

Sources Community Resources Foundation
(formerly Peace Arch Community Services Foundation)
Financial Statements
March 31, 2016

Sources Community Resources Foundation
(formerly Peace Arch Community Services Foundation)

Contents

For the year ended March 31, 2016

	<i>Page</i>
Independent Auditors' Report	
Financial Statements	
Statement of Financial Position.....	1
Statement of Operations and Changes in Net Assets.....	2
Statement of Cash Flows.....	3
Notes to the Financial Statements	4

Independent Auditors' Report

To the Board of Sources Community Resources Foundation:

We have audited the accompanying financial statements of Sources Community Resources Foundation, which comprise the statement of financial position as at March 31, 2016, and the statements of operations, 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.

Auditors' 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 auditors' 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.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Foundation derives a portion of its revenue from donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary to donation revenues, excess of revenue over expenditures, and cash flows from operations for the years ended March 31, 2016 and 2015, assets as at March 31, 2016 and 2015, and net assets as at March 31, 2016 and 2015.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly in all material respects the financial position of Sources Community Resources Foundation as at March 31, 2016 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.

Other Matter

As required by the Society Act of British Columbia, we report that, in our opinion, these standards have been applied on a basis consistent with that of the previous year.

Surrey, British Columbia

July 20, 2016

MNP LLP

Chartered Professional Accountants

Sources Community Resources Foundation
(formerly Peace Arch Community Services Foundation)
Statement of Financial Position
As at March 31, 2016

	2016	2015
Assets		
Current		
Cash	290,188	26,740
Accounts receivable	5,445	604,967
Marketable securities (Note 3)	989,725	462,375
GST recoverable	118	213
	1,285,476	1,094,295
Liabilities		
Current		
Accounts payable and accruals	42,184	3,032
Deferred contributions (Note 4)	177,751	25,863
	219,935	28,895
Net Assets		
Net assets, end of year	1,065,541	1,065,400
	1,285,476	1,094,295

Approved on behalf of the Board




The accompanying notes are an integral part of these financial statements

Sources Community Resources Foundation
(formerly Peace Arch Community Services Foundation)
Statement of Operations and Changes in Net Assets

For the year ended March 31, 2016

	2016	2015
Revenue		
Donations	494,731	877,174
Fundraising	84,742	34,967
Interest income	1,901	1,553
	581,374	913,694
Expenses		
Administrative	36,000	36,000
Charitable donations	420,165	216,020
Office	6,981	24,588
Fundraising events	24,995	19,414
Professional fees	4,519	3,147
Fund development	52,423	43,333
	545,083	342,502
Excess of revenue over expenses before other items	36,291	571,192
Other items		
Unrealized gain (loss) on marketable securities	(36,150)	35,286
Excess of revenue over expenses	141	606,478
Net assets, beginning of year	1,065,400	458,922
Net assets, end of year	1,065,541	1,065,400

The accompanying notes are an integral part of these financial statements

Sources Community Resources Foundation
(formerly Peace Arch Community Services Foundation)
Statement of Cash Flows
For the year ended March 31, 2016

	2016	2015
Cash provided by (used for) the following activities		
Operating		
Excess of revenue over expenses	141	606,478
Unrealized gain (loss) on marketable securities	36,150	(35,286)
	36,291	571,192
Changes in working capital accounts		
Accounts receivable	599,522	(591,404)
GST recoverable	95	(95)
Accounts payable and accruals	39,152	(280,813)
Deferred contributions	151,888	25,863
	826,948	(275,257)
Investing		
Purchase of marketable securities	(650,000)	(1,054)
Proceeds on disposal of marketable securities	86,500	-
	(563,500)	(1,054)
Increase (decrease) in cash resources	263,448	(276,311)
Cash resources, beginning of year	26,740	303,051
Cash resources, end of year	290,188	26,740

The accompanying notes are an integral part of these financial statements

Sources Community Resources Foundation (formerly Peace Arch Community Services Foundation) Notes to the Financial Statements

For the year ended March 31, 2016

1. Incorporation and nature of the organization

Sources Community Resources Foundation (the "Organization") was incorporated under the authority of the Society Act of British Columbia and is a registered charity and thus is exempt from income taxes under the Income Tax Act ("the Act").

The Organization's purpose is to provide for the enrichment of the quality of life in the community, through Sources Community Resources Society ("the Society"), by developing a permanent endowment, responding to the priorities of the Society, assessing and responding to emerging and changing community needs, providing an avenue for donors with varied interests and various levels of giving, and serving as a resource catalyst for charitable activities in the community.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada, and include the following significant accounting policies:

Marketable securities

Marketable securities with prices quoted in an active market are measured at fair value while those that are not quoted in an active market are measured at cost less impairment.

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.

Contributed materials and services

Contributions of materials and services are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the Organization's operations and would otherwise have been purchased.

Measurement uncertainty (use of estimates)

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 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.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues and expenses in the periods in which they become known.

Financial instruments

The Foundation recognizes its financial instruments when the Foundation becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with Section 3840 *Related Party Transactions*.

**Sources Community Resources Foundation
(formerly Peace Arch Community Services Foundation)
Notes to the Financial Statements**

For the year ended March 31, 2016

2. Significant accounting policies *(Continued from previous page)*

At initial recognition, the Foundation may irrevocably elect to subsequently measure any financial instrument at fair value. The Society has not made such an election during the year.

All financial assets and liabilities, except marketable securities, are subsequently measured at amortized cost, with the transaction costs and financing fees added to the carrying amount of the Society's financial instrument. The Foundation subsequently measures investments in equity instruments quoted in an active market at fair value. Fair value is determined by published price quotations.

Financial asset impairment

The Organization assesses impairment of all of its financial assets measured at cost or amortized cost. When there is an indication of impairment, the Organization determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Organization reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year excess of revenues over expenses.

The Organization reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in the excess of revenues over expenses in the year the reversal occurs.

3. Marketable securities

	2016	2015
Measured at fair value:		
Marketable securities - Fair Value	989,725	462,375

Investments are held in widely traded and liquid mutual funds, bonds, and securities which can be transferred to the Foundation's general account at the Board's discretion, to be used for activities of the Foundation, such as charitable disbursements to the Society.

4. Deferred contributions

Deferred contributions consist of prepaid gala fees and amounts received from contributors who have restricted their use for specific programs. Recognition of gala fees is deferred to the period in which the gala occurs. Contributions received are deferred to periods when the specified expenditures are made.

5. Related party transactions

Included in administration expenses is \$36,000 (2015 - \$36,000) paid to the Society.

Included in fund development expenses is \$52,423 (2015 - \$43,330) paid to the Society.

Included in charitable disbursement expenses is \$420,165 (2015 - \$216,020) paid to the Society.

Included in revenue is a charitable disbursement of \$250,000 (2015 - \$NIL) received from Gateway Autism Foundation.

Included in accounts payable is \$38,685 (2015 - NIL) due to the Society. The amount is non-interest bearing, and is due on demand.

The Society and Gateway Autism Foundation are related by virtue of common management and board members.

All of the above transactions and balances are in the normal course of operations and are recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Sources Community Resources Foundation
(formerly Peace Arch Community Services Foundation)
Notes to the Financial Statements
For the year ended March 31, 2016

6. Financial instruments

The Organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

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 Organization's investments in publicly-traded securities and corporate bonds exposes the Organization to price risk as these investments are subject to price changes in an open market due to a variety of reasons including changes in market rates of interest, general economic indicators and restrictions on credit markets.

During the year, the Organization's exposure to other price risk has increased compared to the prior period as a result of additional purchases of marketable securities.