

INTERLAKE COMMUNITY FOUNDATION INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2007

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AUDITORS' REPORT

To the Directors of
Interlake Community Foundation Inc.

We have audited the statement of financial position of Interlake Community Foundation Inc. as at December 31, 2007 and the statements of operations and changes in net assets and cash flow 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 and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Winnipeg, Manitoba
February 29, 2008

Stefanson Lee Romaniuk
Chartered Accountants

INTERLAKE COMMUNITY FOUNDATION INC.Statement of Financial Position
December 31, 2007

	<u>2007</u>	<u>2006</u>
ASSETS		
Current		
Cash	\$ 66,313	60,602
Marketable securities (note 3)	561,902	548,495
GST receivable	307	269
Accounts recoverable	-	230
	628,522	609,596
Funds managed by Winnipeg Foundation (note 4)	33,461	7,874
Furniture and equipment at cost	2,012	903
	\$ 663,995	618,373
LIABILITIES		
Current		
Accounts payable	\$ 3,000	2,576
Grant commitments	12,325	10,082
	15,325	12,658
NET ASSETS		
Restricted for endowment purposes (note 6)	163,807	138,632
Internally restricted by Community	415,562	403,932
Unrestricted	69,301	63,151
	648,670	605,715
	\$ 663,995	618,373

APPROVED BY THE BOARD:_____
DIRECTOR

INTERLAKE COMMUNITY FOUNDATION INC.

Statement of Changes in Net Assets
for the year ended December 31, 2007

	<u>Restricted for Endowment Purposes</u>	<u>Internally Restricted by Community</u>	<u>Unrestricted</u>	<u>2007 Total</u>	<u>2006 Total</u>
Balance, beginning of year, as originally stated	\$ 116,307	360,643	56,594	533,544	490,155
Prior period adjustment (note 8)	7,874	-	-	7,874	5,874
Prior adjustment, change in accounting policy (note 8)	14,451	43,289	6,557	64,297	39,889
Balance, beginning of year, restated	138,632	403,932	63,151	605,715	535,918
Excess (deficiency) of revenue over expenditure for the year	-	17,040	(1,004)	16,036	53,443
Administration	(1,744)	(5,410)	7,154	-	-
Endowment contributions	26,104	-	-	26,104	8,225
Grants disbursed	(3,838)	-	-	(3,838)	(3,775)
Unrealized gains (losses) relating to endowment	(4,237)	-	-	(4,237)	5,340
Investment income	8,890	-	-	8,890	6,564
Balance, end of year	\$ 163,807	415,562	69,301	648,670	605,715

INTERLAKE COMMUNITY FOUNDATION INC.

Statement of Operations
for the year ended December 31, 2007

	<u>2007</u>	<u>2006</u>
Revenue		
Grants		
R.M. of Rosser	\$ 5,000	5,000
R.M. of Rockwood	8,000	8,000
R.M. of Woodlands	2,000	2,000
Town of Stonewall	3,800	2,500
Town of Teulon	5,200	5,000
Investment income	22,620	23,438
Thomas Sill Foundation grant	-	2,500
Winnipeg Foundation grant	-	883
Donations	5,510	6,137
Fundraising and other	5,270	4,750
Unrealized gain (loss) on marketable securities	(15,914)	19,068
	<hr/> 41,486	<hr/> 79,276
Expenditures		
Administration	3,960	3,960
Advertising and annual reception	1,372	624
Fundraising and promotion	459	436
Professional fees	3,360	2,752
Memberships	390	350
Office	999	658
Meetings and conferences	210	286
Grants disbursed	14,700	16,767
	<hr/> 25,450	<hr/> 25,833
Excess of revenue over expenditures	<hr/> <hr/> \$ 16,036	<hr/> <hr/> 53,443

INTERLAKE COMMUNITY FOUNDATION INC.

Cash Flow Statement

for the year ended December 31, 2007

	<u>2007</u>	<u>2006</u>
Cash from operating activities		
Excess of revenue over expenditures for the year	\$ 16,036	53,443
Change in non-cash working capital components		
GST receivable	(38)	(47)
Accounts recoverable	230	(230)
Accounts payable and grant commitments	1,558	2,558
Cash provided by operations	<u>17,786</u>	<u>55,724</u>
Financing and investing activities		
Endowment contributions received	26,104	8,225
Endowment grants disbursed	(3,838)	(3,775)
Endowment investment income	6,022	6,564
Endowment funds transferred to Winnipeg Foundation	(22,719)	(2,000)
Endowment funds unrealized gain	(4,237)	5,340
Cash provided by financing and investing activities	<u>1,332</u>	<u>14,354</u>
Change in cash for the year	19,118	70,078
Cash position, beginning of year	609,097	539,019
Cash position, end of year	<u>\$ 628,215</u>	<u>609,097</u>
Cash comprised of:		
Cash	\$ 66,313	60,602
Term deposit and investments	561,902	548,495
	<u>\$ 628,215</u>	<u>609,097</u>

INTERLAKE COMMUNITY FOUNDATION INC.

Notes to Financial Statements
December 31, 2007

1. Purpose of the organization:

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.

2. Significant accounting policies:

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 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 Corporation does not use derivative instruments to reduce its exposure to interest risk.

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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Actual results could differ from these estimates.

Investments

Investments are identified as held for trading and are recorded at market value. Unrealized gains and losses are recorded in the current year. Unrealized gains and losses relating to the endowment fund are recorded through net assets.

Capital assets

Capital assets are recorded at cost. No amortization has been recorded in the accounts.

Grant commitments

Board approved commitments for grants which are not disbursed by December 31 are shown as a current liability.

INTERLAKE COMMUNITY FOUNDATION INC.Notes to Financial Statements
December 31, 2007

3. Marketable securities:	<u>2007</u>	<u>2006</u>
At cost:		
Money market funds	\$ 38,351	42,610
Investment in pooled funds and equities (market value 2007 - \$509,943, 2006 - \$492,557)	469,405	431,588
Bonds (market value 2007 - \$13,608, 2006 - \$13,328)	<u>10,000</u>	<u>10,000</u>
	517,756	484,198
Unrealized gains (losses) relating to marketable securities	<u>44,146</u>	<u>64,297</u>
	\$ <u>561,902</u>	<u>548,495</u>

4. Funds managed by Winnipeg Foundation:

Certain funds are invested with and managed by the Winnipeg Foundation with the income and capital designated for the benefit of certain endowment funds of the Interlake Community Foundation. At December 31, the endowment fund balances at the Winnipeg Foundation are as follows.

	<u>2007</u>	<u>2006</u>
Michael Ferley Bursary Scholarship Fund	\$ 10,324	7,874
Rev. Dr. Barry Grant Rasmussen Memorial Scholarship Fund	6,497	-
Ben and Marjorie King Memorial Bursary Fund	<u>16,640</u>	<u>-</u>
	\$ <u>33,461</u>	<u>7,874</u>

5. 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 approval of the Board of Directors.

6. Net assets internally restricted for communities:	<u>2007</u>	<u>2006</u>
The net assets restricted for communities are as follows:		
R.M. of Rockwood	\$ 136,010	127,549
R.M. of Rosser	59,742	54,561
R.M. of Woodlands	14,054	11,931
Town of Stonewall	120,521	116,515
Town of Teulon	<u>55,570</u>	<u>50,087</u>
	385,897	360,643
Unrealized gains (losses) relating to marketable securities	<u>29,665</u>	<u>43,289</u>
	\$ <u>415,562</u>	<u>403,932</u>

INTERLAKE COMMUNITY FOUNDATION INC.Notes to Financial Statements
December 31, 2007

7. Restricted for endowment purposes:	<u>2007</u>	<u>2006</u>
Designations for specific endowment purposes are as follows:		
Teulon Collegiate Alumni Fund	\$ 5,649	5,350
Mr & Mrs. A Campbell Scholarship Fund	2,244	2,262
Hunter Cummings Scholarship Fund	3,335	3,388
Dr. Goodwin Memorial Scholarship Fund	3,114	3,101
Community Builder Fund		
- Stonewall	3,251	3,136
- Teulon	2,307	2,225
- Rosser	433	417
- All Communities	5,159	3,338
Herbert and Helen Kletke Endowment Fund	15,957	15,880
Michael A. Lindell Automotive Scholarship Fund	17,421	16,751
The Arts	1,113	1,074
Teulon Hunter Memorial Health District Foundation Inc. Fund	56,172	56,100
Stonewall Collegiate Youth and Philanthropy Fund	3,586	3,285
Rev. Dr. Barry Grant Rasmussen Memorial Scholarship Fund	6,788	-
Ben and Marjorie King Memorial Bursary Fund	16,740	-
Michael Ferley Bursary Scholarship Fund	<u>10,324</u>	<u>7,874</u>
	153,593	124,181
Unrealized gains (losses) in marketable securities	<u>10,214</u>	<u>14,451</u>
	\$ <u>163,807</u>	<u>138,632</u>

8. Prior period adjustments:

The prior years financial statements have been adjusted to properly reflect endowment funds managed by the Winnipeg Foundation as endowment funds of the Interlake Community Foundation. Accordingly at December 31, 2006 assets have increased by \$7,874 and restricted for endowment purposes has increased by \$7,874. In addition the prior year comparative figures have been restated to reflect the implementation of the new accounting standards relating to financial instruments.