

INTERLAKE COMMUNITY FOUNDATION INC.
Financial Statements
Year Ended December 31, 2012

INTERLAKE COMMUNITY FOUNDATION INC.
Index to Financial Statements
Year Ended December 31, 2012

| | Page |
|--|--------|
| INDEPENDENT AUDITOR'S REPORT | 1 - 2 |
| FINANCIAL STATEMENTS | |
| Statement of Financial Position | 3 |
| Statement of Revenues and Expenditures | 4 |
| Statement of Changes in Net Assets | 5 |
| Statement of Cash Flows | 6 |
| Notes to Financial Statements | 7 - 10 |

INDEPENDENT AUDITOR'S REPORT

To the Members of Interlake Community Foundation Inc.

We have audited the accompanying financial statements of Interlake Community Foundation Inc., which comprise the statement of financial position as at December 31, 2012 and the statements of revenues and expenditures, changes in net assets 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 entity'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 entity'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.

(continues)

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Interlake Community Foundation Inc. as at December 31, 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.

Comparative Information

Without modifying our opinion, we draw attention to Note 1 to the financial statements which describes that Interlake Community Foundation Inc. adopted Canadian accounting standards for not-for-profit organizations on January 1, 2012 with a transition date of January 1, 2011. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statement of financial position as at December 31, 2011 and January 1, 2011 and the statements of revenues and expenditures, changes in net assets and cash flows for the year ended December 31, 2011 and related disclosures. We were not engaged to report on the restated comparative information, and as such, it is unaudited.

Stefanson Lee Romonink

Chartered Accountants

Winnipeg, Manitoba
April 8, 2013

INTERLAKE COMMUNITY FOUNDATION INC.
Statement of Financial Position
December 31, 2012

| | <i>December 31</i> 2012 | <i>December 31</i> 2011 | <i>January 1</i> 2011 |
|--|-----------------------------------|----------------------------|--------------------------|
| Assets | | | |
| Current | | | |
| Cash | \$ 80,010 | \$ 94,413 | \$ 106,755 |
| Marketable securities (Note 4) | 615,580 | 563,677 | 547,257 |
| GST recoverable | 288 | 136 | 217 |
| Funds managed by Winnipeg Foundation (Note 5) | 100,670 | 94,424 | 100,349 |
| | 796,548 | 752,650 | 754,578 |
| Capital assets (Note 6) | 690 | 986 | 1,408 |
| | \$ 797,238 | \$ 753,636 | \$ 755,986 |
| Liabilities | | | |
| Current | | | |
| Accounts payable | \$ 4,002 | \$ 4,001 | \$ 4,000 |
| Grant commitments | 22,691 | 22,715 | 21,080 |
| | 26,693 | 26,716 | 25,080 |
| Net Assets | | | |
| Restricted for endowment purposes (Note 9) | 270,608 | 237,278 | 239,590 |
| Internally restricted by community (Note 8) | 443,653 | 429,777 | 424,254 |
| Unrestricted | 56,284 | 59,865 | 67,062 |
| | 770,545 | 726,920 | 730,906 |
| | \$ 797,238 | \$ 753,636 | \$ 755,986 |

ON BEHALF OF THE BOARD

_____ Director

_____ Director

See notes to financial statements

INTERLAKE COMMUNITY FOUNDATION INC.
Statement of Revenues and Expenditures
Year Ended December 31, 2012

| | 2012 | 2011 |
|--|------------------|-----------------|
| Revenue | | |
| Grants | | |
| R.M Rosser | \$ 5,000 | \$ 5,000 |
| R.M. of Woodlands | 3,000 | - |
| R.M. of Rockwood | 2,000 | 8,000 |
| Town of Teulon | 5,000 | 5,000 |
| Investment income | 18,175 | 12,851 |
| Unrealized gain (loss) on marketable securities | 5,242 | (2,850) |
| Fundraising- golf tournament revenue | 11,132 | - |
| Winnipeg Foundation grant | 1,558 | 1,731 |
| Donations | 2,187 | 1,165 |
| | 53,294 | 30,897 |
| Expenses | | |
| Grants disbursed | 16,193 | 15,356 |
| Fundraising-golf tournament expenses | 8,855 | - |
| Administrator | 7,200 | 7,200 |
| Professional fees | 4,052 | 3,942 |
| Website | 1,000 | 863 |
| Liability insurance | 885 | 885 |
| Travel | 615 | 381 |
| Advertising | 596 | 603 |
| Awards night | 564 | 453 |
| Memberships | 450 | 350 |
| Office | 388 | 354 |
| Telephone | 348 | 348 |
| Amortization | 296 | 423 |
| Administration office relocation | 200 | - |
| | 41,642 | 31,158 |
| Excess (deficiency) of revenue over expenses for the year | \$ 11,652 | \$ (261) |

INTERLAKE COMMUNITY FOUNDATION INC.
Statement of Changes in Net Assets
Year Ended December 31, 2012

| | Unrestricted | Restricted for Endowment Purposes | Internally Restricted by Community | 2012 | 2011 | |
|--|--------------|---|--|------------|------------|------------|
| Net assets - beginning of year | | \$ 59,865 | \$ 237,278 | \$ 429,777 | \$ 726,920 | \$ 730,906 |
| Administration | | 8,590 | (2,931) | (6,447) | (788) | (725) |
| Endowment contributions | | - | 27,907 | - | 27,907 | 8,045 |
| Grants disbursed | | - | (13,197) | - | (13,197) | (12,080) |
| Allocation to Youth in Philanthropy | | (3,500) | 3,500 | - | - | - |
| Unrealized gains(losses) relating to endowment for the year | | - | 5,248 | - | 5,248 | (7,237) |
| Investment income | | - | 12,803 | - | 12,803 | 8,273 |
| Excess of revenue over expenses | | (8,671) | - | 20,323 | 11,652 | (261) |
| Net assets - end of year | | \$ 56,284 | \$ 270,608 | \$ 443,653 | \$ 770,545 | \$ 726,921 |

INTERLAKE COMMUNITY FOUNDATION INC.**Statement of Cash Flows****Year Ended December 31, 2012**

| | 2012 | 2011 |
|---|------------------|-----------|
| Operating activities | | |
| Excess (deficiency) of revenue over expenses | \$ 11,652 | \$ (261) |
| Item not affecting cash: | | |
| Amortization of property, plant and equipment | 296 | 423 |
| | 11,948 | 162 |
| Changes in non-cash working capital: | | |
| GST recoverable | (153) | 81 |
| Funds managed by Winnipeg Foundation | (6,245) | 5,925 |
| Grant commitments | (24) | 1,635 |
| Marketable securities | (51,903) | (16,420) |
| | (58,325) | (8,779) |
| Cash flow used by operating activities | (46,377) | (8,617) |
| Investing activities | | |
| Net endowment income | 17,263 | 311 |
| Endowment contributions | 27,908 | 8,044 |
| Endowment grants disbursed | (13,197) | (12,080) |
| Cash flow from (used by) investing activities | 31,974 | (3,725) |
| Decrease in cash flow | (14,403) | (12,342) |
| Cash - beginning of year | 94,413 | 106,755 |
| Cash - end of year | \$ 80,010 | \$ 94,413 |

See notes to financial statements

INTERLAKE COMMUNITY FOUNDATION INC.

Notes to Financial Statements

Year Ended December 31, 2012

1. First time adoption of accounting standards for not-for-profit organizations

During the year the foundation adopted accounting standards for not-for-profit organizations. These financial statements are the first prepared in accordance with these standards. The adoption of accounting standards for not-for-profit organizations had no impact on net assets as at January 1, 2011 or revenues and expenditures or cash flows for the year ended December 31, 2011 as previously reported in accordance with pre-changeover Canadian generally accepted accounting principles.

2. Purpose of the foundation

The Foundation is an organization established to endeavour to make the communities of the South Interlake region a better place to live. The Foundation is incorporated under the Manitoba Companies Act as a not-for-profit organization and is a registered charity under the Income Tax Act.

3. Summary of significant accounting policies

Revenue recognition

Interlake Community Foundation Inc. 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 in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Fair value

The carrying amount of cash, accounts receivable and accounts payable approximate fair value because of the near-term maturity of those instruments.

Financial risk

Financial risk is the risk that arises from the fluctuation in interest and market rates and the degree of volatility of those rates. The Foundation does not use derivative instruments to reduce its exposure risk.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit enterprises requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

(continues)

INTERLAKE COMMUNITY FOUNDATION INC.
Notes to Financial Statements
Year Ended December 31, 2012

6. Capital assets

| | Cost | Accumulated amortization | 2012 Net book value | 2011 Net book value |
|------------------------|----------|-----------------------------|------------------------------------|---------------------------|
| Furniture and fixtures | \$ 2,013 | \$ 1,323 | \$ 690 | \$ 986 |

7. Restrictions on net assets:

The net assets restricted for endowment purposes are subject to externally imposed restrictions stipulating how the endowment funds are to be disbursed.

The Board of Directors internally restricted all donations and grants received for expenditure for the benefit of the community making the donation. These internally restricted amounts are not available for other purposes without the approval of the Board.

8. Net assets internally restricted for communities:

The net assets restricted for communities are as follows:

| | 2012 | 2011 |
|-------------------|-------------------|------------|
| R.M. of Rockwood | \$ 153,738 | \$ 152,249 |
| R.M. of Rosser | 77,520 | 72,602 |
| R.M. of Woodlands | 23,633 | 20,603 |
| Town of Teulon | 73,828 | 68,890 |
| Town of Stonewall | 114,934 | 115,433 |
| | \$ 443,653 | \$ 429,777 |

INTERLAKE COMMUNITY FOUNDATION INC.
Notes to Financial Statements
Year Ended December 31, 2012

9. Restricted for endowment purposes:

Designations for specific endowment purposes are as follows:

| | 2012 | 2011 |
|--|-------------------|-------------------|
| Teulon Collegiate Alumni Enhancement Fund | \$ 2,157 | \$ 2,076 |
| Teulon Collegiate Alumni Scholarship Fund | 5,514 | 5,362 |
| Mr. & Mrs. A. Campbell Scholarship Fund | 1,883 | 1,911 |
| Hunter Cummings Scholarship Fund | 2,659 | 2,732 |
| Dr. Goodwin Memorial Scholarship Fund | 2,819 | 2,812 |
| Community Builder Fund | | |
| Stonewall | 3,018 | 2,689 |
| Teulon | 3,023 | 2,655 |
| Rosser | 801 | 657 |
| Teulon Museum | 1,476 | 1,304 |
| All Communities | 6,994 | 6,862 |
| Helen & Herbert Kletke Endow Fund | 14,694 | 14,649 |
| Michael A.Lindell Automotive Scholarship Fund | 17,061 | 17,080 |
| The Arts Fund | 1,197 | 1,152 |
| Teulon Hunter Memorial Health District Foundation Inc. Fund | 50,926 | 50,768 |
| Stonewall Collegiate Youth in Philanthropy Fund | 12,890 | 12,252 |
| Warren Collegiate Youth in Philanthropy Fund | 6,197 | 4,733 |
| Teulon Collegiate Youth in Philanthropy Fund | 5,340 | 3,479 |
| Janet Kuchma Scholarship Fund | 5,874 | 5,655 |
| Rev. Dr. Barry Grant Rasmussen Memorial Scholarship Fund | 5,482 | 5,196 |
| Ben and Marjorie King Memorial Bursary Fund | 70,549 | 66,262 |
| Lorne and Irene Ferley Endowment Fund | | |
| Michael Ferley Bursary Fund | 12,373 | 11,317 |
| Lorne Ferley Scholarship Fund | 12,266 | 11,649 |
| Beck Family Endowment Fund | | |
| The Beck Family Fund | 3,063 | 2,919 |
| Beck Family Scholarship | 1,965 | 1,107 |
| Percy and Mary Durham Fund | 20,387 | - |
| | \$ 270,608 | \$ 237,278 |