

Abbotsford Community Foundation
Financial Statements
December 31, 2008

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 18, 2009

_____ Management _____ Management

Auditors' Report

To the Members of the
Abbotsford Community Foundation

We have audited the statement of financial position of the **Abbotsford Community Foundation** as at December 31, 2008 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, 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 (B.C.), we report that, in our opinion, these principles have been applied on a consistent basis with that of the preceding year.

Abbotsford, B.C.
March 18, 2009

Meyers Norris Penny LLP

Chartered Accountants

Abbotsford Community Foundation
STATEMENT OF FINANCIAL POSITION
December 31, 2008

	2008	2007
Assets		
Cash	275,824	323,414
Accounts receivable	15,628	16,435
Investments (Note 2)	5,860,888	6,421,466
Insurance contracts (Note 3)	104,062	146,604
Capital assets (Note 4)	3,364	-
	6,259,766	6,907,919

Liabilities and Fund Equity

Liabilities

Accounts payable	14,354	15,083
Grants payable	366,295	390,450
	380,649	405,533

Fund Equity

Contributed capital

Discretionary fund (Note 5)	2,043,618	2,041,558
Directed fund (Note 6)	2,049,044	2,029,971
Scholarship and bursary fund (Note 7)	2,404,466	2,255,123
Capital stabilization reserve	(946,590)	(164,577)
	5,550,538	6,162,075

Distributable income

Discretionary fund (Note 5)	85,031	80,568
Directed fund (Note 6)	99,746	120,731
Scholarship and bursary fund (Note 7)	143,802	139,012
	328,579	340,311
	6,259,766	6,907,919

Approved on behalf of the Board:

_____ Director _____ Director

Abbotsford Community Foundation
STATEMENT OF CHANGES IN CONTRIBUTED CAPITAL
Year ended December 31, 2008

	2008	2007
Discretionary Fund		
Balance - beginning of year	2,041,558	2,041,250
Contributions	2,060	742
Transfers received from distributable income	-	474
Transfers to scholarship and bursary fund	-	(50)
Transfers to directed fund	-	(858)
Balance - end of year	2,043,618	2,041,558
Directed Fund		
Balance - beginning of year	2,029,971	1,923,187
Contributions	86,614	105,926
Decline in value of insurance contracts	(67,541)	-
Transfers received from discretionary fund	-	858
Balance - end of year	2,049,044	2,029,971
Scholarship and Bursary Fund		
Balance - beginning of year	2,255,123	1,791,909
Contributions	149,343	463,164
Transfers received from discretionary fund	-	50
Balance - end of year	2,404,466	2,255,123
Capital Stabilization Reserve		
Balance - beginning of year	(164,577)	150,034
Transfers to distributable income	(782,013)	(314,611)
Balance - end of year	(946,590)	(164,577)
Summary of Contributed Capital Funds		
Balance - beginning of year	6,162,075	5,906,380
Contributions (net of decline in value of insurance contracts)	170,476	569,832
Transfers to distributable income	(782,013)	(314,137)
Balance - end of year	5,550,538	6,162,075

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, 2008

	2008	2007
Revenue		
Investment revenue		
Unrealized losses on investments	(800,278)	(303,580)
Investment income	20 359,496	397,711
Less: Investment management fees	(29,310)	(29,847)
	(470,092)	64,284
Contributions		
Scholarship and bursary fund	165,642	152,917
Distributable income contributions	12,300	12,300
	(292,150)	229,501
Expenditures		
Grants		
Discretionary fund	5,500	135,500
Directed fund	88,219	94,499
Scholarship and bursary fund	249,400	269,637
	343,119	499,636
Administrative expenses		
Contract fees	94,566	67,713
Insurance	2,711	2,326
Office and miscellaneous	21,086	14,259
Professional fees	8,237	6,295
Public relations and communications	24,940	2,269
Rent	12,971	10,344
Scholarship and bursary expenses	3,528	2,611
Telephone	3,636	3,251
	171,675	109,068
Less: Contributions to administrative expenses	(13,200)	(13,200)
	158,475	95,868
Total expenditures	501,594	595,504
Deficiency of revenue over expenditures	(793,744)	(366,003)
Distributable income - beginning of year	340,310	392,176
Transfer from capital stabilization reserve	782,013	314,611
Transfer to other contributed capital funds	-	(474)
Distributable income - end of year	\$ 328,579	\$ 340,310

The accompanying notes are an integral part of these financial statements

Abbotsford Community Foundation

NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 2008

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 for the Discretionary Fund, Directed Fund and the Scholarship and Bursary Fund. Contributions to distributable income are included in revenues.

1. Significant accounting policies

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

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.

Abbotsford Community Foundation

NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 2008

1. Significant accounting policies (cont'd)

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.

Capital assets

Capital assets are recorded at cost. Amortization is provided annually at rates designed to amortize the cost of the assets over their estimated useful lives as follows:

Computer equipment and software	3 years	straight line
Office furniture and equipment	3 years	straight line

In the year of acquisition, no amortization is charged to earnings.

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 Statement of Financial Position 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.

Abbotsford Community Foundation

NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 2008

1. Significant accounting policies (cont'd)

Financial instruments

Held for trading:

The Foundation has classified the following financial assets as held for trading: cash, 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.

Loans and receivables:

The Foundation has classified the following financial assets as loans and receivables: accounts receivable. These transactions are initially recorded at their fair value, determined by the transactions initial cost in a transaction between unrelated parties. Loans and receivables are subsequently recorded at amortized cost, using the effective interest method. Under this method, estimated future cash receipts are discounted over the asset's expected life to its net carrying value. Gains or losses arising from changes in fair value are recognized in net income upon derecognition or impairment.

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, 2008

2. Investments

	2008 <i>Market Value</i>	<i>2007</i> <i>Market Value</i>
Fixed income	3,490,249	3,354,201
Global equity	1,251,419	1,160,553
Money market	132,485	770,724
Canadian equity	986,735	1,135,988
	5,860,888	6,421,466

3. Insurance contracts

	2008	<i>2007</i>
Cash surrender value of life insurance policies	104,062	146,604

The Foundation is the beneficiary named under life insurance policies in the aggregate amount of \$604,062 (2007 - \$646,603).

4. Capital assets

	<i>Cost</i>	<i>Accumulated depreciation</i>	2008 <i>Net book value</i>	<i>2007</i> <i>Net book value</i>
Computer equipment and software	2,292	-	2,292	-
Office furniture and equipment	1,072	-	1,072	-
	3,364	-	3,364	-

5. Discretionary Fund

	2008		<i>2007</i>	
	<i>Contributed Capital</i>	<i>Distributable Income</i>	<i>Contributed Capital</i>	<i>Distributable Income</i>
Capital Trust Fund	1,317,218	44,282	1,316,008	26,391
General Fund	-	15,000	-	15,000
Administration Fund	720,385	25,205	719,535	38,844
Matching Capital Grant Fund	6,015	544	6,015	333
	2,043,618	85,031	2,041,558	80,568

Abbotsford Community Foundation

NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 2008

6. Directed Fund

	2008		2007	
	Contributed Capital	Distributable Income	Contributed Capital	Distributable Income
Abbotsford Community Services Fund	86,035	3,011	86,035	4,646
Spud Huestis Memorial Fund	16,543	579	16,543	893
Abbotsford Royals Track & Field Fund	522,960	18,304	522,960	28,240
General Hospital Fund	21,964	766	21,714	1,170
FVCU / Ewald Rempel Memorial Fund	92,500	9,573	92,500	6,336
Abbotsford 2006 BC Seniors Games	36,388	2,529	36,388	1,255
Multi-Purpose Sports Centre Fund	268,229	9,388	268,229	14,484
Mary Anne Curtin Trust Fund	14,872	521	14,872	803
Abbotsford Community Summer School	16,143	565	16,143	872
Abbotsford Matsqui Hospice Fund	8,016	281	8,016	432
Dave Kandal Elementary School Fund	21,018	736	21,018	1,135
United Way of the Fraser Valley Fund	18,774	657	18,774	1,014
Anderson Community Fund	36,444	4,510	33,944	3,259
Career Technical Centre Award Fund	16,133	3,200	16,133	3,635
Abbotsford Symphony Orchestra	22,874	801	22,874	1,235
Abbotsford Land Trust Society	133,732	4,681	133,732	7,163
John A. & Muriel Murphy Comm. Fund	20,022	1,162	20,021	5,461
Abbotsford Police Foundation Fund	61,165	2,141	61,165	6,956
Investors Group Community Fund	82,428	3,355	82,428	5,473
Tabor Home Society Fund	13,000	425	10,000	540
Abbotsford Community Safety Society	25,879	3,602	25,879	2,696
Eric Vanderham Memorial Fund	11,064	2,530	11,064	2,143
Mary Victoria Wakefield Animal Welfare	235,327	16,199	235,327	12,107
Insurance Contracts	104,062	-	146,604	-
Oakland Thompson Trust Fund	7,837	2,746	7,837	2,472
Imperial Athletic Scholarship Fund	25,000	875	25,000	1,350
D. Carter & Muffy - Feed the Children Fund	16,140	554	15,000	760
MSA Museum Society	84,495	2,410	29,771	1,606
Conexions	30,000	3,645	30,000	2,595
	2,049,044	99,746	2,029,971	120,731

7. Scholarship and Bursary Fund

	2008		2007	
	Contributed Capital	Distributable Income	Contributed Capital	Distributable Income
Community Scholarship and Bursary Fund	2,404,466	124,033	2,255,123	121,343
Scholarship and Bursary Fund	-	19,769	-	17,669
	2,404,466	143,802	2,255,123	139,012

Abbotsford Community Foundation

NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 2008

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

The carrying amounts of cash and accounts receivable approximate their fair values due to their short-term nature. Investments are recorded at their fair value as determined by reference to published bid price quotations in an active market. Insurance contracts are recorded at their fair value as determined by the cash surrender value provided by the insurance company.

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.

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 2, 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.

Abbotsford Community Foundation

NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 2008

10. Commitments

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

2009	19,671
2010	5,924

11. Comparative figures

Certain 2007 comparative figures have been reclassified to conform with the 2008 financial statement presentation.