

**THE LETHBRIDGE
COMMUNITY FOUNDATION**

**FINANCIAL STATEMENTS
DECEMBER 31, 2004**



BDO Dunwoody LLP
Chartered Accountants
and Advisors

200 Southland Terrace
220-3rd Avenue South
Lethbridge Alberta Canada T1J 0G9
Telephone: (403) 328-5292
Fax: (403) 328-9534
www.bdo.ca

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, 2004 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, 2004 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
January 21, 2005

BDO Dunwoody LLP

Chartered Accountants

THE LETHBRIDGE COMMUNITY FOUNDATION

BALANCE SHEET AS AT DECEMBER 31, 2004

	<u>2004</u>	<u>2003</u>
ASSETS		
Cash	\$ 67,908	\$ 73,930
Accounts receivable	4,925	5,791
Prepaid expenses	2,968	279
Investments	6,337,141	5,417,117
Cash surrender value - life insurance policies (note 4)	57,098	57,920
	<u>\$ 6,470,040</u>	<u>\$ 5,555,037</u>
LIABILITIES		
Accounts payable	\$ 3,000	\$ 2,535
Grants payable	96,180	66,230
	<u>99,180</u>	<u>68,765</u>
RESERVES		
Administrative expense reserve	<u>32,478</u>	<u>-</u>
FUND BALANCES		
Community fund	3,911,921	3,313,264
Field of interest funds	230,267	217,976
Designated funds	2,006,619	1,842,010
Managed funds	189,575	113,022
	<u>6,338,382</u>	<u>5,486,272</u>
	<u>\$ 6,470,040</u>	<u>\$ 5,555,037</u>

APPROVED BY THE BOARD:

DIRECTOR

DIRECTOR

THE LETHBRIDGE COMMUNITY FOUNDATION

STATEMENT OF REVENUE, EXPENDITURES, AND UNDISTRIBUTED INCOME YEAR ENDED DECEMBER 31, 2004

	2004					2003
	General Community Fund	Field of Interest Funds	Designated Funds	Managed Funds	Total	Total
REVENUE						
Investments	\$ 304,025	\$ 18,942	\$ 165,813	\$ 13,839	\$ 502,619	\$ 584,383
Other (note 5)	198,156	-	-	-	198,156	147,298
	<u>502,181</u>	<u>18,942</u>	<u>165,813</u>	<u>13,839</u>	<u>700,775</u>	<u>731,681</u>
EXPENDITURES						
Administrative (note 6)	93,464	2,051	17,124	1,792	114,431	107,992
Transfers	62,950	4,779	39,077	2,045	108,851	146,019
	<u>156,414</u>	<u>6,830</u>	<u>56,201</u>	<u>3,837</u>	<u>223,282</u>	<u>254,011</u>
GRANTS (note 3)	<u>172,987</u>	<u>5,800</u>	<u>72,008</u>	<u>3,557</u>	<u>254,352</u>	<u>159,605</u>
	<u>329,401</u>	<u>12,630</u>	<u>128,209</u>	<u>7,394</u>	<u>477,634</u>	<u>413,616</u>
INCREASE (DECREASE) IN UNDISTRIBUTED INCOME	172,780	6,312	37,604	6,445	223,141	318,065
TRANSFER TO RESERVE	(32,478)	-	-	-	(32,478)	-
UNDISTRIBUTED INCOME BEGINNING OF YEAR	<u>(57,740)</u>	<u>8,715</u>	<u>94,701</u>	<u>5,382</u>	<u>51,058</u>	<u>(267,007)</u>
UNDISTRIBUTED INCOME END OF YEAR	<u>\$ 82,562</u>	<u>\$ 15,027</u>	<u>\$ 132,305</u>	<u>\$ 11,827</u>	<u>\$ 241,721</u>	<u>\$ 51,058</u>

THE LETHBRIDGE COMMUNITY FOUNDATION

STATEMENT OF FUND BALANCES YEAR ENDED DECEMBER 31, 2004

	2004					2003
	General Community Fund	Field of Interest Funds	Designated Funds	Managed Funds	Total	Total
CAPITAL BEGINNING OF YEAR	\$ 3,371,004	\$ 209,261	\$ 1,747,309	\$ 107,640	\$ 5,435,214	\$ 4,917,601
Donations and Bequests	396,227	1,200	95,994	68,063	561,484	381,475
Interfund and Other Transfers	62,950	4,779	39,077	2,045	108,851	146,019
Withdrawals	-	-	(8,066)	-	(8,066)	(27,000)
Life Insurance CSV (note 4)	(822)	-	-	-	(822)	17,119
CAPITAL END OF YEAR	3,829,359	215,240	1,874,314	177,748	6,096,661	5,435,214
UNDISTRIBUTED INCOME	82,562	15,027	132,305	11,827	241,721	51,058
BALANCE END OF YEAR	\$ 3,911,921	\$ 230,267	\$ 2,006,619	\$ 189,575	\$ 6,338,382	\$ 5,486,272

THE LETHBRIDGE COMMUNITY FOUNDATION

STATEMENT OF CASH FLOWS YEAR ENDED DECEMBER 31, 2004

	<u>2004</u>	<u>2003</u>
CASH PROVIDED BY (USED FOR):		
OPERATIONS		
Increase in undistributed income	\$ 190,663	\$ 318,065
Donations and bequests	561,484	381,475
Transfers	100,785	146,019
Capital withdrawals	-	(27,000)
	<u>852,932</u>	<u>818,559</u>
Net change in non-cash working capital balances		
Accounts receivable	866	(1,410)
Prepaid expenses	(2,689)	957
Accounts and grants payable	62,893	(78,464)
	<u>914,002</u>	<u>739,642</u>
INVESTMENTS		
Net decrease (increase) in value of investments	<u>(920,024)</u>	<u>(706,677)</u>
INCREASE IN CASH POSITION	(6,022)	32,965
CASH POSITION AT BEGINNING OF YEAR	<u>73,930</u>	<u>40,965</u>
CASH POSITION AT END OF YEAR	<u>\$ 67,908</u>	<u>\$ 73,930</u>

THE LETHBRIDGE COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2004

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) Revenue Recognition

Restricted contributions related to operations are recognized as revenue in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund in the period of receipt.

Unrestricted contributions are recognized as revenue in the period of receipt.

Investment income is recognized as revenue as it is earned and allocated to each fund proportionately, based on the investments held in that fund.

b) Donations in kind and amounts contributed for reimbursement of specific expenses are included in "donations and bequests".

c) 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.

THE LETHBRIDGE COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2004

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

	Number of Grants	Amount
GENERAL COMMUNITY FUND		
Historical and Educational Needs	7	\$ 17,770
Social and Health Needs	16	122,646
Culture, Recreation and Environment Needs	11	39,472
Less prior year's grants returned	-	179,888 6,901
	34	\$ 172,987
DESIGNATED FUNDS	60	\$ 77,808
MANAGED FUNDS	1	\$ 3,557

4. CASH SURRENDER VALUE LIFE INSURANCE POLICIES

	2004	2003
Balance, beginning of year	\$ 57,920	\$ 40,801
Life insurance premiums paid by donors	56,438	56,438
Less cost of insurance	(57,260)	(39,319)
Balance, end of year	\$ 57,098	\$ 57,920

5. OTHER REVENUE

	2004	2003
Flow through grants received from anonymous and other donors	\$ 198,156	\$ 147,298

THE LETHBRIDGE COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2004

6. ADMINISTRATIVE EXPENSES

	<u>2004</u>	<u>2003</u>
Advertising and publicity	\$ 3,870	\$ 4,642
Annual report	2,879	3,466
Bank charges	219	277
Contribution solicitation costs (note 9)	15,405	14,486
Convention and travel	5,261	619
GST	3,800	4,077
Hardware and software equipment purchases	319	100
Insurance and licenses	1,822	1,547
Internet home page	227	617
Investment counsel, custodial, and brokerage fees	15,661	15,258
Management and professional fees	53,270	53,696
Memberships	833	720
Office, stationery and postage	4,897	4,644
Public functions	(404)	(2,080)
Rent	7,260	7,260
Telephone	2,312	2,313
	<u>117,631</u>	<u>111,642</u>
Less recovered expenses		
Annual report sponsors	3,200	3,650
	<u>114,431</u>	<u>107,992</u>
Allocated to:		
General Community Funds	93,464	92,047
Field of Interest Funds	2,051	1,529
Designated Funds	17,124	13,205
Managed Funds	1,792	1,211
	<u>\$ 114,431</u>	<u>\$ 107,992</u>
Administrative expenses of the General Community Funds are funded by:		
Income earned - Founders Fund	\$ 13,886	\$ 16,451
Administrative flow-through grants received	93,793	77,229
Administrative fee charged to other funds	20,966	15,945
	<u>\$ 128,645</u>	<u>\$ 109,625</u>

THE LETHBRIDGE COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2004

7. 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.

8. 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.