(11,095)</u>	<u>(115,377)</u>	<u>(3,857)</u>	<u>(131,589)</u>	<u>(226)</u>
GRANTS (note 4)	338,544	-	22,115	-	360,659	696,354
	<u>337,284</u>	<u>(11,095)</u>	<u>(93,262)</u>	<u>(3,857)</u>	<u>229,070</u>	<u>696,128</u>
INCREASE (DECREASE) IN UNDISTRIBUTED INCOME	(247,000)	1,477	5,360	-	(240,163)	(94,976)
UNDISTRIBUTED INCOME BEGINNING OF YEAR	(29,395)	(1,477)	4,028	-	(26,844)	68,132
UNDISTRIBUTED INCOME END OF YEAR	<u>\$ (276,395)</u>	<u>\$ -</u>	<u>\$ 9,388</u>	<u>\$ -</u>	<u>\$ (267,007)</u>	<u>\$ (26,844)</u>

THE LETHBRIDGE COMMUNITY FOUNDATION

STATEMENT OF FUND BALANCES YEAR ENDED DECEMBER 31, 2002

	2002					2001
	General Community Fund	Field of Interest Funds	Designated Funds	Managed Funds	Total	Total
CAPITAL BEGINNING OF YEAR	\$ 2,717,861	\$ 160,055	\$ 1,728,615	-	\$ 4,606,531	\$ 3,957,917
Donations and Bequests	279,569	43,500	123,478	50,000	496,547	666,253
Interfund and Other Transfers	(814)	(12,375)	(201,537)	49,687	(165,039)	-
Life Insurance CSV (note 5)	(20,438)	-	-	-	(20,438)	(17,638)
CAPITAL END OF YEAR	2,976,178	191,180	1,650,556	99,687	4,917,601	4,606,532
UNDISTRIBUTED INCOME	(276,395)	-	9,388	-	(267,007)	(26,844)
BALANCE END OF YEAR	<u>\$ 2,699,783</u>	<u>\$ 191,180</u>	<u>\$ 1,659,944</u>	<u>\$ 99,687</u>	<u>\$ 4,650,594</u>	<u>\$ 4,579,688</u>

THE LETHBRIDGE COMMUNITY FOUNDATION

STATEMENT OF CASH FLOWS YEAR ENDED DECEMBER 31, 2002

	<u>2002</u>	<u>2001</u>
CASH PROVIDED BY (USED FOR):		
OPERATIONS		
Increase (decrease) in undistributed income	\$ (240,163)	\$ (94,976)
Donations and bequests	496,547	666,253
Transfers	<u>(165,039)</u>	<u>-</u>
	91,345	571,277
Net change in non-cash working capital balances		
Accounts receivable	233,658	(235,211)
Prepaid expenses	958	(1,929)
Accounts and grants payable	<u>(317,435)</u>	<u>130,104</u>
	8,526	464,241
INVESTMENTS		
Net decrease (increase) in value of investments	<u>14,047</u>	<u>(459,539)</u>
INCREASE (DECREASE) IN CASH POSITION	22,573	4,702
CASH POSITION AT BEGINNING OF YEAR	<u>18,392</u>	<u>13,690</u>
CASH POSITION AT END OF YEAR	<u>\$ 40,965</u>	<u>\$ 18,392</u>

THE LETHBRIDGE COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2002

1. PURPOSE OF THE ORGANIZATION

The Lethbridge Community Foundation (the "Foundation") was incorporated without share capital by a special statute of the Legislative Assembly of the Province of Alberta in 1966 and then continued under the Lethbridge Community Foundation Act, 1994, Alberta (the "Act"). The purpose of the Foundation is to act as a community leader and catalyst and to be a vehicle to provide a way for donors to improve their community forever by building and holding a permanent endowment, the income of which is to be used to meet the changing needs and opportunities across all sectors of southwestern Alberta through grantmaking and community leadership projects.

The Foundation is a charitable organization registered under the Income Tax Act (Canada) and as such, is exempted from income taxes and able to issue donation receipts for income tax purposes. To maintain its status as a public foundation registered under the Tax Act, the Foundation must meet certain requirements within the Tax Act. In the opinion of management, these requirements are being met.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Foundation have been prepared in accordance with Canadian generally accepted accounting principles and follow the restricted fund method of accounting for contributions. Because certain donors have provided amounts for special purposes, the financial statements have been presented in a manner which segregates the Community Fund (unrestricted) from Designated Funds (for special purposes).

Community Fund income earned is distributed as determined by the Board of Directors.

Designated Funds represent amounts donated to the Foundation for which the capital is generally intended to be preserved. Grants are made for designated purposes from the income earned.

The more significant accounting policies followed by the Foundation have been summarized to facilitate a review of the financial statements:

- a) Donations in kind and amounts contributed for reimbursement of specific expenses are included in "donations and bequests".
- b) Donated amounts for which the capital is to be preserved are recorded as fund capital. In addition, realized capital gains are recorded in fund balances.
- c) Investments are recorded at quoted market values. Accordingly, increases and decreases in the market values are directly reflected in the related fund balances.
- d) The Foundation's financial instruments consist of accounts receivable, investments and accounts and grants payable. Unless otherwise noted, it is management's opinion that the Foundation is not exposed to significant interest, currency or credit risks arising from these financial instruments.

3. INVESTMENTS

Investments are recorded at quoted market values. Accordingly, increases and decreases in the market values are directly reflected in the related fund balances.

THE LETHBRIDGE COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2002

4. GRANTS

	<u>Number of Grants</u>	<u>Amount</u>
GENERAL COMMUNITY FUND		
Historical and Educational Needs	10	\$ 53,418
Social and Health Needs	17	186,710
Culture, Recreation and Environment Needs	15	109,600
Less prior year's grants returned		<u>(11,184)</u>
	<u>42</u>	<u>\$ 338,544</u>
DESIGNATED FUNDS	<u>13</u>	<u>\$ 22,115</u>

5. CASH SURRENDER VALUE LIFE INSURANCE POLICIES

	<u>2002</u>	<u>2001</u>
Balance, beginning of year	\$ 61,238	\$ 78,876
Life insurance premiums paid by donors	26,433	298
Less cost of insurance	<u>(46,870)</u>	<u>(17,936)</u>
Balance, end of year	<u>\$ 40,801</u>	<u>\$ 61,238</u>

6. OTHER REVENUE

	<u>2002</u>	<u>2001</u>
Flow through grants received from anonymous and other donors	<u>\$ 257,128</u>	<u>\$ 519,895</u>

THE LETHBRIDGE COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2002

7. ADMINISTRATIVE EXPENSES

	2002	As restated 2001
Advertising and publicity	\$ 5,930	\$ 6,455
Annual report	5,695	5,004
Bank charges	302	313
Contribution solicitation costs (note 9)	16,746	6,679
Convention and travel	2,913	709
GST	3,895	4,346
Hardware and software equipment purchases	499	18,800
Insurance and licenses	1,489	1,439
Internet home page	304	2,000
Investment counsel, custodial, and brokerage fees	13,318	15,235
Management and professional fees	58,837	58,621
Memberships	200	200
Office, stationery, postage, continuing education	3,918	3,582
Public functions	816	3,729
Rent	7,080	7,080
Telephone	2,231	2,160
	<u>124,173</u>	<u>136,352</u>
Less recovered expenses		
Administrative expenditures grants	91,365	96,576
Administration fee - Designated and Field of Interest Funds	15,517	14,429
Interest earned on Administrative Endowment Fund	-	1,130
Professional fees	14,437	15,571
Hardware and software purchase grant	-	20,000
Annual report	3,300	3,300
	<u>124,619</u>	<u>151,006</u>
Net administrative expense allocated to Community Fund	<u>\$ (446)</u>	<u>\$ (14,654)</u>
Allocated to Designated, Field of Interest and Managed Funds	<u>\$ 15,517</u>	<u>\$ 14,429</u>

8. LEASE COMMITMENT

The Foundation leases its premises under a lease agreement which expires December 31, 2005. The annual rental is \$7,260. There is an option to extend the lease a further three years.

9. CONTRIBUTION SOLICITATION EXPENSES

The Charitable Fundraising Act of the Government of Alberta requires the disclosure of all expenses incurred for the purpose of soliciting contributions. The 2001 administrative expenses (note 7) have been restated to reflect this requirement.