

**THE LETHBRIDGE  
COMMUNITY FOUNDATION**

**FINANCIAL STATEMENTS  
DECEMBER 31, 2003**



**BDO Dunwoody LLP**  
Chartered Accountants  
and Consultants

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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, 2003 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, 2003 and the results of its operations and changes in its funds for the year then ended in accordance with Canadian generally accepted accounting principles.

*BDO Dunwoody LLP*

Lethbridge, Alberta  
January 20, 2004

Chartered Accountants

# THE LETHBRIDGE COMMUNITY FOUNDATION

BALANCE SHEET AS AT DECEMBER 31, 2003

	<u>2003</u>	<u>2002</u>
<b>ASSETS</b>		
Cash	\$ 73,930	\$ 40,965
Accounts receivable	5,791	4,381
Prepaid expenses	279	1,236
Investments (note 3)	5,417,117	4,710,440
Cash surrender value - life insurance policies (note 5)	57,920	40,801
	<u>\$ 5,555,037</u>	<u>\$ 4,797,823</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 2,535	\$ 7,012
Grants payable	66,230	125,563
Life insurance premium reserve	-	14,654
	<u>68,765</u>	<u>147,229</u>
<b>FUND BALANCES</b>		
Community fund	3,313,264	2,699,783
Field of interest funds	217,976	191,180
Designated funds	1,842,010	1,659,944
Managed funds	113,022	99,687
	<u>5,486,272</u>	<u>4,650,594</u>
	<u>\$ 5,555,037</u>	<u>\$ 4,797,823</u>

APPROVED BY THE BOARD:

\_\_\_\_\_  
DIRECTOR

\_\_\_\_\_  
DIRECTOR

# THE LETHBRIDGE COMMUNITY FOUNDATION

## STATEMENT OF REVENUE, EXPENDITURES, AND UNDISTRIBUTED INCOME YEAR ENDED DECEMBER 31, 2003

	2003					2002
	General Community Fund	Field of Interest Funds	Designated Funds	Managed Funds	Total	As restated  Total
<b>REVENUE</b>						
Investments (loss)	\$ 352,847	\$ 22,825	\$ 196,665	\$ 12,046	\$ 584,383	\$ (268,221)
Other (note 6)	147,298	-	-	-	147,298	362,930
	<u>500,145</u>	<u>22,825</u>	<u>196,665</u>	<u>12,046</u>	<u>731,681</u>	<u>94,709</u>
<b>EXPENDITURES</b>						
Administrative (note 7)	92,047	1,529	13,205	1,211	107,992	120,873
Transfers	47,780	12,581	80,205	5,453	146,019	(146,660)
	<u>139,827</u>	<u>14,110</u>	<u>93,410</u>	<u>6,664</u>	<u>254,011</u>	<u>(25,787)</u>
<b>GRANTS (note 4)</b>	<u>141,663</u>	<u>-</u>	<u>17,942</u>	<u>-</u>	<u>159,605</u>	<u>360,659</u>
	<u>281,490</u>	<u>14,110</u>	<u>111,352</u>	<u>6,664</u>	<u>413,616</u>	<u>334,872</u>
<b>INCREASE (DECREASE) IN UNDISTRIBUTED INCOME</b>	218,655	8,715	85,313	5,382	318,065	(240,163)
<b>UNDISTRIBUTED INCOME BEGINNING OF YEAR</b>	(276,395)	-	9,388	-	(267,007)	(26,844)
<b>UNDISTRIBUTED INCOME END OF YEAR</b>	<u>\$ (57,740)</u>	<u>\$ 8,715</u>	<u>\$ 94,701</u>	<u>\$ 5,382</u>	<u>\$ 51,058</u>	<u>\$ (267,007)</u>

# THE LETHBRIDGE COMMUNITY FOUNDATION

## STATEMENT OF FUND BALANCES YEAR ENDED DECEMBER 31, 2003

	2003					2002
	General Community Fund	Field of Interest Funds	Designated Funds	Managed Funds	Total	Total
CAPITAL BEGINNING OF YEAR	\$ 2,976,178	\$ 191,180	\$ 1,650,556	\$ 99,687	\$ 4,917,601	\$ 4,606,531
Donations and Bequests	329,927	5,500	43,548	2,500	381,475	496,547
Interfund and Other Transfers	47,780	12,581	80,205	5,453	146,019	(165,039)
Withdrawals	-	-	(27,000)	-	(27,000)	-
Life Insurance CSV (note 5)	17,119	-	-	-	17,119	(20,438)
CAPITAL END OF YEAR	3,371,004	209,261	1,747,309	107,640	5,435,214	4,917,601
UNDISTRIBUTED INCOME	(57,740)	8,715	94,701	5,382	51,058	(267,007)
BALANCE END OF YEAR	<u>\$ 3,313,264</u>	<u>\$ 217,976</u>	<u>\$ 1,842,010</u>	<u>\$ 113,022</u>	<u>\$ 5,486,272</u>	<u>\$ 4,650,594</u>

# THE LETHBRIDGE COMMUNITY FOUNDATION

## STATEMENT OF CASH FLOWS YEAR ENDED DECEMBER 31, 2003

	2003	2002
CASH PROVIDED BY (USED FOR):		
<b>OPERATIONS</b>		
Increase (decrease) in undistributed income	\$ 318,065	\$ (240,163)
Donations and bequests	381,475	496,547
Transfers	146,019	(165,039)
Capital withdrawals	(27,000)	-
	818,559	91,345
Net change in non-cash working capital balances		
Accounts receivable	(1,410)	233,658
Prepaid expenses	957	958
Accounts and grants payable	(78,464)	(317,435)
	739,642	8,526
<b>INVESTMENTS</b>		
Net decrease (increase) in value of investments	(706,677)	14,047
<b>INCREASE IN CASH POSITION</b>	32,965	22,573
<b>CASH POSITION AT BEGINNING OF YEAR</b>	40,965	18,392
<b>CASH POSITION AT END OF YEAR</b>	\$ 73,930	\$ 40,965

# THE LETHBRIDGE COMMUNITY FOUNDATION

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2003

### 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 cash, 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, 2003

### 4. GRANTS

	Number of Grants	Amount
<b>GENERAL COMMUNITY FUND</b>		
Historical and Educational Needs	17	\$ 48,509
Social and Health Needs	20	64,683
Culture, Recreation and Environment Needs	9	29,471
Less prior year's grants returned		(1,000)
	46	\$ 141,663
 <b>DESIGNATED FUNDS</b>	30	\$ 17,942

### 5. CASH SURRENDER VALUE LIFE INSURANCE POLICIES

	2003	2002
Balance, beginning of year	\$ 40,801	\$ 61,238
Life insurance premiums paid by donors	56,438	26,433
Less cost of insurance	(39,319)	(46,870)
Balance, end of year	\$ 57,920	\$ 40,801

### 6. OTHER REVENUE

	2003	2002
Flow through grants received from anonymous and other donors	\$ 147,298	\$ 257,128

# THE LETHBRIDGE COMMUNITY FOUNDATION

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2003

### 7. ADMINISTRATIVE EXPENSES

	<u>2003</u>	<u>2002</u> As restated
Advertising and publicity	\$ 4,642	\$ 5,930
Annual report	3,466	5,695
Bank charges	277	302
Contribution solicitation costs (note 9)	14,486	16,746
Convention and travel	619	2,913
GST	4,077	3,895
Hardware and software equipment purchases	100	499
Insurance and licenses	1,547	1,489
Internet home page	617	304
Investment counsel, custodial, and brokerage fees	15,258	13,318
Management and professional fees	53,696	58,837
Memberships	720	200
Office, stationery and postage	4,644	3,918
Public functions	(2,080)	816
Rent	7,260	7,080
Telephone	2,313	2,231
	<u>111,642</u>	<u>124,173</u>
Less recovered expenses		
Administrative fee	15,945	15,517
Annual report sponsors	3,650	3,300
	<u>19,595</u>	<u>18,817</u>
	<u>92,047</u>	<u>105,356</u>
Deduct		
Income earned - Founders Fund	16,451	-
Administrative flow-through grants received	77,229	105,802
	<u>93,680</u>	<u>105,802</u>
Net administrative expenses allocated to:		
Community Fund	<u>\$ (1,633)</u>	<u>\$ (446)</u>
Field of Interest, Designated and Managed Funds	<u>\$ 15,945</u>	<u>\$ 15,517</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.