

Surrey Foundation

**Financial Statements
For the year ended April 30, 2006**

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Financial Statements
For the year ended April 30, 2006

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Auditors' Report

To the Directors of Surrey Foundation

We have audited the statement of financial position of Surrey Foundation as at April 30, 2006 and the statements of operations and changes in net assets for the year then ended. These financial statements are the responsibility of the Foundation's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, 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 common with many charitable organizations, the Foundation derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary to revenues, assets and net assets.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the donations as referred to above, these financial statements present fairly, in all material respects, the financial position of the Foundation as at April 30, 2006 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Dunwoody LLP

Chartered Accountants

Langley, British Columbia
August 15, 2006

Surrey Foundation
Statement of Financial Position

April 30 **2006** **2005**

Assets

Current

| | | | | |
|--------------------------------|----|---------------|----|---------|
| Cash | \$ | 32,132 | \$ | 152,219 |
| Interest and other receivables | | 30,343 | | 34,844 |
| Prepaid expenses | | 1,235 | | 1,444 |

| | | | | |
|--|--|---------------|--|---------|
| | | 63,710 | | 188,507 |
|--|--|---------------|--|---------|

Marketable securities and term deposits
(cost \$527,617)

| | | | | |
|--|--|----------------|--|---------|
| | | 566,837 | | 344,710 |
|--|--|----------------|--|---------|

Funds on deposit with the Vancouver
Foundation (cost \$110,000) (note 2)

| | | | | |
|--|--|----------------|--|---------|
| | | 102,360 | | 110,000 |
|--|--|----------------|--|---------|

Funds on deposit with Phillips, Hager
& North (cost \$154,000)

| | | | | |
|--|--|----------------|--|---------|
| | | 183,566 | | 154,000 |
|--|--|----------------|--|---------|

| | | | | |
|--|-----------|----------------|-----------|----------------|
| | \$ | 916,473 | \$ | 797,217 |
|--|-----------|----------------|-----------|----------------|

Liabilities and Net Assets

Current

| | | | | |
|--|----|---------------|----|--------|
| Accounts payable and accrued liabilities | \$ | 7,060 | \$ | 5,694 |
| Grants payable | | 45,000 | | 43,000 |

| | | | | |
|--|--|---------------|--|--------|
| | | 52,060 | | 48,694 |
|--|--|---------------|--|--------|

Net assets

| | | | | |
|--|--|----------------|--|---------|
| Restricted for endowment purposes (Note 1) | | 749,288 | | 690,012 |
| Unrestricted | | 115,125 | | 58,511 |

| | | | | |
|--|--|----------------|--|---------|
| | | 864,413 | | 748,523 |
|--|--|----------------|--|---------|

| | | | | |
|--|-----------|----------------|-----------|----------------|
| | \$ | 916,473 | \$ | 797,217 |
|--|-----------|----------------|-----------|----------------|

Approved by the Directors:

_____ Director

_____ Director

Surrey Foundation
Statement of Changes in Net Assets

For the year ended April 30

2006

2005

| | Restricted for Endowment Purposes | Unrestricted | Total | Total |
|---|--|--------------|------------|------------|
| Balance , beginning of year | \$ 690,012 | \$ 58,511 | \$ 748,523 | \$ 686,148 |
| Excess of revenue over expenses | - | 63,868 | 63,868 | 44,588 |
| Endowment contributions (Note 1) | 52,022 | - | 52,022 | 17,787 |
| Endowment fund interest (Note 1) | 7,254 | (7,254) | - | - |
| Balance , end of year | \$ 749,288 | \$ 115,125 | \$ 864,413 | \$ 748,523 |

Surrey Foundation
Statement of Operations

For the year ended April 30

2006

2005

Revenue

| | | |
|--|---------------|---------------|
| Donations and other | \$ 14,955 | \$ 6,572 |
| Investment income | 17,121 | 22,767 |
| Grants | 28,000 | 25,000 |
| Fund raising | 89,335 | 115,119 |
| Unrealized gains on investments (Note 4) | 61,146 | - |
| | <hr/> 210,557 | <hr/> 169,458 |

General and Administrative Expenses

| | | |
|-------------------|---------------|---------------|
| Administration | 31,283 | 31,437 |
| Facilities | 11,038 | 1,872 |
| Fund raising | 52,481 | 45,638 |
| Grants | 45,000 | 43,500 |
| Professional fees | 6,887 | 2,423 |
| | <hr/> 146,689 | <hr/> 124,870 |

Excess of revenue over expenses

| | |
|-----------|-----------|
| \$ 63,868 | \$ 44,588 |
|-----------|-----------|

Surrey Foundation Summary of Significant Accounting Policies

April 30, 2006

Nature of Organization

Surrey Foundation (the "Foundation") was incorporated on May 24, 1994 under the Society Act of British Columbia and is a federally registered charitable foundation. The Foundation holds and administers private resources entrusted to it for the common good of its constituents; the donors, the charitable sector and the community. The income from funds donated and bequeathed to its perpetual endowment is used to provide for charitable purposes.

Revenue Recognition

The Foundation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

Restricted investment income is recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Donations of assets are recorded at fair market value. The economic benefit of donated services are recognized at fair market value.

Fundraising revenues are recognized when received.

Net Assets

(i) Restricted for endowment purposes

Net assets restricted for endowment purposes include donations received by the Foundation which are to be held in perpetuity. The income from this fund may be restricted or unrestricted depending on the donor's wishes.

(ii) Unrestricted

Unrestricted net assets include unrestricted donations or investment revenue which can be used at the discretion of the Board of Directors.

Investments and Funds on Deposit

The Foundation's marketable securities and funds on deposit are stated at fair market value.

Financial Instruments

Unless otherwise noted, it is management's opinion that the Foundation is not exposed to significant interest, currency or credit risks arising from its financial instruments. The fair values of these financial instruments approximate their carrying values unless otherwise noted.

Surrey Foundation
Notes to Financial Statements

April 30, 2006

1. Net Assets Restricted For Endowment Purposes

Net assets restricted for endowment purposes is comprised of assets over which the Foundation exercises discretionary investment control within the guidelines established by the Board of Directors. The earnings from these assets are allocated to charitable purposes at the discretion of the Board of Directors except for earnings from designated endowment contributions which are allocated to the designated field of interest. During the year, net endowment contributions amounted to \$59,276 (2005 - \$47,787 including \$30,000 transferred from unrestricted net assets to the Youth Development Fund) including interest of \$7,254 allocated from the unrestricted fund in accordance with the terms of specific endowments.

| | 2006 | 2005 |
|--|------------------|------------------|
| Designated field of interest | | |
| Dart Hill Garden Park Community Fund | \$ 100 | \$ 56,750 |
| Flow through to the City of Surrey | - | (56,465) |
| Administration fees | - | (285) |
| Interest | 13,141 | - |
| | 13,241 | - |
| Friends of the Surrey Museum | 62,365 | - |
| Flow through to the Surrey Museum | (20,667) | - |
| Administration fees | (174) | - |
| Interest | 2,182 | - |
| | 43,706 | - |
| Surrey Public Library Legacy Fund | 1,000 | 500 |
| Interest | 1,960 | - |
| | 2,960 | 500 |
| Surrey Education Fund | 3,205 | - |
| Interest | 431 | - |
| | 3,636 | - |
| Youth Endowment Fund | - | 30,000 |
| Jordan Powell Legacy Fund | 490 | 13,634 |
| Surrey Foundation Directors & Friends | 1,825 | - |
| Undesignated field of interest | | |
| General | 3,878 | 3,653 |
| Surrey Foundation Operating - interest | (10,460) | - |
| | \$ 59,276 | \$ 47,787 |

Surrey Foundation
Notes to Financial Statements

April 30, 2006

1. Net Assets Restricted For Endowment Purposes (continued)

Endowments consist of the following:

| | 2006 | 2005 |
|---------------------------------------|------------|------------|
| Coast Capital Youth | \$ 30,000 | \$ 30,000 |
| Darts Hill Garden | 165,232 | 151,991 |
| Doug Hooser Heritage | 19,688 | 19,688 |
| Friends of Surrey Museum | 63,469 | 19,763 |
| General | 55,574 | 51,696 |
| Health | 25,000 | 25,000 |
| Jordan Powell Legacy | 14,749 | 14,259 |
| Progressive Construction | 30,000 | 30,000 |
| Surrey Community | 63,650 | 63,650 |
| Surrey Education | 8,636 | 5,000 |
| Surrey Foundation Directors & Friends | 1,825 | - |
| Surrey Foundation Operating | 82,040 | 92,500 |
| Surrey Literacy | 5,000 | 5,000 |
| Surrey Metro Savings Community | 78,234 | 78,234 |
| Surrey Minor Softball | 10,000 | 10,000 |
| Surrey Public Library | 22,691 | 19,731 |
| Surrey YMCA | 5,000 | 5,000 |
| Surrey Youth | 60,000 | 60,000 |
| Wood Gundy Children's Miracle | 8,500 | 8,500 |
| | \$ 749,288 | \$ 690,012 |

2. Funds on Deposit with the Vancouver Foundation

The Foundation is a participant in the Vancouver Foundation's matching grant program which provides support for the establishment of new and emerging community foundations in British Columbia. As a result, the following funds are held permanently by the Vancouver Foundation as The Surrey Foundation Endowment Fund.

| | 2006 | 2005 |
|-------------------------------------|------------|------------|
| Initial deposit | \$ 10,000 | \$ 10,000 |
| Matching grant program | | |
| Deposit by the Foundation | 50,000 | 50,000 |
| Grant from the Vancouver Foundation | 50,000 | 50,000 |
| | \$ 110,000 | \$ 110,000 |

These funds are invested by the Vancouver Foundation in accordance with the Vancouver Foundation Act. The income accrues to the Foundation net of the Vancouver Foundation's administration fee under the Vancouver Foundation Act, which is currently 0.45% of the capital of the fund.

April 30, 2006

3. Statement of Cash Flows

A statement of cash flows has not been included with these financial statements as the directors of the Foundation are of the opinion that its inclusion would not provide additional meaningful information.

4. Change in Accounting Policy

On May 1, 2005, the Foundation adopted the provisions of section 3855 of the CICA handbook whereby marketable securities and funds on deposit are carried at fair values rather than cost as in previous years. The Foundation has not applied this change on a retroactive basis and comparative figures are reflected at cost (market value - \$604,897). Unrealized gains and losses are recognized in the current year.

5. Income Taxes

As a registered charity, the Foundation is exempt from paying income tax under Part 1 of the Income Tax Act.

6. Comparative Figures

Marketable securities and term deposits have been reclassified to long-term assets from current assets to conform with the current years presentation.