

**COMMUNITY FOUNDATION OF
MEDICINE HAT AND
SOUTHEASTERN ALBERTA**

FINANCIAL STATEMENTS

JUNE 30, 2012

EBT



ENSMINGER · BECK
& THOMPSON ●●●●
CHARTERED ACCOUNTANTS

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COMMUNITY FOUNDATION OF MEDICINE HAT AND SOUTHEASTERN ALBERTA

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Community Foundation of Medicine Hat and Southeastern Alberta

We have audited the accompanying financial statements of Community Foundation of Medicine Hat and Southeastern Alberta, which comprise the Statement of Financial Position as at June 30, 2012, and the Statements of Operations, Changes in Undistributed Income and Fund Balances and Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

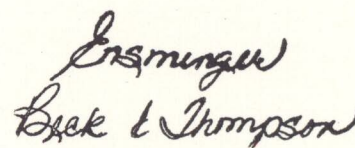
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Community Foundation of Medicine Hat and Southeastern Alberta as at June 30, 2012, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Medicine Hat, Alberta
September 20, 2012



CHARTERED ACCOUNTANTS

COMMUNITY FOUNDATION OF MEDICINE HAT AND SOUTHEASTERN ALBERTA

STATEMENT OF FINANCIAL POSITION

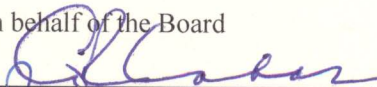
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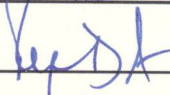
	ASSETS		
	June 30, 2012	June 30, 2011	July 1, 2010
CURRENT ASSETS			
Cash and cash equivalents (Note 3)	\$ 161,297	\$ 92,201	\$ 231,088
Marketable securities (Note 4)	7,152,443	6,673,666	6,036,901
Accounts receivable	2,600	-	-
Prepaid expenses (Note 5)	1,423	2,617	-
GST receivable	3,237	4,873	4,580
	7,321,000	6,773,357	6,272,569
EQUIPMENT (Note 6)	6,178	1,484	6,540
OTHER ASSETS (Note 7)	25,000	23,723	22,380
	\$ 7,352,178	\$ 6,798,564	\$ 6,301,489

	LIABILITIES		
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	\$ 15,059	\$ 13,923	\$ 9,242
Deferred revenue (Note 8)	9,000	9,000	23,500
Managed funds (Note 9)	71,817	79,602	186,496
	95,876	102,525	219,238

	FUND BALANCES		
SMART & CARING COMMUNITY ENDOWMENT FUND	3,750,348	3,455,473	3,124,354
DESIGNATED ENDOWMENT FUND	2,498,717	2,373,257	2,125,159
OPERATING ENDOWMENT FUND	1,005,400	789,018	733,121
FLOW-THROUGH FUND	6,799	7,950	24,133
ADMINISTRATIVE FUND	(4,962)	70,341	75,484
	7,256,302	6,696,039	6,082,251
	\$ 7,352,178	\$ 6,798,564	\$ 6,301,489

On behalf of the Board

 Member

 Member

The accompanying notes are an integral part of the financial statements.

COMMUNITY FOUNDATION OF MEDICINE HAT AND SOUTHEASTERN ALBERTA

STATEMENT OF OPERATIONS FOR THE YEAR ENDED JUNE 30, 2012

	Smart & Caring Community Endowment Fund	Designated Endowment Fund	Operating Endowment Fund	Flow- Through Fund	Admini- strative- Fund (Schedule 1)	2011 Total
Revenue						
Investments and interest	\$ 157,705	\$ 106,541	\$ 37,121	\$ -	\$ -	\$ 301,367
Grants, donations & administrative charges	-	-	-	12,839	152,372	282,147
	157,705	106,541	37,121	12,839	152,372	488,474
Expenses						
Operating	-	-	-	-	227,675	227,675
Administrative charges	36,233	24,450	8,721	-	-	69,404
Grants	95,359	80,491	26,364	13,990	-	216,204
Investment fees	21,092	14,242	5,075	-	-	40,409
	152,684	119,183	40,160	13,990	227,675	553,692
						566,128
Undistributed income (loss)	5,021	(12,642)	(3,039)	(1,151)	(75,303)	(87,114)
						(77,654)
Unrealized gains (losses)	(23,051)	(15,665)	(2,159)	-	-	(40,875)
						575,612
Increase (decrease) in undistributed income	\$ (18,030)	\$ (28,307)	\$ (5,198)	\$ (1,151)	\$ (75,303)	\$ (127,989)
						\$ 497,958

The accompanying notes are an integral part of the financial statements.

COMMUNITY FOUNDATION OF MEDICINE HAT AND SOUTHEASTERN ALBERTA

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED JUNE 30, 2011

	Smart & Caring Community Endowment Fund	Designated Endowment Fund	Operating Endowment Fund	Flow- Through Fund	Admini- strative Fund (Schedule 1)	Total
Revenue						
Investments and interest	\$ 106,858	\$ 74,585	\$ 24,884	\$ -	\$ -	\$ 206,327
Grants, donations & administrative charges	-	-	-	71,786	210,361	282,147
	106,858	74,585	24,884	71,786	210,361	488,474
Expenses						
Operating	-	-	-	-	215,504	215,504
Administrative charges	34,202	23,754	7,822	-	-	65,778
Grants	64,885	62,171	30,275	87,969	-	245,300
Investment fees	20,505	14,288	4,753	-	-	39,546
	119,592	100,213	42,850	87,969	215,504	566,128
Undistributed loss	(12,734)	(25,628)	(17,966)	(16,183)	(5,143)	(77,654)
Unrealized gains	299,834	205,676	70,102	-	-	575,612
Increase (decrease) in undistributed income	\$ 287,100	\$ 180,048	\$ 52,136	\$ (16,183)	\$ (5,143)	\$ 497,958

The accompanying notes are an integral part of the financial statements.

COMMUNITY FOUNDATION OF MEDICINE HAT AND SOUTHEASTERN ALBERTA

STATEMENT OF CHANGES IN UNDISTRIBUTED INCOME AND FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2012

	Smart & Caring Community Endowment Fund	Designated Endowment Fund	Operating Endowment Fund	Flow- Through Fund	Admini- strative Fund	2011 Total
Capital, beginning of year	\$3,348,012	\$2,317,739	\$ 868,416	\$ -	\$ -	\$6,534,167
Donations	312,905	153,767	221,580	-	-	688,252
Capital, end of year	3,660,917	2,471,506	1,089,996	-	-	7,222,419
Undistributed income (loss), beginning of year	107,461	55,518	(79,398)	7,950	70,341	161,872
Increase (decrease) in undistributed income	(18,030)	(28,307)	(5,198)	(1,151)	(75,303)	(127,989)
Preservation of Capital adjustment	-	-	-	-	-	-
Undistributed income (loss), end of year	89,431	27,211	(84,596)	6,799	(4,962)	33,883
Fund Balances, end of year	\$3,750,348	\$2,498,717	\$1,005,400	\$ 6,799	\$ (4,962)	\$7,256,302
						\$6,696,039

The accompanying notes are an integral part of the financial statements.

COMMUNITY FOUNDATION OF MEDICINE HAT AND SOUTHEASTERN ALBERTA

STATEMENT OF CHANGES IN UNDISTRIBUTED INCOME AND FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2011

	Smart & Caring Community Endowment Fund	Designated Endowment Fund	Operating Endowment Fund	Flow- Through Fund	Admini- strative Fund	Total
Capital, beginning of year	\$3,303,993	\$2,249,689	\$ 864,655	\$ -	\$ -	\$6,418,337
Donations	44,019	68,050	3,761	-	-	115,830
Capital, end of year	3,348,012	2,317,739	868,416	-	-	6,534,167
Undistributed income (loss), beginning of year	(179,639)	(124,530)	(131,534)	24,133	75,484	(336,086)
Increase (decrease) in undistributed income	287,100	180,048	52,136	(16,183)	(5,143)	497,958
Preservation of Capital adjustment	-	-	-	-	-	-
Undistributed income (loss), end of year	107,461	55,518	(79,398)	7,950	70,341	161,872
Fund Balances, end of year	\$3,455,473	\$2,373,257	\$ 789,018	\$ 7,950	\$ 70,341	\$6,696,039

The accompanying notes are an integral part of the financial statements.

COMMUNITY FOUNDATION OF MEDICINE HAT AND SOUTHEASTERN ALBERTA

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2012

	2012	2011
OPERATING ACTIVITIES		
Increase (decrease) in undistributed income	\$ (127,989)	\$ 497,958
Adjustments for		
Amortization	851	4,466
Unrealized (gains) losses	40,874	(575,612)
Non-cash donations of shares	1,054	(6,933)
Disposal of obsolete computer equipment	-	591
	(85,210)	(79,530)
Changes in non-cash working capital		
Accounts receivable	(2,600)	-
Prepaid expenses	1,194	(2,617)
GST	1,636	(293)
Accounts payable and accrued liabilities	1,136	4,680
Deferred revenue	-	(14,500)
	(83,844)	(92,260)
INVESTING ACTIVITIES		
Proceeds on disposal of marketable securities	43,235	145,503
Purchase of marketable securities	(563,940)	(199,723)
Purchase of equipment	(5,545)	-
Increase in other assets	(1,277)	(1,343)
	(527,527)	(55,563)
FINANCING ACTIVITIES		
Managed funds	(7,785)	(106,894)
Capital donations received	688,252	115,830
	680,467	8,936
INCREASE (DECREASE) IN CASH	69,096	(138,887)
CASH, beginning of year	92,201	231,088
CASH, end of year	\$ 161,297	\$ 92,201

The accompanying notes are an integral part of the financial statements.

COMMUNITY FOUNDATION OF MEDICINE HAT AND SOUTHEASTERN ALBERTA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2012

NATURE OF BUSINESS

Community Foundation of Medicine Hat and Southeastern Alberta ("the Foundation") was enabled by the Medicine Hat Community Foundation Act, a special statute enacted by the Legislative Assembly of the Province of Alberta on June 26, 1992. The Foundation is a charitable organization registered under the Income Tax Act (Canada) and as such is exempt from income taxes and able to issue donation receipts for income tax purposes.

The Foundation assembles and administers a pool of capital, the income from which is distributed to worthy charitable and community causes as determined by its board of directors.

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include balances with banks and short-term investments with maturities of seven months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

MARKETABLE SECURITIES

Marketable securities, as described in Note 4, are valued at fair market value, as determined by the independent investment firm that holds the marketable securities.

BEQUESTS AND OTHER DONATIONS

Bequests and other donations are recorded when they become receivable.

GRANT EXPENSES

Grant expenses are recorded in the year approved.

COMMUNITY FOUNDATION OF MEDICINE HAT AND SOUTHEASTERN ALBERTA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2012

1. SIGNIFICANT ACCOUNTING POLICIES, continued

CONTRIBUTED MATERIALS AND SERVICES

Contributed materials and services are recognized in the financial statements when their fair value can be reasonably determined and they are used in the normal course of the Foundation's operations and would otherwise have been purchased.

FUND ACCOUNTING

As donors have provided amounts for special purposes, the Statement of Changes in Undistributed Income and Fund Balances and Statement of Operations have been presented in a manner which segregates the Smart & Caring Community Endowment Fund (unrestricted) from the Designated Endowment Fund (for special purposes), the Operating Endowment Fund (to aid in the administrative expenses), the Flow Through Fund (third-party donations directed through the Foundation) and the Administrative Fund (for administrative expenses).

The revenues and expenses related to the collection of unrestricted donations and fundraising activities are reported in the Smart & Caring Community Endowment Fund. The income earned by this fund is to be distributed as determined by the Board of Directors.

The Designated Endowment Fund, Operating Endowment Fund, Flow-Through Fund, and Administrative Funds report amounts for which the use is restricted by the donors and related investment income on the fund balances.

The Designated Endowment Fund reports resources contributed to the Foundation with the stipulation that the capital amount be permanently retained. Grants are distributed for designated purposes from the income earned.

The Operating Endowment Fund reports resources contributed to the Foundation with the stipulation that the capital amount be preserved to fund administrative expenses.

The Flow-Through Fund reports resources contributed to the Foundation with the stipulation that the entire capital amount be paid to another charitable organization.

The Administrative Fund reports resources contributed to the Foundation with the stipulation that the capital amount be used to directly fund administrative expenses.

REVENUE RECOGNITION

The Foundation follows the deferral method of accounting for contributions which includes grants and donations.

Restricted contributions are recognized as revenue in the year in which the related expenses are made. 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.

COMMUNITY FOUNDATION OF MEDICINE HAT AND SOUTHEASTERN ALBERTA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2012

1. SIGNIFICANT ACCOUNTING POLICIES, continued

EQUIPMENT

Equipment is recorded at cost. The organization provides for amortization using the following methods at rates designed to amortize the cost of the equipment over its estimated useful life. One half of the year's amortization is recorded in the year of acquisition. No amortization is recorded in the year of disposal. The annual amortization rates and methods are as follows:

Furniture and fixtures	20% Declining balance
Computer equipment and software	20-100% Declining balance

DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent contributed equipment and restricted contributions to purchase equipment. These contributions are deferred and amortized on the same basis as the related equipment is amortized. The Foundation does not currently have any deferred capital contributions.

MEASUREMENT UNCERTAINTY

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported 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. Estimates are used when accounting for certain items such as the useful life of equipment.

IMPAIRMENT OF LONG-LIVED ASSETS

The organization tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected undiscounted future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent carrying value exceeds its fair value.

COMMUNITY FOUNDATION OF MEDICINE HAT AND SOUTHEASTERN ALBERTA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2012

1. SIGNIFICANT ACCOUNTING POLICIES, continued

FINANCIAL INSTRUMENTS

Measurement of financial instruments

A financial instrument is a contractual obligation. The Foundation initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument. Amounts due to and from related parties are measured at the exchange amount, being the amount agreed upon by the related parties.

The organization subsequently measures its financial assets and financial liabilities at amortized cost, except for equity securities quoted in an active market, which are subsequently measured at fair value. Forward exchange contracts and interest rate swaps that are not hedging items are measured at fair value. Changes in fair value are recognized in excess (deficiency) of revenues over expenditures.

Financial assets measured at amortized cost include cash and cash equivalents and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and managed funds

Financial assets measured at fair value include marketable securities.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in net income. The write down reflects the difference between the carrying amount and the higher of:

- ♦ the present value of the cash flows expected to be generated by the asset or group of assets;
- ♦ the amount that could be realized by selling the assets or group of assets;
- ♦ the net realizable value of any collateral held to secure repayment of the assets or group of assets.

When the events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in net income up to the amount of the previously recognized impairment.

COMMUNITY FOUNDATION OF MEDICINE HAT AND SOUTHEASTERN ALBERTA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2012

1. SIGNIFICANT ACCOUNTING POLICIES, continued

RISK MANAGEMENT

The Foundation, as part of operations, has established avoidance of undue concentrations of risk as risk management objectives. In seeking to meet these objectives, the Foundation follows a risk management policy approved by its Board of Directors.

Credit Risk

It is management's opinion that the Foundation is not exposed to significant credit risk as the Foundation does not have customer receivables.

Market Risk

Market risk is the risk that future cash flows will fluctuate because of changes in market prices. It is comprised of three types of risk: currency risk, interest rate risk, and other price risk.

The Foundation is exposed to certain market risks including changes in pricing and limited access to foreign markets.

Currency Risk

It is management's opinion that the Foundation is not exposed to significant currency risk.

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 flow associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets and liabilities, known as price risk. In seeking to minimize the risks from interest rate fluctuations, the Foundation manages exposure through its normal operating and financing activities.

Liquidity Risk

Liquidity risk is the risk the Foundation will encounter difficulty meeting obligations associated with financial liabilities. The Foundation's current liquidity risk is low; however, the Foundation currently relies in part on future donations and grants to fund its operations.

COMMUNITY FOUNDATION OF MEDICINE HAT AND SOUTHEASTERN ALBERTA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2012

2. IMPACT OF THE CHANGE IN THE BASIS OF ACCOUNTING

The organization has elected to apply the standards in Part III of the CICA Accounting Handbook for not-for-profit organizations in accordance with Canadian accounting standards for non-profit organizations.

These financial statements are the first financial statements for which the entity has applied Canadian accounting standards for not-for-profit organizations hereafter referred to as "ASNPO".

The financial statements for the year ended June 30, 2012 were prepared in accordance with the accounting principles and provisions set out in FIRST-TIME ADOPTION BY NOT-FOR-PROFIT ORGANIZATIONS, Section 1501, for first-time adopters of this basis of accounting.

The impact of adopting these standards has not resulted in any material changes to the opening financial statements for the current or previous year end.

3. CASH AND CASH EQUIVALENTS

Included in cash is \$68,349 (2011 - \$71,614; 2010 Restated - \$164,927) received from the Government of Alberta under the Alberta Nonprofit/Voluntary Sector Initiative (ANVSI) which is to be disbursed by the Foundation in accordance with their agreement. Of these funds \$50,164 (2011 - \$50,000; 2010 - \$100,000) has been placed in a GIC bearing interest at 0.70% (2011 - 0.85%; 2010 - 0.75%), maturing January 2013 (2011 - matured in September 2011; 2010 - matured in September 2010).

	2012	2011	2010
Cash	\$ 92,948	\$ 20,587	\$ 66,161
Restricted cash - ANVSI	68,349	71,614	164,927
	<u>\$ 161,297</u>	<u>\$ 92,201</u>	<u>\$ 231,088</u>

4. MARKETABLE SECURITIES

	2012 Market	2012 Cost	2011 Market	2011 Cost
Mutual funds	\$ 7,152,443	\$ 6,915,526	\$ 6,673,666	\$ 6,395,601

The market value and cost of the mutual funds in 2010 were \$6,036,901 and \$6,334,449 respectively.

COMMUNITY FOUNDATION OF MEDICINE HAT AND SOUTHEASTERN ALBERTA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2012

5. PREPAID EXPENSES

	June 30, 2012	June 30, 2011	July 1, 2010
Government remittances	\$ 1,245	\$ -	\$ -
Other prepaids	178	2,617	-
	<u>\$ 1,423</u>	<u>\$ 2,617</u>	<u>\$ -</u>

6. EQUIPMENT

	Cost	Accumulated amortization	June 30, 2012 Net	June 30, 2011 Net	July 1, 2010 Net
Furniture and fixtures	\$ 20,629	\$ 19,442	\$ 1,187	\$ 1,484	\$ 1,855
Computer equipment and software	13,735	8,744	4,991	-	4,685
	<u>\$ 34,364</u>	<u>\$ 28,186</u>	<u>\$ 6,178</u>	<u>\$ 1,484</u>	<u>\$ 6,540</u>

7. OTHER ASSETS

In a prior year, the Foundation became the beneficiary of a charitable remainder trust in the amount of \$25,000. At the date of funding of the trust, it was valued at \$12,497. At June 30, 2012 it is actuarially valued at \$25,000 (2011 - \$23,722; 2010 - \$22,380) and the increase has been recorded in the financial statements as an increase to the Smart & Caring Community Endowment Fund.

8. DEFERRED REVENUE

	2012	2011	2010
Legacy club	\$ 9,000	\$ 9,000	\$ 7,500
ANVSI Administration	-	-	16,000
	<u>\$ 9,000</u>	<u>\$ 9,000</u>	<u>\$ 23,500</u>

COMMUNITY FOUNDATION OF MEDICINE HAT AND SOUTHEASTERN ALBERTA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2012

9. MANAGED FUNDS

The managed funds are not included in the fund balances of the Foundation as they are funds being held for other organizations. Income generated from the investment of the Legacy fund is managed and distributed by the Foundation. The ANVSI funds are held as cash to be distributed in the future in accordance with the related agreement.

	2012	2011	2010
Opening balance	\$ 79,602	\$ 186,496	\$ 147,568
Funding additions	-	136	104,098
Disbursements	(7,785)	(107,030)	(65,170)
	\$ 71,817	\$ 79,602	\$ 186,496

10. PRESERVATION OF CAPITAL ADJUSTMENT

As part of its function in administering its funds, the Foundation reinvests a portion of the net increase in the value of the investments into the capital funds in order to preserve their intended value and mitigate the effects of inflation. Preservation of capital is only undertaken in those years when investment returns exceed the amounts required for the disbursement of grants and to cover a portion of the administration costs. There was no preservation of capital recorded in 2012 (2011 - nil; 2010 - nil).

11. ADMINISTRATIVE CHARGES

As part of its operations, the Foundation calculates a fee to the endowment funds based on 1.0% (2011 - 1.0%) of the investments held for each fund, calculated quarterly. The corresponding revenue is recorded in grants, donations and administrative charges. Administrative charges for 2012 were \$69,403 (2011 - \$65,777). This is a non-cash charge and is not reflected in the Statement of Cash Flows.

12. COMPARATIVE FIGURES

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.

COMMUNITY FOUNDATION OF MEDICINE HAT AND SOUTHEASTERN ALBERTA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2012

13. SUPPLEMENTAL CASH FLOW INFORMATION

Cash flow from the following:

	2012	2011
Interest and bank charges paid	\$ 388	\$ 497
Investment income received	(301,367)	(206,327)

The Operating Endowment Fund grant expenses of \$25,659 (2011 - \$30,276) are offset by a corresponding amount in the Administrative Fund administrative charges revenue. This represents a 3.5% grant to fund administrative costs and is a non-cash transaction. The percentage is determined by the board. During the year, shares with a fair market value of \$1,054 (2011 - \$6,933) were donated to the foundation and as such are a non-cash transaction. In the prior year, computer equipment with a net book value of \$591 that was obsolete was disposed of for zero proceeds and as such this is a non-cash transaction.

14. RELATED PARTY TRANSACTIONS

The following donations were made by directors and staff:

	2012	2011
Donations by directors:		
Smart & Caring Community Fund	\$ 2,140	\$ 9,250
Operating Fund	2,000	-
Rotary Fund	110	-
Flow-Through Fund	-	1,650
Designated Fund	-	340
	\$ 4,250	\$ 11,240
Donations by staff members:		
Board & Staff Fund	\$ 1,070	\$ -
Administrative Fund	-	715
Designated Fund	-	30
	\$ 1,070	\$ 745

The donations were conducted in the normal course of operations and were measured at the exchange value, which is the amount of consideration established and agreed to by the related parties.

COMMUNITY FOUNDATION OF MEDICINE HAT AND SOUTHEASTERN ALBERTA

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2012

15. CHARITABLE FUNDRAISING ACT OF ALBERTA

As required under Section 7(2) of the Regulations of the Charitable Fund-raising Act of Alberta, the Foundation discloses that the services costs incurred for the purposes of soliciting contributions were nil (2011 - nil). Total amount paid as remuneration to employees whose principle duties involve fundraising was nil (2011 - nil).

No single disposition of contributions equalled or exceeded 10% of the gross contributions for the 12 month period ended June 30th, 2012. (2011 – No single disposition of contributions equalled or exceeded 10% of the gross contributions).

COMMUNITY FOUNDATION OF MEDICINE HAT AND SOUTHEASTERN ALBERTA

SCHEDULE OF ADMINISTRATIVE FUND

FOR THE YEAR ENDED JUNE 30, 2012

	2012	2011
REVENUE		
Grants, donations, and administrative charges	\$ 152,372	\$ 210,361
EXPENSES		
Advertising and promotion	9,967	9,485
Amortization	851	4,466
Contract expenses	22,093	22,175
Design and printing	8,499	10,600
Dues and memberships	3,948	3,064
Insurance	2,410	2,457
Interest and bank charges	388	497
Office	10,469	9,568
Office rent	3,352	3,582
Postage	4,373	3,266
Professional fees	11,748	10,206
Salaries and benefits	131,130	119,746
Special events	8,688	6,114
Telephone	3,453	2,396
Travel and seminars	5,419	6,342
Utilities	887	950
Loss on disposal of equipment	-	590
	227,675	215,504
DECREASE IN UNDISTRIBUTED INCOME	\$ (75,303)	\$ (5,143)