Consolidated Financial Statements of

EDMONTON COMMUNITY FOUNDATION

December 31, 2014

Deloitte.

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Independent Auditor's Report

To the Directors of Edmonton Community Foundation

We have audited the accompanying consolidated financial statements of Edmonton Community Foundation, which comprise the consolidated statement of financial position as at December 31, 2014, and the consolidated statements of changes in endowment funds, changes in non-endowment funds and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of Edmonton Community Foundation as at December 31, 2014, 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.

Deloitte LLP

Chartered Accountants
April 23, 2015

TABLE OF CONTENTS

EDMONTON COMMUNITY FOUNDATION
Consolidated Statement of Financial Position
December 31, 2014
(thousands of dollars)

	Note		2014		2013
ASSETS					
CURRENT					
Cash and cash equivalents		$	**3,077**	$	2,097
Amounts receivable			**660**		542
			3,737		2,639
INVESTMENTS	4		**465,903**		419,283
CAPITAL ASSETS	5		**5,411**		79
		$	**475,051**	$	422,001
LIABILITIES					
CURRENT					
Accounts payable and accrued liabilities		$	**1,046**	$	760
Funds administered for others	6		**18,407**		16,469
Deferred contributions	7		**-**		18
			19,453		17,247
COMMITMENTS	8				
FUND BALANCES					
Endowment funds	9		**436,302**		389,885
Non-endowment funds	9		**17,245**		12,818
Restricted fund	10		**2,051**		2,051
			455,598		404,754
		$	**475,051**	$	422,001

The accompanying notes are an integral part of these consolidated financial statements

APPROVED BY THE BOARD

.... Director

.... Director

EDMONTON COMMUNITY FOUNDATION
Consolidated Statement of Changes in Endowment Funds
Year ended December 31, 2014
(thousands of dollars)

		2014									2013
	Note	Community	Field of Interest	Scholarships, Bursaries and Awards	Designated	Donor Advised	Combined Purpose	Operating	Social Enterprise	Total	Total
Contributions		$ 29	$ 490	$ 41	$ 3,467	$ 7,656	$ 231	$ -	$ 7	$ 11,921	$ 67,960
Investment income	4 c)	3,074	2,015	2,504	11,660	30,548	2,309	355	245	52,710	53,177
Expenditures - net	12	(318)	(209)	(272)	(1,210)	(3,171)	(240)	(37)	(22)	(5,479)	(4,687)
Distributions approved		(1,061)	(601)	(444)	(3,334)	(7,209)	(511)	(104)	(108)	(13,372)	(9,187)
INCREASE DURING THE YEAR		1,724	1,695	1,829	10,583	27,824	1,789	214	122	45,780	107,263
BALANCE, BEGINNING OF YEAR		23,027	14,804	19,533	85,164	225,092	17,163	2,615	2,487	389,885	281,056
Transfers (to) from:	9 a)										
Non-endowment funds		-	-	-	53	(77)	-	-	-	(24)	1,396
Endowment funds		(90)	285	-	411	(70)	-	-	(536)	-	-
Funds administered for others	6	-	-	-	-	-	-	-	-	-	170
Classification adjustments		50	(29)	12	740	(124)	12	-	-	661	-
BALANCE, END OF YEAR		$ 24,711	$ 16,755	$ 21,374	$ 96,951	$ 252,645	$ 18,964	$ 2,829	$ 2,073	$ 436,302	$ 389,885

The accompanying notes are an integral part of these consolidated financial statements

EDMONTON COMMUNITY FOUNDATION
Consolidated Statement of Changes in Non-endowment Funds
Year ended December 31, 2014
(thousands of dollars)

		2014							2013
	Note	Designated	Donor Advised	Combined Purpose	Social Enterprise	Operating	Flow Through	Total	Total
Contributions		$ 257	$ 2,987	$ -	$ -	$ -	$ 4,000	$ 7,244	$ 5,183
Investment income	4 c)	315	942	3	11	-	(6)	1,265	1,340
Expenditures - net	12	(33)	(98)	-	(1)	212	-	80	201
Distributions approved									
General		(82)	(290)	(8)	-	-	(3,013)	(3,393)	(3,107)
Insurance premiums/other		-	-	-	-	-	(132)	(132)	(141)
INCREASE (DECREASE) DURING THE YEAR		457	3,541	(5)	10	212	849	5,064	3,476
BALANCE, BEGINNING OF YEAR		2,919	7,807	24	77	594	1,397	12,818	10,738
Transfers (to) from:	9 a)								
Endowment funds		14	(7)	-	-	-	17	24	(1,396)
Classification adjustment		(661)	-	-	-	-	-	(661)	-
BALANCE, END OF YEAR		$ 2,729	$ 11,341	$ 19	$ 87	$ 806	$ 2,263	$ 17,245	$ 12,818

The accompanying notes are an integral part of these consolidated financial statements

EDMONTON COMMUNITY FOUNDATION
Consolidated Statement of Cash Flow
Year ended December 31, 2014
(thousands of dollars)

	2014	2013
Cash flows from operating activities		
Contributions to funds administered for others	$ 673	$ 883
Contributions to endowment funds	9,893	67,729
Contributions to non-endowment funds	7,043	5,194
Investment income	3,232	8,356
Distributions from funds administered for others	(774)	(387)
Distributions from endowment funds	(13,375)	(9,198)
Distributions from non-endowment funds	(3,530)	(3,251)
Expenditures - net	(5,614)	(4,551)
Net cash (used) generated through operating activities	(2,452)	64,775
Cash flows from investing activities		
Capital assets purchased	(625)	(18)
Investments purchased	(135,088)	(363,863)
Investments sold	139,145	298,524
Net cash generated (used) through investing activities	3,432	(65,357)
NET CASH INFLOW (OUTFLOW)	980	(582)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,097	2,679
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 3,077	$ 2,097

The accompanying notes are an integral part of these consolidated financial statements

1. NATURE OF THE ORGANIZATION

The Edmonton Community Foundation (the "Foundation") was created by the Edmonton Community Foundation Act, a special statute enacted by the Legislative Assembly of the Province of Alberta. The Foundation is a charitable public foundation registered under the Income Tax Act and, as such, is exempt from income taxes and able to issue donation receipts for income tax purposes.

The Foundation encourages and promotes philanthropy in the community, creates and manages a variety of funds to meet community needs and responds to emerging needs that come with changing times.

2. ACCOUNTING POLICIES

The Foundation's accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and reflect the following policies:

Basis of presentation

These consolidated financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNFPO") issued by the Accounting Standards Board of CPA Canada and set out in Part III of the CPA Canada Handbook.

The consolidated financial statements include the accounts of the Foundation and its beneficially owned entities: 1073122 Alberta Ltd., the Edmonton Community Foundation Investment Trust, the Edmonton Community Foundation Real Estate Investment Trust, the Edmonton Community Foundation Investment Trust (Local) and the Alberta Social Enterprise Venture Fund Inc. These statements also include the operating results of the Alberta Social Enterprise Venture Fund Limited Partnership.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and highly liquid temporary money market instruments, cashable without penalty after 29 days. Cash and cash equivalents exclude cash held in investments.

Fund accounting

The accounts of the Foundation are maintained in accordance with the principles of restricted fund accounting for contributions. The accounts have been segregated into endowment funds, non-endowment funds and a restricted fund as described in Notes 9 and 10.

2. ACCOUNTING POLICIES (continued)

Capital assets

Capital assets are recorded at cost less accumulated amortization. Amortization is recorded on a straight-line basis over the estimated useful life of the related asset. Leasehold improvements are amortized on a straight-line basis over the term of the lease. The building under construction is not being amortized until the project is complete.

Estimated useful lives are as follows:

Furniture & fixtures	10 years
Office equipment	5 years
Computer equipment	5 years
Leasehold improvements	5 years

When a capital asset no longer has any long-term service potential to the Foundation, the excess of its net carrying amount over any residual value is recognized as an expense in the appropriate fund.

Revenue recognition

Restricted contributions related to operations are recognized as revenue in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate endowment, non-endowment or restricted fund in the period of receipt.

Unrestricted contributions are recognized as revenue in the period of receipt.

Investment income is comprised of interest, dividends, net rental income and realized and unrealized gains and losses, net of direct investment expenses. Dividend income is recognized based on the ex-dividend date, and interest income and real estate income are recognized on the accrual basis as earned. Since real estate income is based on fair value adjustments, a charge for depreciation and amortization is excluded from the determination of real estate income. Certain management and performance fees for externally-managed private equity are offset against investment income. Investment income is allocated to each fund proportionately, based on the fair value of each fund.

Contributed services

The Foundation is governed and supported by numerous volunteers. Contributed services are not reflected in these consolidated financial statements as determining their fair value is not practicable.

Foreign exchange

Investment transactions in foreign currencies are translated to Canadian dollars at the rate of exchange in effect at the date of the transaction. Investments held in foreign currencies are translated to Canadian dollars at the rate of exchange in effect at year-end.

Foreign exchange gains or losses are recorded in investment income.

2. ACCOUNTING POLICIES (continued)

Financial instruments

Financial assets include cash and cash equivalents, investments and amounts receivable. Cash and cash equivalents and amounts receivable are measured at amortized cost which approximates fair value due to the short term nature of the assets. Financial assets and financial liabilities are initially recognized at fair value when the Foundation becomes a party to the contractual provisions of the financial instrument.

Changes in the fair value of investments are recorded in the consolidated statements of changes in endowment funds, changes in non-endowment funds and changes in the restricted fund, and are presented as investment income. Purchases and sales of investments are recorded at the trade date. Transaction costs are expensed as incurred.

Publicly traded investments, comprised of money market funds, bonds, debentures, mortgage funds and equities, are recorded at fair value using quoted market values. Investments in core real estate are recorded at fair value as appraised at year-end using a direct comparison approach. Rental revenue earned on investments in core real estate is recorded as investment income.

Investments in certain limited partnerships include private equity, infrastructure and real estate investments and represent the Foundation's pro rata interest in the net assets of the partnerships as at year-end.

The fair value of limited partnership investments is calculated using the most recent audited or unaudited financial statements available. These statements include the fair value of the limited partnerships as determined by the external managers using accepted industry valuation methods. When the date of these financial statements does not coincide with year-end, the carrying value recorded by the Foundation includes adjustments for the estimated and/or actual amounts of cash flows for the intervening period, including contributions, distributions, interest income, realized gains (losses), management fees and general expenses. Management estimates the change in fair value from the most recent statement date to year-end. The fair value is determined using inputs observed from markets comparable to the underlying investments held by the Foundation, in conjunction with relevant fair value information received from external managers. It is reasonably possible that the recognized amount could change by a material amount in the near term.

As at December 31, 2014, the Foundation had not designated any derivative financial instruments as hedges for accounting purposes.

Derivative financial instruments are required to be carried at fair value and are included in the consolidated statement of financial position in investments. Changes in the fair value of these derivative financial instruments are recorded in the consolidated statements of changes in endowment funds, changes in non-endowment funds and changes in the restricted fund, and presented as investment income. Fair value of foreign exchange forward contracts is determined based on valuations provided by the instrument managers. The foreign exchange forward contracts are not eligible for hedge accounting.

2. ACCOUNTING POLICIES (continued)

Use of estimates

The preparation of the consolidated financial statements in accordance with ASNFPO 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 income and expenses during the year. Key areas of estimation where management has made subjective judgments, often as a result of matters that are inherently uncertain, include those relating to useful life of capital assets and corresponding depreciation rates, fair values of investments, certain custodian and investment counsel fees, accrued liabilities for items where the invoice has not been received, accruals for investment income not yet received and disclosure of the amount of deferred gifts. Actual results could differ materially from those estimates.

3. RISK MANAGEMENT

In the normal course of operations, the Foundation is exposed to a variety of financial risks which are actively managed by the Foundation. The Foundation adheres to an Asset Management Plan ("Plan") and Investment Policies and Guidelines ("Policy") that outline the objectives to ensure that the Foundation's investments are managed effectively, prudently and in compliance with all applicable requirements. The Foundation's investment policy does not pertain to investments contributed to the Foundation by donors or contributions by donors with specific investment instructions until those investments or contributions are allocated to an investment manager subject to this policy.

The Plan and Policy are reviewed on a regular basis, along with the investment portfolio, to ensure all activities are in compliance. The Policy includes a list of permitted investments, restrictions on minimum and maximum amounts in each asset class, the maximum amounts of the fair value of the investment manager's holdings invested in the securities of a single issuer and the maximum amounts of non-Canadian investments, and it prescribes limits around the quality and concentration of the investment portfolio. Borrowing is not permitted. The Foundation may hold derivative financial, commodity or currency-related instruments in accordance with a program accepted in writing by the Investment Committee and approved by the Board.

The Foundation's exposure to and management of risk has not changed materially since December 31, 2013.

Market risk

Market risk is the risk that the fair value or future cash flows of the Foundation's financial instruments will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

(thousands of dollars)

3. RISK MANAGEMENT (continued)

a) Currency risk

Currency risk is the risk that the fair value or future cash flows of financial instruments denominated in currencies other than the functional currency of the Foundation will fluctuate due to changes in foreign exchange rates. The Foundation is directly exposed to currency risk on its foreign market equities and limited partnerships portfolio investments. Within the limited partnerships investments are various portfolio companies, of which some are denominated in functional currencies other than that of the limited partnership.

During the year the Foundation discontinued its foreign currency hedging program. There were no foreign currency contracts outstanding at December 31, 2014. The Foundation had a number of foreign currency contracts outstanding at December 31, 2013, related to underlying assets of $186,646. The Foundation's position in foreign currency contracts is as follows:

	2014		2013	
Currency Description	**Notional value**	**Fair value**	Notional value	Fair value
Favourable contracts				
Swiss Franc	$ -	$ -	$ 7,997	$ 34
Euro Currency Unit	-	-	3,769	13
Japanese Yen	-	-	368	1
Norwegian Krone	-	-	652	1
U.S. Dollar	-	-	20,335	41
Total favourable contracts	-	-	33,121	90
Unfavourable contracts				
Australian Dollar	-	-	1,359	(2)
Norwegian Krone	-	-	-	-
Singapore Dollar	-	-	695	(1)
U.S. Dollar	-	-	-	-
Total unfavourable contracts	-	-	2,054	(3)
Fair value of contracts payable [(1)]		-		(1,119)
Total	$ -	$ -	$ 35,175	$ (1,032)

[(1)] The Foundation settled these contracts with a payment of $1,119 on January 6, 2014.

b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate risk arises when the Foundation invests in interest-bearing financial instruments. The Foundation is directly exposed to interest risk on its bonds, debentures, mortgages and loans receivable. The Foundation is indirectly exposed to interest rate risk on certain limited partnership investments that are comprised of both equity and debt instruments. The objective of the Foundation's investment policy is to control interest rate risk by managing its interest rate exposure.

(thousands of dollars)

3. RISK MANAGEMENT (continued)

The term to maturity and related fair values of Consolidated Trust Fund investments in bonds, debentures and notes, excluding pooled funds, and mortgages held by the Foundation at December 31, 2014, are as follows:

2014

	Term to Maturity			
Stated Interest Rate	**0-5 years**	**6-10 years**	**+10 years**	**Total**
1.50 - 4.00%	**$ 2,228**	**$ 5,506**	**$ 4,742**	**$ 12,476**
4.01 - 6.00%	**1,212**	**37**	**1,656**	**2,905**
6.01 - 8.00%	**-**	**-**	**6,662**	**6,662**
8.01 - 10.00%	**-**	**1,266**	**1,977**	**3,243**
10.01 - 12.00%	**-**	**3**	**-**	**3**
	$ 3,440	**$ 6,812**	**$ 15,037**	**$ 25,289**

2013

	Term to Maturity			
Stated Interest Rate	0-5 years	6-10 years	+10 years	Total
1.50 - 4.00%	$ 1,025	$ 5,833	$ 1,802	$ 8,660
4.01 - 6.00%	1,208	41	5,232	6,481
6.01 - 8.00%	-	-	3,855	3,855
8.01 - 10.00%	-	1,157	1,730	2,887
10.01 - 12.00%	-	3	-	3
	$ 2,233	$ 7,034	$ 12,619	$ 21,886

c) 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. The Foundation is exposed to price risk on its investments in common equities and on the portion of the limited partnerships portfolio invested in equities. The objective of the Foundation's investment policy is to control equity price risk by maintaining a portfolio which is diversified across geographic and industry sectors.

Approximately 33.1% (2013 – 35.3%) of the Foundation's equity investments are invested in Canadian equities.

Approximately 41.4% (2013 – 36.7%) of the Foundation's equity investments are invested in United States equities and 25.5% (2013 – 28.0%) are invested in international equities.

3. RISK MANAGEMENT (continued)

Liquidity risk

Liquidity risk is the risk that the Foundation cannot meet a demand for cash or fund its obligations as they come due. Liquidity risk is managed as the majority of the Foundation's assets are in investments that are traded in an active market and can be readily liquidated. Liquidity is achieved by limiting the amount invested in closed-ended funds. In addition, the Foundation maintains a sufficient cash position to manage liquidity as per the cash management policy. The Foundation's contractual liabilities are all due within one year, with the exception of the following: investment commitments, future years' distributions and lease commitments as set out in Note 8.

Credit risk

Credit risk is the potential for financial loss should a counterparty in a transaction fail to meet its obligations. The Foundation's investments in short-term investments, bonds, debentures and mortgage funds are subject to credit risk. The maximum exposure to credit risk on these financial instruments is their carrying value. The fair value of debt investments included in limited partnerships' portfolios includes consideration of the credit worthiness of the portfolio company, and accordingly, represents the maximum credit risk exposure to the Foundation. The investment policy of the Foundation mandates that bond investments have a minimum credit rating of BBB when purchased; up to 15% of the bond portfolio can be invested in bonds with a BBB rating. The weighted average credit rating of the bond portfolio will be maintained at or above A. The investment policy also mandates that short-term investments will have a minimum credit rating of R-1 or its equivalent when purchased. The Foundation monitors its credit risk policies on a regular basis.

(thousands of dollars)

4. INVESTMENTS

a) Other Trust Fund investments

Certain endowment funds are held outside of the Consolidated Trust Fund. They are either governed under separate policies until those investments are allocated to an investment manager subject to the Consolidated Trust Fund policy or are administered under a specific program based on the agreements with the donors.

	2014	2013
Other Trust Fund investments		
Cash	$ 1	$ 1
Bonds and debentures	7	1,560
Equities		
Canada	10	108
United States	108	41
International	-	24
	118	173
	$ 126	$ 1,734

(thousands of dollars)

4. INVESTMENTS (continued)

b) Consolidated Trust Fund investments

The Foundation holds most of the endowment and non-endowment funds (excluding flow-through funds) and all funds administered for others within the Consolidated Trust Fund which is subject to the Foundation's Asset Management Plan and Investment Policies and Guidelines as discussed in Note 3.

	2014	2013
Consolidated Trust Fund investments		
Cash on account	$ **3,444**	$ 9,531
Money market funds	**7,602**	48,821
	11,046	58,352
Bonds and debentures		
Government of Canada	**8,742**	6,276
Provincial governments	**16,391**	15,433
Municipal governments	**156**	177
Corporate bonds - pooled funds	**28,295**	30,249
	53,584	52,135
Mortgage funds	**42,479**	24,607
Infrastructure - including limited partnership	**27,648**	2,583
Real estate investment trusts		
Core real estate	**-**	4,536
Limited partnerships	**4,648**	2,534
	4,648	7,070
Equities		
Canada	**108,053**	96,671
United States	**121,030**	90,436
United States - private equity limited partnerships	**13,991**	10,106
International	**68,258**	65,078
International - private equity limited partnerships	**15,040**	11,543
	326,372	273,834
Foreign exchange forward contracts - Note 3 a)	**-**	(1,032)
Total Consolidated Trust Fund investments	**465,777**	417,549
Total Other Trust Fund investments (brought forward)	**126**	1,734
Total investments	$ **465,903**	$ 419,283

(thousands of dollars)

4. INVESTMENTS (continued)

The underlying purpose of the Foundation's Consolidated Trust Fund investments is to support endowment, non-endowment, restricted and administered funds. Endowment, non-endowment and restricted funds are expected to be held for the long term. Administered funds may be withdrawn by the charitable organization at any time with appropriate notice. The majority of the Foundation's investments are highly liquid and publicly traded. As a result, the Foundation may buy or sell investments to improve investment returns or to meet obligations as they come due.

c) Investment income

Investment income earned is comprised of:

	Note		**2014**		2013
Interest		$	**4,249**	$	3,893
Dividends			**8,634**		6,388
Rental			**268**		448
Unrealized gains			**29,699**		44,105
Realized gains			**14,191**		2,559
Direct investment expenses			**(685)**		(337)
Direct fund expenses			**(140)**		(95)
Total investment income		$	**56,216**	$	56,961
Reported as investment income to the following funds:					
Endowment		$	**52,710**	$	53,177
Non-Endowment			**1,265**		1,340
Funds administered for others	6		**2,241**		2,444
Total investment income		$	**56,216**	$	56,961

(thousands of dollars)

5. CAPITAL ASSETS

	Unrestricted Capital Assets					Restricted Capital Assets			
	Furniture & fixtures	Office equipment	Computer equipment	Leasehold improvements	Subtotal	Land	Building under construction	Subtotal	Total
Cost									
Beginning balance January 1, 2013	$ 102	$ 8	$ 245	$ 95	$ 450	$ -	$ -	$ -	$ 450
Additions	5	1	12	-	18	-	-	-	18
Ending balance December 31, 2013	107	9	257	95	468	-	-	-	468
Additions	-	-	-	-	-	**4,536**	**818**	**5,354**	5,354
Ending balance December 31, 2014	**$ 107**	**$ 9**	**$ 257**	**$ 95**	**$ 468**	**$ 4,536**	**$ 818**	**$ 5,354**	**$ 5,822**
Accumulated amortization									
Beginning balance January 1, 2013	$ 67	$ 5	$ 206	$ 85	$ 363		$ -	$ -	$ 363
Amortization	7	1	15	3	26		-	-	26
Ending balance December 31, 2013	74	6	221	88	389		-	-	389
Amortization	**7**	**1**	**11**	**3**	**22**		-	-	22
Ending balance December 31, 2014	**$ 81**	**$ 7**	**$ 232**	**$ 91**	**$ 411**		**$ -**	**$ -**	**$ 411**
Carrying amounts									
At December 31, 2013	33	3	36	7	79	-	-	-	79
At December 31, 2014	**26**	**2**	**25**	**4**	**57**	**4,536**	**818**	**5,354**	**5,411**

The addition to land of $4,536 (2013 – $nil) was a result of a change in use of assets previously held as core real estate investment. This transaction had no impact on cash and therefore was not included in the cash flow statement. The land and building under construction are controlled by the Foundation but are restricted assets of the Endowment and Restricted Funds.

(thousands of dollars)

6. FUNDS ADMINISTERED FOR OTHERS

These funds belong to other charitable organizations and are pooled for investment purposes with the Foundation's endowment and non-endowment funds. Accordingly, these consolidated financial statements include assets administered for other charitable organizations with a corresponding liability comprised of the following:

	Note	2014	2013
Contributions		$ 673	$ 883
Investment income	4 c)	2,241	2,444
Administrative fees	12	(202)	(172)
Distributions		(774)	(387)
Transfers to endowment funds		-	(170)
Increase during the year		1,938	2,598
Balance, beginning of year		16,469	13,871
Balance, end of year		**$ 18,407**	**$ 16,469**

7. DEFERRED CONTRIBUTIONS

Deferred contributions are externally restricted for operating purposes and are recognized as contributions as the related expenses are incurred.

	2014	2013
Balance, beginning of year	$ 18	$ 7
Deferred contributions received	227	344
Amount recognized in revenue during the year	(245)	(333)
Balance, end of year	**$ -**	**$ 18**

8. COMMITMENTS

The Foundation has unfunded investment commitments related to the limited partnerships. At December 31, 2014 the unfunded amount for the private equity investments denominated in Euros is €1,617 (2013 - €1,853) and translated into Canadian dollars in the amount of $2,269 (2013 - $2,713). For the private equity investments denominated in U.S. dollars, the unfunded amount is $13,068 (2013- $17,181) and translated into Canadian dollars in the amount of $15,160 (2013 - $18,255). For the infrastructure investment denominated in U.S. dollars, the unfunded amount is $970 (2013 - $939) and translated into Canadian dollars in the amount of $1,125 (2013 - $997). The unfunded amounts may be drawn on demand.

For the infrastructure investment denominated in Canadian dollars, the unfunded amount is $9,421 (2013 - $nil). For the real estate investment denominated in Canadian dollars, the unfunded amount is $16,200 (2013 - $nil).

8. COMMITMENTS (continued)

The Foundation has approved at December 31, 2014 approximately $1,942 (2013 - $852) for distribution from future years' income attributable to the endowment and non-endowment funds.

During the year, the Foundation entered into contracts for a major renovation to its existing property. The renovation project is estimated to cost $6,332, of which $818 has been incurred in 2014. The project is expected to be completed in 2015.

9. ENDOWMENT AND NON-ENDOWMENT FUNDS

Endowment funds, comprised of permanent contributions and attributed cumulative net growth, are administered in accordance with the objectives established by the donor.

Non-endowment funds, comprised of externally restricted contributions and attributed cumulative net growth, are not required to be maintained in perpetuity.

On an annual basis, the Foundation distributes a portion of the fair value of each fund and capitalizes growth in excess of the distributions. Generally, this results in a net increase in each fund from year to year. Decreases in endowment funds may occur during the year when distributions exceed the growth for the period. In such cases, the decreases are applied to reduce the cumulative capitalized growth in excess of fund distributions. The Foundation monitors the extent of distributions on an ongoing basis, giving consideration to current and expected investment returns.

Restrictions relating to the distributions from endowment and non-endowment funds are described below:

Community

Donors indicate that distributions are to be made according to the Foundation's general distribution policies and guidelines, primarily in response to applications received from community agencies.

Field of interest

Donor agreements indicate the area(s) of special interest for support.

Scholarships, bursaries and awards

Scholarships, bursaries and awards are granted to students for a wide range of continuing education opportunities.

Designated

Donors indicate one or more specific charities for support.

9. ENDOWMENT AND NON-ENDOWMENT FUNDS (continued)

Donor advised

Donors consult with the Foundation and advise regularly regarding the distributions from these funds.

Combined purpose

Donors indicate that portions of the net proceeds are to be distributed using a number of different strategies including discretionary, donor advised and designated.

Operating

Donors indicate they wish to support the operations of the Foundation.

Social enterprise

Social enterprise funds provide alternative financing, leverage mainstream funding and technical assistance support to charities undertaking social enterprises.

Flow through

Donors designate their gifts as being non-endowed and request that the entire gift be distributed to specific charities, usually within two years.

a) *Fund transfers and classification adjustments*

Transfers between funds and classification adjustments reflect updates or changes to how grants from a fund are managed. This may be a result of funds emerging, changes to fund agreements, or reinterpretation of fund agreements.

10. RESTRICTED FUND

A restricted fund has been established, at the discretion of the Board of Directors, to report the unrealized gain (loss) on the core real estate investment that houses the operations of the Foundation. The Foundation's Board of Directors maintains disbursement and capital preservation policies and procedures to both maximize support for charitable activities and to protect the value of the funds. Due to the different operating nature of this investment, the unrealized gains (losses) will not be available for distribution until such gains (losses) are realized.

The core real estate investment described above has been reclassified from investments to restricted capital assets, upon change in use during the year.

(thousands of dollars)

11. DEFERRED GIFTS

The Foundation is the beneficiary of certain trusts, the value of which approximates $2,968 at December 31, 2014 (2013 - $1,869). The residual value of these trusts will be recorded in the consolidated financial statements when the proceeds are received by the Foundation. The Foundation is the owner and beneficiary of several life insurance policies. The benefit from these policies will be recorded in the consolidated financial statements when proceeds are received by the Foundation.

12. EXPENDITURES

	Note	2014	2013
Custodian and investment counsel		**$ 2,599**	$ 2,088
Salaries and contract services		**2,158**	1,898
Communications		**558**	276
Office		**351**	384
Professional fees		**113**	141
Occupancy		**111**	82
Program and community support		**72**	76
Donor services		**67**	102
Professional development and meetings		**47**	33
Amortization		**22**	26
		6,098	5,106
Less:			
Contributions to offset expenditures (net)		**(497)**	(448)
Fees charged on funds administered for others	6	**(202)**	(172)
Total expenditures - net		**$ 5,399**	$ 4,486
Allocated to:			
Endowment funds		**$ 5,479**	$ 4,687
Non-endowment funds		**(80)**	(201)
Total expenditures - net		**$ 5,399**	$ 4,486

The Foundation allocates expenditures to each endowment and non-endowment fund proportionately based on the fair value of each fund. Administrative fees are allocated to funds administered for others in accordance with the agreements. Expenses incurred for a specific fund are charged to that fund.

13. FUND-RAISING EXPENSES AND OTHER

As required under Section 7(2) of the Regulations of the Charitable Fund-raising Act of Alberta, the Foundation discloses that the expenses for the purposes of soliciting contributions were $19 (2013 - $19). Total amount paid as remuneration to employees of the Foundation whose principal duties involve fundraising was $nil (2013 - $nil).

No single disposition of contributions equaled or exceeded 10% of the gross contributions received for the 12-month period ended December 31, 2014 (2013 - $nil).