

The Yellowknife Community Foundation

Financial Statements

December 31, 2011

The Yellowknife Community Foundation

Financial Statements

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Independent Auditors' Report

**To the Members of
The Yellowknife Community Foundation**

We have audited the accompanying financial statements of The Yellowknife Community Foundation which comprise the statement of financial position as at December 31, 2011 and the statements of operations, 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 generally accepted accounting standards, 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 in our audit is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

The Foundation derives a material amount of revenue from donations and fundraising activities. We were not able to obtain sufficient appropriate audit evidence about the completeness of the reported amounts for accounts receivable, donation and fundraising revenue, revenue in excess of expenditure and changes to net assets because there is no direct relationship between assets or services given up in exchange for amounts received or receivable. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Qualified Opinion

Except as noted in the above paragraph, in our opinion, these financial statements present fairly, in all material respects, the financial position of Foundation as at December 31, 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Yellowknife, Northwest Territories
March 22, 2013

MacKay LLP

Chartered Accountants

The Yellowknife Community Foundation

Statement of Operations

For the year ended December 31,	GENERAL FUND		CAPITAL FUND		DONOR ADVISED FUND		TOTAL	
	2011	2010	2011	2010	2011	2010	2011	2010
REVENUE								
Administration fees	\$ 51,525	\$ 43,552	-	-	-	-	\$ 51,525	\$ 43,552
Dividends	-	-	4,453	3,310	-	-	4,453	3,310
Donated services	44,127	36,738	-	-	-	-	44,127	36,738
Donations	2,868	14,409	-	-	-	-	2,868	14,409
Gala fundraiser	76,013	100,678	-	-	-	-	76,013	100,678
Interest and investment income	3,407	3,095	80,537	84,332	38,609	37,889	122,553	125,316
Sale of shares	95	-	-	-	-	-	95	-
	178,035	198,472	84,990	87,642	38,609	37,889	301,634	324,003
EXPENDITURES								
Administration fees	2,271	1,064	34,483	29,174	14,771	13,314	51,525	43,552
Advertising and promotion	1,142	3,080	-	-	-	-	1,142	3,080
Amortization	-	315	-	-	-	-	-	315
Bookkeeping	26,739	19,375	-	-	-	-	26,739	19,375
Conferences	1,511	-	-	-	-	-	1,511	-
Donations	-	-	60,558	116,723	22,843	25,000	83,401	141,723
Gala expenses	42,765	35,341	-	-	-	-	42,765	35,341
Legal fees	31	-	-	-	-	-	31	-
Life Insurance	1,608	1,608	-	-	-	-	1,608	1,608
Office and administration	16,507	16,661	-	-	-	-	16,507	16,661
Professional fees	17,428	17,388	-	-	-	-	17,428	17,388
Subcontractor	7,451	-	-	-	-	-	7,451	-
Telephone	441	504	-	-	-	-	441	504
	117,894	95,336	95,041	145,897	37,614	38,314	250,549	279,547
Excess (deficiency) of revenue over expenditures	\$ 60,141	\$ 103,136	\$ (10,051)	\$ (58,255)	\$ 995	\$ (425)	\$ 51,085	\$ 44,456

The Yellowknife Community Foundation

Statement of Fund Balances

For the year ended December 31,

	General Fund	Capital Fund	Donor Advised Fund	2011	2010
Fund balances, beginning of year	\$ 165,906	\$ 1,971,763	\$ 791,413	\$ 2,929,082	\$ 2,232,823
Excess (deficiency) of revenues over expenditures	60,141	(10,051)	995	51,085	44,456
Donations	15,107	400	212,000	227,507	651,803
Fund balances, end of year	\$ 241,154	\$ 1,962,112	\$ 1,004,408	\$ 3,207,674	\$ 2,929,082

The Yellowknife Community Foundation

Statement of Financial Position

As at December 31,

	General Fund	Capital Fund	Donor Advised Fund	Total 2011	Total 2010
Assets					
Current					
Cash	\$ 122,903	\$ -	\$ -	122,903	\$ 75,475
Short term securities (Note 4)	120,001	574,827	289,746	984,574	982,824
Prepaid expenses	1,850	-	-	1,850	9,704
	244,754	574,827	289,746	1,109,327	1,068,003
Securities (Note 4)	-	1,387,285	714,662	2,101,947	1,861,079
	\$ 244,754	\$ 1,962,112	\$ 1,004,408	\$ 3,211,274	\$ 2,929,082

Liabilities

Current

Accounts payable and accrued liabilities	\$ 3,600	\$ -	\$ -	3,600	\$ -
Deferred revenue	-	-	-	-	-
	3,600	-	-	3,600	-

Fund Balances

Externally restricted	-	-	1,004,408	1,004,408	791,413
Unrestricted	241,154	1,962,112	-	2,203,266	2,137,669
	241,154	1,962,112	1,004,408	3,207,674	2,929,082
	\$ 244,754	\$ 1,962,112	\$ 1,004,408	\$ 3,211,274	\$ 2,929,082

Approved on behalf of the Board

_____ Director

_____ Director

The Yellowknife Community Foundation

Statement of Changes in Financial Position

For the year ended December 31,	2011	2010
Cash provided by (used in)		
Operating activities		
Net income	\$ 51,085	\$ 44,456
Items not affecting cash		
Depreciation and amortization	-	(315)
Change in non-cash operating working capital		
Prepaid expenses	7,854	(9,704)
Accounts payable and accrued liabilities	-	(1,074)
Deferred revenue	3,600	(5,700)
	62,539	27,663
Investing activities		
Additions to funds	227,507	651,804
Purchase of equipment	-	315
Purchase of securities	(520,620)	(750,943)
Proceeds from sale of securities	317,275	144,543
	24,162	45,719
Increase (decrease) in cash position	86,701	73,382
Cash position, beginning of year	156,203	82,821
Cash position, end of year	\$ 242,904	\$ 156,203
Represented by		
Cash	\$ 122,903	\$ 75,475
Short term securities - unrestricted cash	120,001	80,728
	\$ 242,904	\$ 156,203

The Yellowknife Community Foundation

Notes to Financial Statements

December 31, 2011

1. Nature of Foundation

The Yellowknife Community Foundation ("the Foundation") is a non-profit organization incorporated on June 1, 1993 under Part II of the *Canada Corporations Act*. The Foundation is a pooling of charitable gifts in capital funds, the earnings from which are used to meet a wide range of local needs and interests - the arts and other cultural activities, scholarships, medical and scientific research, environmental concerns and social problems. In some circumstances, the earnings may be allocated to a charitable cause or organization as directed by the donor. The Foundation is a registered charity and is classified as a public foundation for purposes of the *Income Tax Act*.

2. Significant Accounting Policies

The following are the significant accounting policies used by management in the preparation of these financial statements.

(a) Financial Instruments - Presentation and Disclosure

Effective January 1, 2009, the Foundation adopted the new recommendations of the CICA Handbook Sections; Section 3862, "Financial Instruments Disclosures", and Section 3863, "Financial Instruments Presentation". These sections replace the existing Section 3861, "Financial Instruments Disclosure and Presentation". Section 3862 provides users with information to evaluate the significance of the financial instruments of the entity's financial position and performance, nature and extent of risks arising from financial instruments, and how the entity manages those risks. Section 3863 deals with the classification of financial instruments, related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset. The adoption of these new standards had no impact on the Foundation's financial statements.

(b) Financial Instruments - Recognition and Measurement

Section 3855 requires that all financial assets and financial liabilities be measured at fair value on initial recognition except for certain related party transaction. Measurement in subsequent periods depends on whether the financial asset or liability has been classified as held-for-trading, available-for-sale, held-to-maturity, loans and receivables or other liabilities.

Financial instruments classified as held-for-trading are subsequently measured at fair value and unrealized gains and losses are included in net income in the period in which they arise. The Foundation has classified cash, and securities as held for trading.

Available-for-sale assets are those non-derivative financial assets that are designated as available-for-sale or are not classified as held-for-trading, held-to-maturity, or loans and receivables. Available-for-sale assets are subsequently measured at fair value with unrealized gains and losses recorded in net income. The Foundation does not have any financial instruments classified as available-for-sale.

The Yellowknife Community Foundation

Notes to Financial Statements

December 31, 2011

2. Significant Accounting Policies (Continued)

(c) Financial Instruments - Recognition and Measurement (Continued)

Held to maturity assets are those non-derivative financial assets with fixed or determinable payments and fixed maturity that the Foundation has an intention and ability to hold until maturity, excluding those assets that have been classified as held-for-trading, available-for-sale, or loans and receivables. They are subsequently measured at amortized cost using the effective interest method. The Foundation classified bonds and GIC's as held to maturity assets.

Financial instruments classified as loans and receivables are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand, usually with interest. These assets do not include debt securities or assets classified as held-for-trading. They are subsequently measured at amortized cost using the effective interest method. The Foundation does not have any financial instruments classified as loans and receivables.

All other financial liabilities that are not classified as held-for-trading are subsequently measured at cost or amortized cost.

(d) Fund Accounting

Bequests, endowments and donations are recorded as received. The Foundation follows the restricted fund method of accounting for contributions.

The General Fund accounts for the Foundation's operating and administrative activities. Unrestricted contributions are recognized as revenue when received or receivable if the amount can be reasonably estimated and its collection is reasonably assured.

The Capital Fund is internally restricted by the Board of Directors for the purposes of setting up scholarships and grants as set out in Note 7.

The Donor Advised Fund is externally restricted by the donors for the purposes of setting up scholarships and grants as set out in Note 7.

(e) Donated Services

The Foundation received materials and services at no cost from various businesses and individuals. Commencing in 1997, donations of these items are recorded in the accounts, where the value can be reasonably determined. If the fair market value is not easily determined, then the transactions are not recorded.

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Notes to Financial Statements

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2. Significant Accounting Policies (Continued)

(f) Investment Income

The Foundation recognizes interest revenue as earned, dividends when declared, and investment gains and losses when realized. Interest revenue includes amortization of any premium or discount recognized at the date of purchase. Realized gains and losses represent the difference between the amounts received through the sale of investments and their respective cost base. Unrealized gains and losses on held for trading financial instruments are recorded in investment income and recognized in excess of revenue over expenditures.

Transaction costs and direct investment expenses, such as external custodial and management fees, are recorded as expenditures for the period.

(g) Furniture and Fixtures

Furniture and fixtures are recorded at cost and amortization is claimed using the declining balance method at the rates set out in Note 5. One-half of the normal rate of amortization is recorded in the year of acquisition.

(h) Use of Estimates

The preparation of this financial information 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 information and the amounts of revenues and expenditures during the period. Actual results could differ from those estimates.

3. Future Changes to Significant Accounting Policies

Adoption of accounting standards for not-for-profit organizations in Canada

In December 2010, the CICA Accounting Standards Board released Part III of the CICA Handbook which summarizes accounting standards for not-for-profit organizations in Canada. Implementation of these standards for not-for-profit organizations that choose not to adopt international financial reporting standards is mandatory for fiscal years beginning on or after January 1, 2012, but earlier adoption is permitted. The Foundation has elected to adopt accounting standards for not-for-profit organizations in Canada, but the effective date of implementation has not yet been decided. The impact of the transition to these accounting standards has not yet been determined.

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4. Securities

	2011 Fair Value	2011 Cost
RBC Dominion Securities		
Bonds and GICs	\$ 2,097,085	\$ 1,975,254
Accrued interest	322,222	322,222
RBC Bond Fund	111,181	105,919
Investment savings account (cash)	240,913	240,911
IShares	315,120	321,319
	3,086,521	2,965,625
Less short term securities	(984,574)	(930,945)
	\$ 2,101,947	\$ 2,034,680

	2010 Fair Value	2010 Cost
RBC Dominion Securities		
Bonds and GICs	\$ 1,899,244	\$ 1,825,233
Accrued interest	283,106	283,106
Canadian Money Market	944	944
Investment savings account (cash)	496,798	496,798
IShares	163,811	146,497
	2,843,903	2,752,578
Less short term securities	(982,824)	(929,993)
	\$ 1,861,079	\$ 1,822,585

RBC Dominion Securities investment portfolio bonds and GICs are carried at fair market value together with accrued interest earned. Unrealized gains of \$120,897 have been recognized in investment income.

The following table presents the remaining terms to maturity at fair value, along with the average effective yields for each maturity for securities investments exposed to interest rate risk as at December 31, 2011.

	Within 1 year	1 -5 years	5 - 10 years	Total 2011	2010
Securities (bonds)	\$ 317,358	\$ 1,949,823	\$ 152,125	\$ 2,419,306	\$ 2,182,351
Effective yields	3.39%	4.00%	4.30%	3.90%	4.23%

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5. Furniture and fixtures

	Rate	Cost	Accumulated Amortization	Net Book Value	
				2011	2010
Furniture and fixtures	20%	\$ 1,162	\$ 1,162	\$ -	\$ -
Computer software	100%	4,486	4,486	-	-
		\$ 5,648	\$ 5,648	\$ -	\$ -

6. Fund Balances

The Board of Directors of the Foundation have established the following funds.

General Fund - established for accumulating donations for which the income generated has not been restricted by the donor.

Capital Fund - established for accumulating capital donations for which the income generated has not been restricted by the donor.

Donor Advised Fund - annual grants are made in consultation with the donor.

The Board of Directors of the Foundation have established the following specific capital funds and fund guidelines.

Administration Endowment Fund - established for accumulating capital donations for which the income has been designated to fund the operating costs of the Foundation.

Fine and Performing Arts Fund - established for accumulating capital donations for which the income has been designated to support the development of NWT residents in the fine and performing arts.

Jenny Gamble Fournier Memorial Scholarship Fund - established for accumulating capital donations for which the income has been designated to provide annual scholarships to students with high levels of academic achievement, a well-rounded character and interests.

Mary Beth Miller Memorial Fund - established for accumulating capital donations for which the income has been designated to provide grants to athletes and sporting organizations that promote the qualities that Mary Beth Miller exhibited.

Rogan Fund - established for accumulating capital donations for which the income has been designated to provide scholarships and grants.

Chris Argue Memorial Fund - established for accumulating capital donations for which the income has been designated to provide funds to individuals or organizations to promote leadership, participation, skill development and self-confidence in self-propelled wilderness travel in the Northwest Territories. Self-propelled wilderness travel means non-motorized modes of travel such as hiking, snow-shoeing, skiing, canoeing and mountain-biking.

Lorraine Minish-Cooper Memorial Fund - established for accumulating capital donations for which the interest income has been designated for the ongoing maintenance of Lorraine's Garden of Hope.

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6. Fund Balances (continued)

Lily Borges-Oldham Second-Language Scholarship Fund - established for accumulating capital donations for which the interest income has been designated for annual scholarships to post-secondary students taking courses in a second language.

Northern Aviation Scholarship Fund - established for accumulating capital donations for which the interest income has been designated for annual scholarships to post-secondary students pursuing an education in the aviation industry.

Gary Robinson Memorial Fund - established to commemorate the life of Gary Robinson for which the interest income has been designated for grants to individuals or charitable organizations involved in search and rescue/recovery or emergency response activities.

David Sutherland Memorial Fund - established for accumulating capital donations for which the interest income has been designated to support the activities and development of young cross-country skiers in the Northwest Territories.

Enough Talk, Hurry Up and Do It Already Arts Scholarship Fund - established for accumulating capital donations for which the interest income has been designated to assist Sir John Franklin High School graduating students pursuing post secondary studies in the dramatic arts, film or writing.

NWT Mining Heritage Trust Fund - established to accumulate capital donations for which the income has been designated to the operation, maintenance and improvements of any facilities operated by the NWT Mining Heritage Society.

Walter Gibbins Memorial Fund - established to accumulate capital donations for which the income has been designated to the care and maintenance of the Walter Gibbins Mineral Collection and display cases, and geological education and awareness in the Northwest Territories.

Pat McMahon Memorial Fund - established to accumulate capital donations for which the income has been designated to support female individuals that demonstrate community leadership in Yellowknife and civic pride or who demonstrate uniqueness in promoting Yellowknife or who wish to pursue studies in Tourism, Public Administration and/or Political Science.

Elaine Whitford Scholarship Fund – established for accumulating capital donations for which the interest income has been designated for annual scholarships to NWT post-secondary students pursuing an education in Social Work or Nursing.

Northern Arts and Cultural Centre (NACC) Fund – established for accumulating capital donations for which the income has been designated for grants to the Northern Arts and Cultural Centre for the purpose of supporting the development of the performing arts in the Northwest Territories.

Jonas Konge Memorial Fund – established for accumulating capital donations for which the income has been designated for scholarships to NWT residents pursuing post secondary studies in medicine or nursing and to support the Stanton Territorial Hospital Foundation to fund the purchase of new capital equipment or programs in the area of pediatrics or neo-natal care.

David Ramsden Memorial Scholarship Fund – established for accumulating capital donations for which the income has been designated for scholarships for which the specific guidelines have yet to be determined.

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John Tumchewics Memorial Fund - established to assist individuals with helicopter flight training, upgrading by endorsements or ratings and the purchase of safety equipment. Aircraft maintenance engineers working toward a helicopter endorsement may also apply. Scholarship funds may also be used for other individuals seeking training in the aviation field.

Randy McBride Hockey Project Fund - proceeds from the Fund will be used to provide scholarships for northern youth pursuing their hockey careers at a high performance level.

Helping Children Soar Scholarship Fund - established to offer people who have grown up in foster care assistance with paying for post-secondary education. Two scholarships of \$500 each to be awarded annually to residents of the NWT who have grown up in foster care and are furthering their their education in a program formally recognized by the Foster Families Coalition of the Northwest Territories.

The Con Employees' Benevolent Fund - established to assist individuals pursuing a trade or professional career in the mining industry or an industry related to mining.

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Notes to Financial Statements

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6. Fund Balances (continued)

	Opening Balance	Current Donations	Current Excess (Deficiency)	Closing Balance
General				
Administration Endowment Fund	\$ 165,906	\$ 15,107	\$ 60,141	\$ 241,154
Unrestricted				
Yellowknife Community Fund	257,514	-	6,380	263,894
Hurd Bequest	1,714,249	400	(16,431)	1,698,218
	\$ 1,971,763	\$ 400	\$ (10,051)	\$ 1,962,112
Donor Advised				
Fine and Performing Arts Fund	133,377	200	107	133,684
Jenny Gamble Fournier Memorial Scholarship Fund	20,267	1,038	(512)	20,793
Mary Beth Miller Memorial Fund	21,438	2,340	(470)	23,308
Rogan Fund	6,890	(5,000)	-	1,890
Chris Argue Memorial Fund	30,057	2,053	(245)	31,865
Lorraine Minish-Cooper Memorial Fund	30,374	6,367	(143)	36,598
Lily Borges-Oldham Second- Language Scholarship Fund	17,953	5,390	(1,513)	21,830
Northern Aviation Scholarship Fund	43,052	10,847	1,286	55,185
Gary Robinson Memorial Fund	263,322	11,923	(1,693)	273,552
David Sutherland Memorial Fund	34,120	2,450	(137)	36,433
Enough Talk, Hurry Up and Do It Already Arts Scholarship Fund	26,169	-	609	26,778
NWT Mining Heritage Trust Fund	9,244	1,500	283	11,027
Walter Gibbins Memorial Fund	29,368	1,000	(1,104)	29,264
Pat McMahon Memorial Fund	23,602	3,143	(293)	26,452
Elaine Whitford Scholarship Fund	25,858	200	(402)	25,656
Northern Arts & Cultural Centre (NACC) Fund	6,950	-	168	7,118
Jonas Konge Memorial Fund	55,935	4,976	986	61,897
David Ramsden memorial Fund	13,437	16,476	820	30,733
John Tumchewicks Fund	-	44,662	986	45,648
Randy McBride Hockey Project Fund	-	21,206	468	21,674
Helping Children Soar Fund	-	31,273	691	31,964
Con Employees Fund	-	49,956	1,103	51,059
	791,413	212,000	995	1,004,408
	\$ 2,929,082	\$ 227,507	\$ 51,085	\$ 3,207,674

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7. Life Insurance

The Foundation has been designated as the beneficiary of life insurance policies. Premiums paid by the insured are treated as a donation and recorded as revenues and expenditures. As at December 31, 2011, the amount of insurance in force for which the Foundation has been designated as beneficiary totals \$34,250 (2010 - \$34,250).

8. Comparative Figures

Certain comparative figures have been reclassified to conform with the current year presentation.

9. Financial Instruments

The following sections describe the Foundation's financial risk management objectives and policies and the Foundation's financial risk exposures.

Financial risk management objectives and policies

The Foundation's management objective is to safeguard capital investments against consumer price index increases. They manage this risk by investing in guaranteed investment certificates and other financial instruments with minimal risk.

(a) Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Foundation is exposed to interest rate risk through its investments in securities.

10. Capital Disclosures

The Foundation's objectives when managing capital are:

(a) To safeguard the Foundation's ability to continue as a going concern, so that it can continue to provide services to the people of Yellowknife.

(b) To provide an adequate return on investment of capital by providing services commensurate with the level of risk.

The Foundation manages the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. The Foundation monitors capital on the basis of the working capital. The working capital is calculated as current assets minus current liabilities as follows:

	2011	2010
Current Assets	\$ 1,109,328	\$ 1,068,003
Current Liabilities	(3,600)	-
	\$ 1,105,728	\$ 1,068,003
