

**Surrey Foundation**

**Financial Statements  
For the year ended April 30, 2008**

# Surrey Foundation

Financial Statements  
For the year ended April 30, 2008

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## Auditors' Report

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### To the Directors of Surrey Foundation

We have audited the statement of financial position of Surrey Foundation as at April 30, 2008 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, 2008 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Society Act of British Columbia, we report that in our opinion these principles have been applied on a basis consistent with that of the preceding year.

*BDO Dunwoody LLP*

Chartered Accountants

Langley, British Columbia  
June 18, 2008

**Surrey Foundation**  
**Statement of Financial Position**

**April 30** **2008** **2007**

**Assets**

**Current**

Cash	\$	<b>262,196</b>	\$	360,918
Interest and other receivables		<b>2,385</b>		28,155
Prepaid expenses		<b>1,329</b>		1,814

		<b>265,910</b>		390,887
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**Marketable securities and term deposits**

(cost = \$1,557,278, 2007 = \$1,304,406)		<b>1,650,978</b>		1,451,276
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**Funds on deposit with the Vancouver**

Foundation (cost = \$110,000, 2007 = 110,000) (Note 2)		<b>96,720</b>		106,523
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	<b>\$ 2,013,608</b>		<b>\$ 1,948,686</b>
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**Liabilities and Net Assets**

**Current**

Accounts payable and accrued liabilities	\$	<b>11,921</b>	\$	7,820
Grants payable		<b>2,000</b>		76,015

		<b>13,921</b>		83,835
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**Net assets**

Restricted for endowment purposes (Note 1)		<b>1,897,308</b>		1,739,315
Unrestricted		<b>102,379</b>		125,536

		<b>1,999,687</b>		1,864,851
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	<b>\$ 2,013,608</b>		<b>\$ 1,948,686</b>
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Approved by the Directors:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

**Surrey Foundation**  
**Statement of Changes in Net Assets**

**For the year ended April 30**

**2008**

**2007**

	<b>Restricted for Endowment Purposes</b>	<b>Unrestricted</b>	<b>Total</b>	<b>Total</b>
<b>Balance, beginning of year</b>	<b>\$ 1,739,315</b>	<b>\$ 125,536</b>	<b>\$ 1,864,851</b>	<b>\$ 864,413</b>
<b>Excess of revenue over expenses</b>	<b>-</b>	<b>(55,890)</b>	<b>(55,890)</b>	<b>10,411</b>
<b>Endowment contributions, net (Note 1)</b>	<b>214,954</b>	<b>-</b>	<b>214,954</b>	<b>935,322</b>
<b>Endowment grants (Note 1)</b>	<b>(25,700)</b>	<b>-</b>	<b>(25,700)</b>	<b>(65,157)</b>
<b>Transfer (Note 1)</b>	<b>(32,733)</b>	<b>32,733</b>	<b>-</b>	<b>-</b>
<b>Endowment fund investment income (Note 1)</b>	<b>21,749</b>	<b>-</b>	<b>21,749</b>	<b>130,760</b>
<b>Endowment administration fees (Note 1)</b>	<b>(20,277)</b>	<b>-</b>	<b>(20,277)</b>	<b>(10,898)</b>
<b>Balance, end of year</b>	<b>\$ 1,897,308</b>	<b>\$ 102,379</b>	<b>\$ 1,999,687</b>	<b>\$ 1,864,851</b>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

**Surrey Foundation  
Statement of Operations**

<b>For the year ended April 30</b>	<b>2008</b>	<b>2007</b>
<b>Revenue</b>		
Donations and other	\$ 9,720	\$ 32,940
Investment income	135,716	37,759
Grants	-	30,000
Fund raising	68,650	106,922
Unrealized gain (loss) on investments	<u>(108,124)</u>	<u>82,247</u>
	<b>105,962</b>	<b>289,868</b>
<b>Allocation to endowment fund</b>		
	<u>21,749</u>	<u>130,760</u>
	<b>84,213</b>	<b>159,108</b>
<b>General and Administrative Expenses</b>		
Administration	90,549	41,192
Facilities	1,334	1,336
Fund raising	34,242	42,159
Non-endowment grants	5,000	56,940
Professional fees	<u>8,978</u>	<u>7,070</u>
	<b>140,103</b>	<b>148,697</b>
<b>Excess (deficiency) of revenue over expenses</b>	<b>\$ (55,890)</b>	<b>\$ 10,411</b>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

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## Surrey Foundation Summary of Significant Accounting Policies

**April 30, 2008**

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### **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**

Section 3855 of the CICA Handbook sets out criteria for the recognition and measurement of financial instruments for fiscal years beginning on or after October 1, 2006. It requires all financial instruments to be measured at fair value or, when fair value is not relevant, at cost or amortized cost. Changes in fair value are recognized in the statements of operations or changes in net assets. For further details, see Note 5.

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**Surrey Foundation**  
**Summary of Significant Accounting Policies**

**April 30, 2008**

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**New Accounting  
Pronouncements**

Recent accounting pronouncements that have been issued but are not yet effective, and have a potential implication for the Foundation, are as follows:

*Capital disclosures*

CICA Handbook Section 1535, Capital Disclosures, requires disclosure of an entity's objectives, policies and processes for managing capital, quantitative data about what the entity regards as capital and whether the entity has complied with any capital requirements and, if it has not complied, the consequences of such non-compliance. This standard is effective for annual financial statements relating to fiscal years beginning on or after October 1, 2007. The Foundation is currently assessing the impact of the new standard.

*General standards on financial statement presentation*

CICA Handbook Section 1400, General Standards on Financial Statement Presentation, has been amended to include requirements to assess and disclose an entity's ability to continue as a going concern. The changes are effective for annual financial statements beginning on or after January 1, 2008. The Foundation does not expect the adoption of these changes to have a material impact on its financial statements.

**Surrey Foundation**  
**Notes to Financial Statements**

**April 30, 2008**

**1. Net Assets Restricted For Endowment Purposes**

Net assets restricted for endowment purposes are 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 \$158,203 including investment income of \$21,749 allocated from the unrestricted fund and endowment grants of \$25,700 (2007 - \$990,927 including investment income of \$130,760 allocated from the unrestricted fund).

	2008	2007
<b>Designated field of interest</b>		
Contributions		
Dart Hill Garden Park Community Fund	\$ -	\$ 32,137
Friends of the Surrey Museum	220,750	635,100
Jordan Powell Legacy Fund	740	132
Manjit Panghali Memorial	3,407	6,350
SRS Vocational Rehabilitation Fund	-	451,747
Surrey Community	20	25,000
Surrey Education Fund	5,392	4,319
Surrey Arts Council	28,650	-
Surrey German School Fund	10,000	-
Surrey Foundation Directors & Friends	245	1,500
Surrey Public Library Legacy Fund	-	3,950
Surrey YIP	(10,000)	10,087
	<b>259,204</b>	<b>1,170,322</b>
Flow through portion		
Dart Hill Garden Park Community Fund	-	(10,000)
Friends of the Surrey Museum	(44,250)	(199,100)
	<b>(44,250)</b>	<b>(209,100)</b>
Investment income	21,749	126,858
Administration fees	(20,227)	(10,898)
Grants	(25,700)	(63,252)
	<b>190,776</b>	<b>1,013,930</b>
<b>Undesignated field of interest</b>		
General	(32,573)	(25,000)
Investment income	-	3,902
Grants	-	(1,905)
	<b>(32,573)</b>	<b>(23,003)</b>
	<b>\$ 158,203</b>	<b>\$ 990,927</b>

**Surrey Foundation**  
**Notes to Financial Statements**

**April 30, 2008**

**1. Net Assets Restricted For Endowment Purposes (continued)**

Endowments consist of the following:

	<u>2008</u>	<u>2007</u>
Coast Capital Youth	\$ 30,080	\$ 31,740
Darts Hill Garden	196,759	196,745
Doug Hooser Heritage	19,690	20,830
Friends of Surrey Museum	681,387	503,581
General	-	32,571
Health	25,002	26,450
Jordan Powell Legacy	15,983	15,742
Progressive Construction	30,002	31,740
SRS Vocational Rehabilitation Fund	456,568	461,535
Surrey Community	88,288	93,792
Surrey Education	18,843	13,450
Surrey Foundation Directors & Friends	3,694	3,449
Surrey Foundation Operating	86,805	86,799
Surrey Metro Savings Community	78,239	82,772
Surrey Minor Softball	10,000	10,580
Surrey Public Library	33,270	33,267
Surrey YIP	-	10,160
Surrey YMCA	5,291	5,290
Surrey Youth	60,005	63,480
Manjit Panghali Memorial	9,758	6,350
Wood Gundy Children's Miracle	8,992	8,992
Surrey Arts Council	28,651	-
Surrey German School Fund	10,001	-
	<u>\$ 1,897,308</u>	<u>\$ 1,739,315</u>

During the year, \$32,573 was transferred from the restricted General Fund to the Unrestricted Fund.

**April 30, 2008**

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**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.

	<u>2008</u>	<u>2007</u>
Initial deposit	\$ 10,000	\$ 10,000
Matching grant program		
Deposit by the Foundation	50,000	50,000
Grant from the Vancouver Foundation	<u>50,000</u>	<u>50,000</u>
	<u>\$ 110,000</u>	<u>\$ 110,000</u>

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.

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**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.

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**4. Income Taxes**

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

**April 30, 2008**

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**5. Financial Instruments and Risk Management**

All financial instruments are classified into one of the following five categories: held-for trading, held to maturity, loans and receivables, available for sale financial assets, or other financial liabilities. Initial and subsequent measurement and recognition of changes in the value of financial instruments depends on their initial classification.

The Foundation has adopted the following classifications for its financial instruments:

Cash, marketable securities and term deposits are classified as held-for-trading. Changes in fair value are recorded in the statement of operations.

Accounts receivable is classified as loans and receivables. It is initially recorded at fair value and subsequently measured at amortized cost using the effective interest method.

Accounts payable is classified as other financial liabilities. It is initially recorded at fair value and subsequently measured at amortized cost using the effective interest method.

The fair values of cash, receivables and payables approximate their carrying values due to their short-term to maturity or capacity for prompt liquidation.

The Foundation holds marketable securities denominated in foreign currencies and is exposed to currency risks however, in the opinion of management, the risk is considered to be insignificant. The Foundation is not exposed to credit risk as the vast majority of its revenue comes from donations and investments with reputable organizations. The Foundation is exposed to financial risks that arise from the fluctuation in interest rates.

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**6. Comparative Figures**

Certain comparative figures have been restated to conform to the current year's presentation.