

Abbotsford Community Foundation
Financial Statements
December 31, 2007

Management's Responsibility

To the Members of the
Abbotsford Community Foundation

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian generally accepted accounting principles. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed primarily of Directors who are neither management nor employees of the Foundation. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Foundation's external auditors.

Meyers Norris Penny LLP, an independent firm of Chartered Accountants, is appointed by the Board to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with both the Board and management to discuss their audit findings.

March 1, 2008

_____ Management _____ Management

Auditors' Report

To the Members of the
Abbotsford Community Foundation

We have audited the balance sheet of the **Abbotsford Community Foundation** as at **December 31, 2007** and the statements of changes in contributed capital and revenue, expenditures and distributable income 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.

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, 2007** 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 (B.C.), we report that, in our opinion, these principles have been applied on a consistent basis with that of the preceding year, except as disclosed in Note 2.

Abbotsford, B.C.
March 1, 2008

Meyers Norris Penny LLP
Chartered Accountants

Abbotsford Community Foundation

BALANCE SHEET

December 31, 2007 with comparative figures for 2006

	2007	2006
Assets		
Cash	323,414	32,762
Accounts receivable	16,435	17,777
Investments (Note 3)	6,421,466	6,477,429
Insurance contracts (Note 4)	146,604	98,210
	6,907,919	6,626,178
Liabilities and Fund Equity		
Liabilities		
Accounts payable	15,083	7,447
Grants payable	390,450	320,175
	405,533	327,622
Fund Equity		
Contributed capital		
Discretionary fund (Note 5)	2,041,558	2,041,250
Directed fund (Note 6)	2,029,971	1,923,187
Scholarship and bursary fund (Note 7)	2,255,123	1,791,909
Capital stabilization reserve	(164,577)	150,034
	6,162,075	5,906,380
Distributable income		
Discretionary fund (Note 5)	80,568	119,936
Directed fund (Note 6)	120,731	114,668
Scholarship and bursary fund (Note 7)	139,012	157,572
	340,311	392,176
	6,907,919	6,626,178

Approved on behalf of the Board:

Director

Director

The accompanying notes are an integral part of these financial statements

Abbotsford Community Foundation
STATEMENT OF CHANGES IN CONTRIBUTED CAPITAL
Year ended December 31, 2007 with comparative figures for 2006

	2007	2006
Discretionary Fund		
Balance - beginning of year	2,041,250	2,048,238
Contributions	742	1,664
Transfers received from distributable income	474	639
Transfers to scholarship and bursary fund	(50)	(2,648)
Transfers to directed fund	(858)	(6,643)
Balance - end of year	2,041,558	2,041,250

Directed Fund

Balance - beginning of year	1,923,187	1,805,852
Contributions	105,926	109,781
Transfers received from discretionary fund	858	6,643
Transfers received from distributable income	-	911
Balance - end of year	2,029,971	1,923,187

Scholarship and Bursary Fund

Balance - beginning of year	1,791,909	1,718,299
Contributions	463,164	70,962
Transfers received from discretionary fund	50	2,648
Balance - end of year	2,255,123	1,791,909

Capital Stabilization Reserve

Balance - beginning of year	150,034	(73,548)
Transfers (to) from distributable income	(314,611)	223,582
Balance - end of year	(164,577)	150,034

Summary of Contributed Capital Funds

Balance - beginning of year	5,906,380	5,498,841
Contributions	569,832	182,407
Transfers (to) from distributable income	(314,137)	225,132
Balance - end of year	6,162,075	5,906,380

The accompanying notes are an integral part of these financial statements

Abbotsford Community Foundation
STATEMENT OF REVENUE, EXPENDITURES AND DISTRIBUTABLE INCOME
Year ended December 31, 2007 with comparative figures for 2006

	2007	2006
Revenue		
Investment revenue		
Investment income	94,131	612,710
Less: Investment management fees	(29,847)	(28,578)
	<u>64,284</u>	<u>584,132</u>
Contributions		
Scholarship and bursary fund	152,917	162,975
Distributable income contributions	12,300	8,500
	<u>229,501</u>	<u>755,607</u>
Expenditures		
Grants		
Discretionary fund	135,500	96,670
Directed fund	94,499	47,997
Scholarship and bursary fund	269,637	454,200
	<u>499,636</u>	<u>598,867</u>
Administrative expenses		
Contract fees	67,713	70,524
Insurance	2,326	1,919
Office and miscellaneous	14,815	14,318
Professional fees	6,295	5,525
Public relations	1,712	11,604
Rent	10,344	9,568
Scholarship and bursary expenses	2,611	2,199
Telephone	3,251	3,103
	<u>109,067</u>	<u>118,760</u>
Less: Contributions to administrative expenses	(13,200)	(13,200)
	<u>95,867</u>	<u>105,560</u>
Total expenditures	<u>595,503</u>	<u>704,427</u>
(Deficiency) excess of revenue over expenditures	(366,002)	51,180
Distributable income - beginning of year	392,176	566,128
Transfer from (to) capital stabilization reserve	314,611	(223,582)
Transfer to other contributed capital funds	(474)	(1,550)
Distributable income - end of year	\$ 340,311	\$ 392,176

The accompanying notes are an integral part of these financial statements

Abbotsford Community Foundation

NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 2007

Description of Foundation

The Abbotsford Community Foundation was established for the purpose of funding various charitable, educational, recreational and cultural organizations primarily in the Abbotsford area. This is accomplished through endowment building, serving donors and grant making.

Fund equity

Fund equity consist of the following funds:

Discretionary Fund

The Discretionary Fund comprises those assets donated where income earned on the investment may be distributed at the discretion of the Foundation. Capital contributed to this fund will be maintained in perpetuity.

Directed Fund

The Directed Fund is comprised of assets over which donors have placed certain terms or restriction on distribution of income. Capital contributed to this fund will be maintained in perpetuity.

Scholarship and Bursary Fund

The Scholarship and Bursary Fund consists of scholarships and bursaries donated by various members of the community over which the donors have placed certain terms or restrictions on distribution of income. Capital contributed to this fund will be maintained in perpetuity.

Capital Stabilization Reserve

The Capital Stabilization Reserve has been established to preserve the capital component of each fund against inflation and market fluctuation.

The Foundation's Board annually sets the allocation of income to the funds. Any unallocated income (loss) is transferred to (from) the Capital Stabilization Reserve. This reserve is reduced by any amounts transferred to the other contributed capital funds to preserve these funds against inflation.

Distributable income

Distributable income represents the balance of unallocated fund income.

1. Significant accounting policies

The financial statements of the have been prepared in accordance with Canadian generally accepted accounting principles for not for profit organizations.

Abbotsford Community Foundation
NOTES TO FINANCIAL STATEMENTS
Year ended December 31, 2007

1. Significant accounting policies (cont'd)

Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in earnings in the periods in which they become known.

Investments

Investments are recorded at market value.

Insurance contracts

Insurance contracts are valued at their cash surrender value. Proceeds from insurance policies are recognized when the insurance proceeds are received.

Contributions to capital funds

The Foundation follows the restricted fund method of accounting for capital contributions. Contributions to capital funds are recorded upon receipt by the applicable fund.

Revenue recognition

The Foundation follows the restricted fund method of accounting for general contributions, which are recorded as revenue upon receipt, except for contributions for administrative expenses, which are recorded as revenue when the related administrative expenses are incurred, with any excess shown in the Balance Sheet as deferred revenue.

Investment revenue includes all accrued interest and dividends, and realized and unrealized market gains or losses.

Contributed services

The work of the Foundation is dependant on the voluntary services of many members. Since these services are not normally purchased by the Foundation and because of the difficulty in determining their fair values, donated services are not recorded in the financial statements.

Income taxes

The Foundation is registered as a charitable organization under the Income Tax Act (the "Act") and as such is exempt from income taxes and is able to issue donation receipts for income tax purposes. In order to maintain its status as a registered charity under the Act, the Foundation must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

1. Significant accounting policies (cont'd)

Financial instruments

Held for trading:

The Foundation has classified the following financial assets as held for trading: cash, accounts receivable, investments and insurance contracts. These instruments are initially recognized at their fair value, determined by published price quotations in an active market. Transactions to purchase or sell these items are recorded on the settlement date, and transaction costs are immediately recognized in distributable income.

Held for trading financial instruments are subsequently measured at their fair value, without any deduction for transactions costs incurred on sale or other disposal. Gains and losses arising from changes in fair value are recognized immediately in distributable income.

Other financial liabilities:

The Foundation has classified the following financial liabilities as other financial liabilities: accounts payable and grants payable. These liabilities are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the settlement date, and transaction costs are immediately recognized in distributable income. Total interest expense, calculated using the effective interest rate method, is recognized in distributable income.

Fees incurred on an exchange of financial liabilities or a modification of the terms of financial liabilities that is accounted for as an extinguishment are included as part of the gain or loss on extinguishment, while any related other costs incurred are recognized in current distributable income. Any fees incurred on the exchange or modification of a financial liability not accounted for as an extinguishment are included in the carrying amount of the modified financial liability and amortized over its remaining expected life. Any related other costs incurred are recognized in current year distributable income.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Under this method, estimated future cash payments are exactly discounted over the liability's expected life, or other appropriate period, to its net carrying value. Amortized cost is the amount at which the financial liability is measured at initial recognition less principal repayments, and plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount. Gains and losses arising from changes in fair value are recognized in distributable income upon derecognition or impairment.

Abbotsford Community Foundation
NOTES TO FINANCIAL STATEMENTS
Year ended December 31, 2007

2. Change in accounting policy

Effective January 1, 2007, the Foundation adopted the Canadian Institute of Chartered Accountants' new recommendations for the recognition and measurement of financial instruments, and amendments to the existing presentation and disclosure standards.

CICA 3855 Financial Instruments – Recognition and Measurement establishes standards for recognizing and measuring financial assets, financial liabilities and derivatives. CICA 3861 Financial Instruments – Disclosure and Presentation discusses the presentation and disclosure of these items. Financial instruments are defined as a contractual right to either receive or deliver cash or another financial instrument to another party.

As described in Accounting Policies, Note 1, the Foundation recognizes its held for trading financial assets at their fair value. Prior to this classification, required at the time the Foundation adopted the Financial Instruments standards, these items were recognized at their market value and historical cost. There is no effect on the financial statements as the result of this change in accounting policy. The new requirements were applied prospectively and prior periods have not been restated.

As described in Accounting Policies, Note 1, the Foundation's other financial liabilities are recognized at their amortized cost, using the effective interest method. Prior to this classification, these items were recognized at their historical cost. There is no effect on the financial statements as the result of this change in accounting policy. The new requirements were applied prospectively and prior periods have not been restated.

3. Investments

	<i>2007</i>	<i>2006</i>
	<i>Market</i>	<i>Market</i>
	<i>Value</i>	<i>Value</i>
Fixed income	3,354,201	3,578,753
Global equity	1,160,553	1,504,548
Money market	770,724	219,382
Canadian equity	1,135,988	1,174,746
	6,421,466	6,477,429

4. Insurance contracts

	<i>2007</i>	<i>2006</i>
Cash surrender value of life insurance policies	146,604	98,210

The Foundation is the beneficiary named under life insurance policies in the aggregate amount of \$646,603 (2006 - \$605,610).

Abbotsford Community Foundation
NOTES TO FINANCIAL STATEMENTS
Year ended December 31, 2007

5. Discretionary Fund

	<i>2007</i>		<i>2006</i>	
	<i>Contributed Capital</i>	<i>Distributable Income</i>	<i>Contributed Capital</i>	<i>Distributable Income</i>
Capital Trust Fund	1,316,008	26,391	1,315,854	68,530
General Fund	-	15,000	-	15,000
Administration Fund	719,535	38,844	718,947	35,932
Matching Capital Grant Fund	6,015	333	6,449	474
	2,041,558	80,568	2,041,250	119,936

6. Directed Fund

	<i>2007</i>		<i>2006</i>	
	<i>Contributed Capital</i>	<i>Distributable Income</i>	<i>Contributed Capital</i>	<i>Distributable Income</i>
Abbotsford Community Services Fund	86,035	4,646	86,035	4,302
Spud Huestis Memorial Fund	16,543	893	16,543	827
Abbotsford Royals Track & Field Fund	522,960	28,240	522,960	26,148
General Hospital Fund	21,714	1,170	21,599	1,080
FVCU / Ewald Rempel Memorial Fund	92,500	6,336	92,500	11,341
Abbotsford 2006 BC Seniors Games	36,388	1,255	-	-
Multi-Purpose Sports Centre Fund	268,229	14,484	268,229	13,411
Mary Anne Curtin Trust Fund	14,872	803	14,872	744
Abbotsford Community Summer School	16,143	872	16,143	807
Abbotsford Matsqui Hospice Fund	8,016	432	7,966	397
Dave Kandal Elementary School Fund	21,018	1,135	21,018	1,051
United Way of the Fraser Valley Fund	18,774	1,014	18,774	927
Anderson Community Fund	33,944	3,259	31,029	1,483
Career Technical Centre Award Fund	16,133	3,635	16,133	3,764
Abbotsford Symphony Orchestra	22,874	1,235	22,874	1,144
Abbotsford Land Trust Society	133,732	7,163	130,732	6,537
John A. & Muriel Murphy Comm. Fund	20,021	5,461	20,021	4,380
Abbotsford Police Foundation Fund	61,165	6,956	51,165	3,848
Investors Group Community Fund	82,428	5,473	79,178	4,085
Tabor Home Society Fund	10,000	540	10,000	500
Abbotsford Community Safety Society	25,879	2,696	25,879	1,299
Eric Vanderham Memorial Fund	11,064	2,143	11,064	1,545
Mary Victoria Wakefield Animal Welfare	235,327	12,107	235,327	19,400
Insurance Contracts	146,604	-	98,210	-
Oakland Thompson Trust Fund	7,837	2,472	7,837	1,823
Imperial Athletic Scholarship Fund	25,000	1,350	25,000	1,163
D. Carter & Muffy - Feed the Children Fund	15,000	760	12,428	723
MSA Museum Society	29,771	1,606	29,671	964
Conexions	30,000	2,595	30,000	975
	2,029,971	120,731	1,923,187	114,668

Abbotsford Community Foundation
NOTES TO FINANCIAL STATEMENTS
Year ended December 31, 2007

7. Scholarship and Bursary Fund

	<i>2007</i>		<i>2006</i>	
	<i>Contributed Capital</i>	<i>Distributable Income</i>	<i>Contributed Capital</i>	<i>Distributable Income</i>
Community Scholarship and Bursary Fund	2,255,123	121,343	1,791,909	121,030
Scholarship and Bursary Fund	-	17,669	-	36,542
	2,255,123	139,012	1,791,909	157,572

8. Financial instruments

The Foundation as part of its operations carries a number of financial instruments. It is management's opinion that the Foundation is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

Fair value of financial instruments

Held for trading Assets:

Cash is recorded at fair value, which is approximated by their initial carrying value, due to their short-term nature.

Investments are recorded at their fair value, determined by reference to published bid price quotations in an active market.

Insurance contracts are recorded at their fair value, which is determined by the cash surrender value as determined by the insurance company.

Accounts receivable are recorded at their fair value, which is approximated by their initial carrying value, due to their short-term nature.

Risk management policy

The Foundation, as part of operations, has established a conservative risk tolerance as the risk management objective. In seeking to meet these objectives, the Foundation follows a risk management policy approved by its Board of Directors. Risk exposure is managed through prudent diversification in the Foundation's investments. The risk management objectives and policy is reviewed by the Board of Directors annually.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Foundation manages foreign currency risk by changing the asset mix of investments as required to deal with currency fluctuation.

Abbotsford Community Foundation
NOTES TO FINANCIAL STATEMENTS
Year ended December 31, 2007

8. Financial instruments (cont'd)

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. The Foundation manages interest rate risk by changing the asset mix of investments as required to deal with expected changes in interest rates.

The Foundation is exposed to interest rate risk with respect to cash, investments, and insurance contracts.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Foundation enters into transactions to purchase investments, as described in Note 3, for which the market price fluctuates. The Foundation manages other price risk by keeping a diversified mix of investments in the investment portfolio.

9. Statement of Cash Flows

A statement of cash flows has not been presented as it would not provide additional meaningful information.

10. Commitments

The Foundation has entered into various lease agreements with estimated minimum annual payments as follows:

2008	12,869
2009	12,489
2010	3,530