

**THE SENATOR PATRICK BURNS MEMORIAL FUND**

**SUMMARIZED FINANCIAL STATEMENTS**

**December 31, 2012**

**The Senator Patrick Burns Memorial Fund**  
**Index to the Summarized Financial Statements**  
**For the Year Ended December 31, 2012**

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## INDEPENDENT AUDITOR'S REPORT

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**To the Trustees of The Senator Patrick Burns Bequest Memorial Fund:**

### **Report on the financial statements**

The accompanying summarized financial statements which comprise the summarized statement of financial position as at December 31, 2012, and the summarized statement of operations and changes in net assets for the year then ended are derived from the audited financial statements of:

- (1) The Senator Patrick Burns Bequest for the Poor, Indigent and Neglected Children of the City of Calgary ("Children")
- (2) The Senator Patrick Burns Bequest for the Benefit of Widows and Orphans of the Members of the Fire Brigade of the City of Calgary ("Fire")
- (3) The Senator Patrick Burns Bequest for the Benefit of Widows and Orphans of the Members of the Police Force of the City of Calgary ("Police")

Collectively referred to as "the Bequests". We expressed unmodified audit opinions on those financial statements in our reports dated March 22, 2013.

The summarized financial statements do not contain all the disclosures required by Canadian accounting standards for not-for-profit organizations. Reading the summarized financial statements, therefore, is not a substitute for reading the audited financial statements of the Bequests.

### **Management's responsibility for the summarized financial statements**

Management is responsible for the preparation of a summary of the audited financial statements in accordance with criteria established by management that ensures the summarized financial statements agree with the related information in the audited financial statements.

### **Auditor's responsibility**

Our responsibility is to express an opinion on the summarized financial statements based on our audit procedures, which were conducted in accordance with Canadian Auditing Standards (CAS) 810, "Engagements to Report on Summary Financial Statements".

### **Opinion**

In our opinion, the summarized financial statements derived from the audited financial statements of the Bequests for the year ended December 31, 2012 are a fair summary of those financial statements, in accordance with Canadian accounting standards for not-for-profit organizations.

  
Certified General Accountants

March 22, 2013  
Calgary, Alberta, Canada

**The Senator Patrick Burns Memorial Fund**  
**Summarized Statement of Financial Position**  
**As at December 31, 2012**

	Children		Fire		Police	
	2012	2011	2012	2011	2012	2011
<b>ASSETS</b>						
<b>Current</b>						
Cash	\$ 134,639	\$ 129,321	\$ 50	\$ 50	\$ 50	\$ 1,604
Funds held in trust	553,585	149,367	-	-	-	-
Due from other Bequests	51,760	9,284	-	-	-	9,284
Interest receivable	3,430	3,968	4,930	5,668	4,078	4,650
Goods and service tax recovery	1,409	1,551	-	-	-	-
Other receivables	334	1,389	333	1,333	333	1,333
Prepaid expenses	747	2,159	748	2,161	748	2,161
	<u>745,904</u>	<u>297,039</u>	<u>6,061</u>	<u>9,212</u>	<u>5,209</u>	<u>19,032</u>
<b>Investments</b>	<b>1,369,089</b>	<b>1,278,662</b>	<b>2,071,283</b>	<b>1,927,591</b>	<b>1,670,496</b>	<b>1,554,764</b>
<b>Property and equipment</b>	<b>1,602</b>	<b>1,566</b>	<b>1,602</b>	<b>1,565</b>	<b>1,603</b>	<b>1,566</b>
	<u>\$ 2,116,595</u>	<u>\$ 1,577,267</u>	<u>\$ 2,078,946</u>	<u>\$ 1,938,368</u>	<u>\$ 1,677,308</u>	<u>\$ 1,575,362</u>
<b>LIABILITIES AND NET ASSETS</b>						
<b>Current liabilities</b>						
Due to other Bequests	\$ -	\$ -	\$ 21,165	\$ 18,567	\$ 30,595	\$ -
Accounts payable and accrued liabilities	10,378	9,581	10,221	9,437	10,221	9,438
Liabilities for funds held in trust	553,585	149,367	-	-	-	-
Grants payable	190,187	164,366	126,525	131,823	150,016	158,839
	<u>754,150</u>	<u>323,314</u>	<u>157,911</u>	<u>159,827</u>	<u>190,832</u>	<u>168,277</u>
<b>Deferred contributions</b>	<b>58,198</b>	<b>3,508</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<u>812,348</u>	<u>326,822</u>	<u>157,911</u>	<u>159,827</u>	<u>190,832</u>	<u>168,277</u>
<b>Net assets</b>	<b>1,304,247</b>	<b>1,250,445</b>	<b>1,921,035</b>	<b>1,778,541</b>	<b>1,486,476</b>	<b>1,407,085</b>
	<u>\$ 2,116,595</u>	<u>\$ 1,577,267</u>	<u>\$ 2,078,946</u>	<u>\$ 1,938,368</u>	<u>\$ 1,677,308</u>	<u>\$ 1,575,362</u>

Approved on behalf of the Board of Trustees:

Trustee: \_\_\_\_\_

Trustee: \_\_\_\_\_

**The Senator Patrick Burns Memorial Fund**  
**Summarized Statement of Operations and Changes in Net Assets**  
**For the Year Ended December 31, 2012**

	Children		Fire		Police	
	2012	2011	2012	2011	2012	2011
<b>Revenue</b>						
Income from Burns Memorial Trust	\$ 313,140	\$ 313,056	\$ 313,140	\$ 313,056	\$ 313,140	\$ 313,056
Donations and grants	128,167	84,876	1,536	-	1,536	-
Cost recovery (partnership)	56,968	57,713	56,966	57,711	56,966	57,711
Golf tournament	-	71,132	-	-	-	-
Investment income and other	42,837	47,907	62,792	74,617	50,646	60,410
	<b>541,112</b>	<b>574,684</b>	<b>434,434</b>	<b>445,384</b>	<b>422,288</b>	<b>431,177</b>
<b>Expenses</b>						
Grants	428,890	350,781	282,577	312,038	305,663	282,717
Program and facility costs	126,537	128,126	126,830	119,029	126,825	119,029
Golf tournament	-	40,126	-	-	-	-
Professional fee	24,316	24,974	25,170	25,404	24,344	25,064
Amortization	803	522	802	522	802	522
Other	-	-	306	-	-	-
	<b>580,546</b>	<b>544,529</b>	<b>435,685</b>	<b>456,993</b>	<b>457,634</b>	<b>427,332</b>
<b>Excess (deficiency) of revenue over expenses before other items</b>	<b>(39,434)</b>	<b>30,155</b>	<b>(1,251)</b>	<b>(11,609)</b>	<b>(35,346)</b>	<b>3,845</b>
<b>Other items</b>						
Gain on disposal of investments	13,091	15,593	19,095	23,009	14,495	20,185
Unrealized gain (loss) on investment	80,145	(40,917)	124,650	(67,709)	100,242	(53,338)
<b>Excess (deficiency) of revenue over expenses</b>	<b>53,802</b>	<b>4,831</b>	<b>142,494</b>	<b>(56,309)</b>	<b>79,391</b>	<b>(29,308)</b>
Net assets - beginning of year	<b>1,250,445</b>	<b>1,245,614</b>	<b>1,778,541</b>	<b>1,834,850</b>	<b>1,407,085</b>	<b>1,436,393</b>
<b>Net assets - end of year</b>	<b>\$ 1,304,247</b>	<b>\$ 1,250,445</b>	<b>\$ 1,921,035</b>	<b>\$ 1,778,541</b>	<b>\$ 1,486,476</b>	<b>\$ 1,407,085</b>

**THE SENATOR PATRICK BURNS BEQUEST FOR  
THE POOR, INDIGENT AND NEGLECTED  
CHILDREN OF THE CITY OF CALGARY**

**Financial Statements**

**December 31, 2012**

**The Senator Patrick Burns Bequest for the Poor,  
Indigent and Neglected Children of the City of Calgary**  
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For the Year Ended December 31, 2012

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## INDEPENDENT AUDITOR'S REPORT

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**To the Trustees of The Senator Patrick Burns Bequest for the Poor, Indigent and Neglected Children of the City of Calgary:**

### Report on the financial statements

We have audited the accompanying financial statements of The Senator Patrick Burns Bequest for the Poor, Indigent and Neglected Children of the City of Calgary, which comprise the statements of financial position as at December 31, 2012, December 31, 2011 and January 1, 2011, and the statements of operations, changes in net assets and cash flows for the years ended December 31, 2012 and December 31, 2011, and a summary of significant accounting policies and other explanatory information.

### Management's responsibility for 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 audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits 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.

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Senator Patrick Burns Bequest for the Poor, Indigent and Neglected Children of the City of Calgary as at December 31, 2012, December 31, 2011 and January 1, 2011 and the results of its operations and its cash flows for the years ended December 31, 2012 and December 31, 2011, in accordance with Canadian accounting standards for not-for-profit organizations.

*Thompson Penner & Lo LLP*  
Certified General Accountants

March 22, 2013  
Calgary, Alberta, Canada



**The Senator Patrick Burns Bequest for the Poor,  
Indigent and Neglected Children of the City of Calgary**  
Statements of Financial Position  
As at December 31, 2011 and 2012 and January 1, 2011

	2012	2011	January 1, 2011
<b>ASSETS</b>			
<b>Current</b>			
Cash	\$ 134,639	\$ 129,321	\$ -
Funds held in trust (note 4)	553,585	149,367	36,750
Due from Police and Fire Brigade Bequests (note 7)	51,760	9,284	-
Interest receivable	3,430	3,968	5,396
Goods and services tax recoverable	1,409	1,551	1,600
Other receivables	334	1,389	475
Prepaid expenses	747	2,159	2,193
	<u>745,904</u>	<u>297,039</u>	<u>46,414</u>
<b>Investments (note 5)</b>	<b>1,369,089</b>	<b>1,278,662</b>	<b>1,427,697</b>
<b>Property and equipment (note 6)</b>	<b>1,602</b>	<b>1,566</b>	<b>2,088</b>
	<u>\$ 2,116,595</u>	<u>\$ 1,577,267</u>	<u>\$ 1,476,199</u>
<b>LIABILITIES AND NET ASSETS</b>			
<b>Current liabilities</b>			
Due to Police and Fire Brigade Bequests (note 7)	\$ -	\$ -	\$ 25,838
Accounts payable and accrued liabilities	10,378	9,581	7,975
Liabilities for funds held in trust (note 4)	553,585	149,367	36,750
Grants payable	190,187	164,366	157,830
	<u>754,150</u>	<u>323,314</u>	<u>228,393</u>
<b>Deferred contributions (note 8)</b>	<b>58,198</b>	<b>3,508</b>	<b>2,192</b>
	<u>812,348</u>	<u>326,822</u>	<u>230,585</u>
<b>Net assets (note 9)</b>	<b>1,304,247</b>	<b>1,250,445</b>	<b>1,245,614</b>
	<u>\$ 2,116,595</u>	<u>\$ 1,577,267</u>	<u>\$ 1,476,199</u>

Approved by:

Trustee: \_\_\_\_\_

Trustee: \_\_\_\_\_

**The Senator Patrick Burns Bequest for the Poor,  
Indigent and Neglected Children of the City of Calgary**  
Statements of Operations and Changes in Net Assets  
For the Years Ended December 31, 2011 and 2012

	2012	2011
<b>Revenue</b>		
Income from Burns Memorial Trust (note 10)	\$ 313,140	\$ 313,056
Donations and grants	128,167	84,876
Cost recovery (partnership)	56,968	57,713
Investment income and other	42,837	47,907
Golf tournament	-	71,132
	<u>541,112</u>	<u>574,684</u>
<b>Expenses</b>		
Grants	428,890	350,781
Program and facility costs	126,537	128,126
Professional fee	24,316	24,974
Amortization	803	522
Golf tournament	-	40,126
	<u>580,546</u>	<u>544,529</u>
<b>Excess (deficiency) of revenue over expenses before other items</b>	<b>(39,434)</b>	<b>30,155</b>
<b>Other items</b>		
Unrealized gain (loss) on investment	80,145	(40,917)
Gain (loss) on disposal of investments	13,091	15,593
	<u>93,236</u>	<u>(25,324)</u>
<b>Excess of revenue over expenses</b>	<b>53,802</b>	<b>4,831</b>
<b>Net assets, beginning of the year</b>	<b>1,250,445</b>	<b>1,245,614</b>
<b>Net assets, end of the year</b>	<b>\$ 1,304,247</b>	<b>\$ 1,250,445</b>

**The Senator Patrick Burns Bequest for the Poor,  
Indigent and Neglected Children of the City of Calgary**  
Statements of Cash Flows  
For the Years Ended December 31, 2011 and 2012

	2012	2011
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses	\$ 53,802	\$ 4,831
Non-cash transactions		
Gain (loss) on disposal of investments	(13,091)	(15,593)
Amortization	803	522
Unrealized gain (loss) on investment	(80,145)	40,917
	<u>446,199</u>	<u>87,550</u>
Change in non-cash working capital	<u>407,568</u>	<u>118,227</u>
<b>INVESTING ACTIVITIES</b>		
Proceeds on sale of investments	424,628	669,016
Purchase of investments	(421,819)	(545,305)
Purchase of property and equipment	(841)	-
	<u>1,968</u>	<u>123,711</u>
<b>Increase in cash</b>	<b>409,536</b>	<b>241,938</b>
<b>Cash, beginning of the year</b>	<b><u>278,688</u></b>	<b><u>36,750</u></b>
<b>Cash, end of the year</b>	<b>\$ 688,224</b>	<b>\$ 278,688</b>
<b>Cash consists of:</b>		
Cash	\$ 134,639	\$ 129,321
Funds held in trust	<u>553,585</u>	<u>149,367</u>
	<u>\$ 688,224</u>	<u>\$ 278,688</u>

**The Senator Patrick Burns Bequest for the Poor,  
Indigent and Neglected Children of the City of Calgary**  
Notes to the Financial Statements  
For the Year Ended December 31, 2012

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**1. DESCRIPTION OF THE ORGANIZATION**

The Honourable Patrick Burns Settlements Amendment Act, 1981 (note 10), allows the trustees of the Senator Patrick Burns Bequest for the Poor, Indigent and Neglected Children of the City of Calgary (the "Bequest") to provide benefits to persons under 21 years of age and resident in the City of Calgary, whom the trustees consider to be in need and worthy of assistance through direct grants to the individual, granting funds to benefit such children to any registered Canadian charity, and funding any program deemed desirable for the benefit of said children.

The Bequest is registered as a charity under the Income Tax Act and is exempt from income taxes.

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**2. IMPACT OF THE CHANGES IN THE BASIS OF ACCOUNTING**

Effective January 1, 2012, the Bequest adopted the requirements of the Canadian Institute of Chartered Accountants (CICA) Handbook – Accounting, electing to adopt the new accounting framework: Canadian accounting standards for not-for-profit organizations. These are the Bequest's first financial statements prepared in accordance with these accounting standards, which has been applied retrospectively. The accounting policies set out in the following significant accounting policy note have been applied in preparing the financial statements for the year ended December 31, 2012, the comparative information presented in these financial statements for the year ended December 31, 2011 and in the preparation of an opening statement of financial position as at January 1, 2011 (the Bequest's date of transition).

The Bequest issued financial statements for the year ended December 31, 2011 using generally accepted accounting principles prescribed by the CICA Handbook – Accounting XFI. The adoption of Canadian accounting standards for not-for-profit organizations had no impact on the Bequest's excess of revenues over expenses for the year ended December 31, 2011 or on the net assets as at January 1, 2011, the date of transition. Certain of the Bequest's disclosures included in these financial statements reflect the new disclosure requirements of Canadian accounting standards for not-for-profit organizations.

Note that the Bequest's 2012 statement of financial position is three columns: December 31, 2012, December 31, 2011 and January 1, 2011. The balances for the January 1, 2011 statement of financial position are the same as those shown for December 31, 2010 because there were no transitional adjustments to these numbers.

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**3. SIGNIFICANT ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CICA Handbook, and in management's opinion, have been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

**a) Use of estimates**

These financial statements are prepared in accordance with Accounting Standards for Not-for-Profit Organizations which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods.

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**The Senator Patrick Burns Bequest for the Poor,  
Indigent and Neglected Children of the City of Calgary**  
Notes to the Financial Statements  
For the Year Ended December 31, 2012

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**3. SIGNIFICANT ACCOUNTING POLICIES** (*/...Continued*)

**b) Investments**

Investments are made in accordance with the Bequest's investment policy.

Long term investments may consist of segregated or pooled fund investments in equities, corporate and government bonds, treasury bills and money market investments which are recorded at market value. Transactions related to the purchase or sale of investments are recorded at the settlement date.

**c) Property and equipment**

Property and equipment are capitalized and stated at cost less accumulated amortization. Amortization is recorded to expenditures using the straight-line method at rates calculated to amortize the cost of the assets over their estimated useful lives (three to five years).

**d) Revenue recognition**

The Bequest follows the deferral method of accounting for contributions. Unrestricted contributions and income distributions from the Burns Memorial Trust are recognized as revenue when received.

Investment income comprises of interest, dividends, and fund distributions. Realized and unrealized gains or losses on the disposal of investments are shown separately on the statement of operations as other items. Interest and dividends earned on investments are included as revenue in the unrestricted fund on the accrual basis.

**e) Grants**

Grants are recorded as expenditures when they are approved by the Trustees. If all or a portion of these approved expenditures are subsequently refunded or cancelled because of changed needs or circumstances, the amount of refund or cancellation is credited to grant expenditures at that time.

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**4. FUNDS HELD IN TRUST AND LIABILITY FOR FUNDS HELD IN TRUST**

Funds held in trust represent funds managed by the Bequest on behalf of other organizations as follows:

RADAR was created in 2008 by a range of system and community partners to help high-risk 13-15 year olds re-engage in the education system. Along with a staffed classroom, the program offers wrap-around supports to the youth, assisting in meeting their essential needs, e.g. stable living conditions, re-connection with family and positive adult relationships, access to mental and physical health supports, and access to recreation.

CFAN (Calgary Fetal Alcohol Network) is a network of organizations and individuals committed to developing an aware and knowledgeable community that encourages a healthy response to Fetal Alcohol Spectrum Disorder. CFAN assesses needs and actively promotes opportunities to collaborate and improve services delivery; funds a continuum of coordinated services; and promotes community development through education and awareness.

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**The Senator Patrick Burns Bequest for the Poor,  
Indigent and Neglected Children of the City of Calgary**  
Notes to the Financial Statements  
For the Year Ended December 31, 2012

**4. FUNDS HELD IN TRUST AND LIABILITY FOR FUNDS HELD IN TRUST (/...Continued)**

	2012	2011
<b>RADAR</b>		
Funds held in trust – Beginning of year	\$ 40,108	\$ 36,750
Amounts received from the Government of Alberta	210,685	411,685
Amounts received from the anonymous donor	3,600	30,000
Programs funded during the year:		
Boys & Girls Clubs of Calgary	(142,370)	(282,770)
Evaluators	(43,943)	(26,642)
Woods Homes	(28,415)	(91,415)
Amounts funded to Burns Memorial Fund for administration	(21,000)	(37,500)
Funds held in Trust – End of year	18,665	40,108
<b>CFAN</b>		
Funds held in trust – Beginning of year	109,259	-
Amounts received from the Government of Alberta	2,045,652	900,054
Fundraising income (a)	25,731	6,083
Donation received from United Way	-	20,000
Disbursements during the year:		
McMan Youth Family and Community Services	(289,417)	(155,280)
Enviros Wilderness School	(252,474)	(167,637)
Foothills Fetal Alcohol Society	(242,955)	(115,248)
Calgary John Howard Society CFAN operating expenses	(178,330)	(67,550)
Calgary John Howard Society	(150,454)	(60,383)
Medigene Services Inc.	(139,189)	(57,750)
Parent Support Association	(109,716)	(34,458)
Amounts funded to Burns Memorial Fund for administration	(92,500)	(67,500)
Renfrew Education Services	(82,839)	(60,000)
Alberta Children's Hospital	(41,440)	(30,000)
Calgary Alternative Support Services	(37,500)	-
Outcomes evaluation design	(19,572)	-
Other CFAN operating expenses	(5,555)	-
Empowerment Fund grants	(2,401)	(1,072)
Sector Professional Development	(1,380)	-
Funds held in trust – End of year	534,920	109,259
<b>Total funds held in trust</b>	<b>\$ 553,585</b>	<b>\$ 149,367</b>

(a) Donations were received specifically for this program. These amounts will be recognized when spent in accordance with the Bequest's policy for revenue recognition as noted in 3(d).

**The Senator Patrick Burns Bequest for the Poor,  
Indigent and Neglected Children of the City of Calgary**  
Notes to the Financial Statements  
For the Year Ended December 31, 2012

**5. INVESTMENTS**

	2012	
	Cost	Market value
Canadian bonds and debentures	\$ 516,001	\$ 541,158
Canadian equities	724,619	827,931
<b>Total</b>	<b>\$ 1,240,620</b>	<b>\$ 1,369,089</b>

  

	2011	
	Cost	Market value
Canadian bonds and debentures	\$ 503,509	\$ 531,017
Canadian equities	701,129	747,645
<b>Total</b>	<b>\$ 1,204,638</b>	<b>\$ 1,278,662</b>

**6. PROPERTY AND EQUIPMENT**

	Cost		Accumulated Amortization		Net Book Value	
	2012	2011	2012	2011	2012	2011
Office equipment	\$ 3,717	\$ 3,717	\$ (3,717)	\$ (3,717)	\$ -	\$ -
Computer equipment	8,046	7,207	(7,487)	(7,207)	559	-
Furniture and fixtures	5,115	5,115	(4,072)	(3,549)	1,043	1,566
<b>Total</b>	<b>\$ 16,878</b>	<b>\$ 16,039</b>	<b>\$ (15,276)</b>	<b>\$ (14,473)</b>	<b>\$ 1,602</b>	<b>\$ 1,566</b>

**7. DUE FROM POLICE AND FIRE BRIGADE BEQUESTS**

The Bequest is related to the Senator Patrick Burns Bequest for the Benefit of Widows and Orphans of the Members of the Police Force of the City of Calgary and the Senator Patrick Burns Bequest for the Benefit of Widows and Orphans of the Members of the Fire Brigade of the City of Calgary through a common management team and a common Board of Trustees.

The due to/from Police and Fire Brigade Bequests balances are unsecured, non-interest bearing and will be realized within a one year period.

**The Senator Patrick Burns Bequest for the Poor,  
Indigent and Neglected Children of the City of Calgary**  
Notes to the Financial Statements  
For the Year Ended December 31, 2012

**8. DEFERRED CONTRIBUTIONS**

	2011	Contribution	Expenditure	2012
Watson Family Foundation	\$ 3,508	\$ 6,000	\$ 8,635	\$ 873
Mauro Realty	-	15,000	7,675	7,325
Integro Legacy Fund	-	20,000	-	20,000
Ruth Ramsden-Wood Education Fund	-	30,000	-	30,000
Balance – End of year	\$ 3,508	\$ 71,000	\$ 16,310	\$ 58,198

**9. NET ASSETS**

During 2011, the Board of Trustees approved \$25,000 of donation income to be used for the Families Moving Forward program in 2012 which makes it unavailable without approval by the Board of Trustees.

**10. INCOME FROM BURNS MEMORIAL TRUST**

The Burns Memorial Trust (the "Trust") was established from the Estate of the Late Honourable Senator Patrick Burns, under the provisions of the Burns Memorial Trust Act (the "Act"), assented to on March 29, 1956. As at December 31, 2012, the Trust capital amounts to \$43,235,296 at cost (market value : \$44,707,114) (2011: \$44,535,457 at cost (market value \$42,744,186)). The Act directs equal distribution annually of any income received by the Trust to five non-profit or charitable organizations, one of which is the Bequest. An amount of \$313,140 (2011: \$313,056) was received during the current year.

**11. STATUTORY DISCLOSURES**

The Bequest is registered under the Charitable Fundraising Act of Alberta and has included all required disclosures under Section 7(2) of the Regulation in preparing these financial statements.

**12. COMMITMENTS**

The Bequest is committed to lease office space for various periods up to the year 2016. Future minimum lease payments are as follows:

2013	\$ 14,233
2014	14,233
2015	14,233
2016	14,233



**The Senator Patrick Burns Bequest for the Poor,  
Indigent and Neglected Children of the City of Calgary**  
Notes to the Financial Statements  
For the Year Ended December 31, 2012

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**13. FINANCIAL INSTRUMENTS**

The Bequest is required to report under the new accounting framework of Accounting Standards for Not-for-Profit Organizations as described in CICA Handbook Section 3856.

The Bequest's financial instruments recognized in the statement of financial position consist of cash, funds held in trust, interest receivable, other receivable, investments, due from Police and Fire Brigade Bequests, accounts payable and accrued liabilities and grants payable and liability for funds held in trust. Due to their short term nature, the carrying value of cash, receivables, accounts payable and accrued liabilities approximates their fair value with the exception of investments. Investments are recorded at fair market value.

All financial instruments are initially recognized at fair market value on the statement of financial position. Subsequent measurement of financial instruments is based on their classification. Investment financial instruments are measured at fair market value with changes in fair market value recognized in the statement of revenue and expenses and net assets.

**a) Price risk**

The investments of the Bequest are subject to price risk as changing interest rates impact the fair market value of the fixed rate investments, and the general economic conditions affect the market value of equity investments. This risk is mitigated through the use of a qualified investment manager and through adherence to the Board of Trustees approved investment guidelines.

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**The Senator Patrick Burns Bequest for the Poor,  
Indigent and Neglected Children of the City of Calgary**  
Notes to the Financial Statements  
For the Year Ended December 31, 2012

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**13. FINANCIAL INSTRUMENTS** (*/...Continued*)

**b) Liquidity risk**

Investments are subject to liquidity risk if the Bequest is required to sell at a time that the market for the investments is unfavorable. To manage the risk, the Bequest uses an investment manager and adheres to the Board of Trustees approved investment guidelines that recognize the Bequest's liquidity needs.

**c) Interest risk**

The Bequest is exposed to interest rate risk on its investments. The Bequest engages investment advisors to manage its investment portfolio in accordance with the Bequest's Board of Trustees approved investment guidelines. The maturity dates and interest rates of interest bearing investments are as follows:

	<b>Interest rate range</b>	<b>Amount at cost</b>
<b>Maturity date from balance sheet date</b>		
Greater than one year, but less than five years	1.66% - 4.97%	\$ 129,737
Greater than five years	3.75% - 7.77%	\$ 387,467

The remaining balance of \$724,619 comprises equity investments at cost (note 5).

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**14. CAPITAL DISCLOSURES**

The Bequest defines its capital as the amounts included in its net assets.

The Bequest's objective when managing its capital is to safeguard its ability to continue as a going concern so that it can continue to provide the appropriate level of benefits and services to its beneficiaries and its stakeholders. There are no externally imposed restrictions on the Bequest's capital.

The Bequest sets the amount of net assets in proportions to risks, manages the net asset structure, and makes adjustments to it in light of changes in conditions and the risk characteristics of the underlying assets.

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**THE SENATOR PATRICK BURNS BEQUEST FOR THE  
BENEFIT OF WIDOWS AND ORPHANS OF THE MEMBERS  
OF THE FIRE BRIGADE OF THE CITY OF CALGARY**

**Financial Statements**

**December 31, 2012**

**The Senator Patrick Burns Bequest for the Benefit of  
Widows and Orphans of the Members of the Fire Brigade of the City of Calgary**  
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For the Year Ended December 31, 2012

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## INDEPENDENT AUDITOR'S REPORT

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**To the Trustees of The Senator Patrick Burns Bequest for the Benefit of Widows and Orphans of the Members of the Fire Brigade of the City of Calgary:**

### **Report on the financial statements**

We have audited the accompanying financial statements of The Senator Patrick Burns Bequest for the Benefit of Widows and Orphans of the Members of the Fire Brigade of the City of Calgary, which comprise the statements of financial position as at December 31, 2012, December 31, 2011 and January 1, 2011, and the statements of operations, changes in net assets and cash flows for the years ended December 31, 2012 and December 31, 2011, and a summary of significant accounting policies and other explanatory information.

### **Management's responsibility for 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 audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits 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.

### **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Senator Patrick Burns Bequest for the Benefit of Widows and Orphans of the Members of the Fire Brigade of the City of Calgary as at December 31, 2012, December 31, 2011 and January 1, 2011 and the results of its operations and its cash flows for the years ended December 31, 2012 and December 31, 2011, in accordance with Canadian accounting standards for not-for-profit organizations.

  
Certified General Accountants

March 22, 2013  
Calgary, Alberta, Canada

**The Senator Patrick Burns Bequest for the Benefit of  
Widows and Orphans of the Members of the Fire Brigade of the City of Calgary**  
Statements of Financial Position  
As at December 31, 2011 and 2012 and January 1, 2011

	2012	2011	January 1, 2011
<b>ASSETS</b>			
<b>Current</b>			
Cash	\$ 50	\$ 50	\$ 55,769
Due from Children's Bequest (note 4)	-	-	12,919
Interest receivable	4,930	5,668	7,008
Other receivable	333	1,333	-
Prepaid expenses	748	2,161	2,194
	<u>6,061</u>	<u>9,212</u>	<u>77,890</u>
Investments (note 5)	2,071,283	1,927,591	1,898,400
Property and equipment (note 6)	<u>1,602</u>	<u>1,565</u>	<u>2,085</u>
	<u>\$ 2,078,946</u>	<u>\$ 1,938,368</u>	<u>\$ 1,978,375</u>
<b>LIABILITIES AND NET ASSETS</b>			
<b>Current liabilities</b>			
Due to Children's Bequest (note 4)	\$ 21,165	\$ 18,567	\$ -
Accounts payable and accrued liabilities	10,221	9,437	7,857
Grants payable	126,525	131,823	135,668
	<u>157,911</u>	<u>159,827</u>	<u>143,525</u>
Net assets	<u>1,921,035</u>	<u>1,778,541</u>	<u>1,834,850</u>
	<u>\$ 2,078,946</u>	<u>\$ 1,938,368</u>	<u>\$ 1,978,375</u>

Approved by:

Trustee: \_\_\_\_\_

Trustee: \_\_\_\_\_

**The Senator Patrick Burns Bequest for the Benefit of  
Widows and Orphans of the Members of the Fire Brigade of the City of Calgary**  
Statements of Operations and Changes in Net Assets  
For the Years Ended December 31, 2011 and 2012

	2012	2011
<b>Revenue</b>		
Income from Burns Memorial Trust (note 7)	\$ 313,140	\$ 313,056
Investment income and other	62,792	74,617
Cost recovery (partnership)	56,966	57,711
Donations and grants	1,536	-
	<u>434,434</u>	<u>445,384</u>
<b>Expenses</b>		
Grants	282,577	312,038
Program and facility costs	126,830	119,029
Professional fee	25,170	25,404
Amortization	802	522
Other	306	-
	<u>435,685</u>	<u>456,993</u>
<b>Deficiency of revenue over expenses before other items</b>	<b>(1,251)</b>	<b>(11,609)</b>
<b>Other items</b>		
Unrealized gain (loss) on investment	124,650	(67,709)
Gain (loss) on disposal of investments	19,095	23,009
	<u>142,494</u>	<u>(56,309)</u>
<b>Excess (deficiency) of revenue over expenses</b>	<b>142,494</b>	<b>(56,309)</b>
<b>Net assets, beginning of the year</b>	<b>1,778,541</b>	<b>1,834,850</b>
<b>Net assets, end of the year</b>	<b>\$ 1,921,035</b>	<b>\$ 1,778,541</b>

**The Senator Patrick Burns Bequest for the Benefit of  
Widows and Orphans of the Members of the Fire Brigade of the City of Calgary**  
Statements of Cash Flows  
For the Years Ended December 31, 2011 and 2012

	2012	2011
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenue over expenses	\$ 142,494	\$ (56,309)
Non-cash transactions:		
Gain on disposal of investments	(19,095)	(23,009)
Amortization	802	522
Unrealized loss (gain) on investment	(124,650)	67,709
Change in non-cash working capital	1,234	29,259
	<u>785</u>	<u>18,172</u>
<b>INVESTING ACTIVITIES</b>		
Proceeds on sale of investments	594,302	727,131
Purchase of investments	(594,248)	(801,022)
Purchase of property and equipment	(839)	-
	<u>(785)</u>	<u>(73,891)</u>
Increase (decrease) in cash	-	(55,719)
Cash, beginning of the year	50	55,769
Cash, end of the year	<u>\$ 50</u>	<u>\$ 50</u>



**The Senator Patrick Burns Bequest for the Benefit of  
Widows and Orphans of the Members of the Fire Brigade of the City of Calgary**  
Notes to the Financial Statements  
For the Year Ended December 31, 2012

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**1. DESCRIPTION OF THE ORGANIZATION**

The Honourable Patrick Burns Settlements Amendment Act, 1981 (note 7), allows the trustees of the Senator Patrick Burns Bequest for the Benefit of Widows and Orphans of the Members of the Fire Brigade of the City of Calgary (the "Bequest"), in priority order, to provide benefits to widows and orphans of former Fire Brigade members; including paying for any part of the tuition, living costs and related expenses of children of active or retired Fire Brigade members while they are attending an institution of learning and providing benefits to poor, indigent and neglected children of the City of Calgary.

The Bequest is a tax exempt organization under the Income Tax Act.

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**2. IMPACT OF THE CHANGES IN THE BASIS OF ACCOUNTING**

Effective January 1, 2012, the Bequest adopted the requirements of the Canadian Institute of Chartered Accountants (CICA) Handbook – Accounting, electing to adopt the new accounting framework: Canadian accounting standards for not-for-profit organizations. These are the Bequest's first financial statements prepared in accordance with these accounting standards, which has been applied retrospectively. The accounting policies set out in the following significant accounting policy note have been applied in preparing the financial statements for the year ended December 31, 2012, the comparative information presented in these financial statements for the year ended December 31, 2011 and in the preparation of an opening statement of financial position as at January 1, 2011 (the Bequest's date of transition).

The Bequest issued financial statements for the year ended December 31, 2011 using generally accepted accounting principles prescribed by the CICA Handbook – Accounting XFI. The adoption of Canadian accounting standards for not-for-profit organizations had no impact on the Bequest's excess of revenues over expenses for the year ended December 31, 2011 or on the net assets as at January 1, 2011, the date of transition. Certain of the Bequest's disclosures included in these financial statements reflect the new disclosure requirements of Canadian accounting standards for not-for-profit organizations.

Note that the Bequest's 2012 statement of financial position is three columns: December 31, 2012, December 31, 2011 and January 1, 2011. The balances for the January 1, 2011 statement of financial position are the same as those shown for December 31, 2010 because there were no transitional adjustments to these numbers.

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**The Senator Patrick Burns Bequest for the Benefit of  
Widows and Orphans of the Members of the Fire Brigade of the City of Calgary**  
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For the Year Ended December 31, 2012

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**3. SIGNIFICANT ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CICA Handbook, and in management's opinion, have been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

**a) Revenue recognition**

The Bequest follows the deferral method of accounting for contributions. Unrestricted contributions and income distributions from the Burns Memorial Trust are recognized as revenue when received.

Investment income comprises of interest, dividends, and fund distributions. Realized and unrealized gains or losses on the disposal of investments are shown separately on the statement of operations as other items. Interest and dividends earned on investments are included as revenue in the unrestricted fund on the accrual basis.

**b) Grants**

Grants are recorded as expenditures when they are approved by the Trustees. If all or a portion of these approved expenditures are subsequently refunded or cancelled because of changed needs or circumstances, the amount of refund or cancellation is credited to grant expenditures at that time.

**c) Investments**

Investments are made in accordance with the Bequest's investment policy.

Long term investments may consist of segregated or pooled fund investments in equities, corporate and government bonds, treasury bills and money market investments, recorded at market value. Transactions related to the purchase or sale of investments are recorded at the settlement date.

**d) Property and equipment**

Property and equipment are capitalized and stated at cost less accumulated amortization. Amortization is recorded using the straight-line method at rates calculated to amortize the cost of the assets over their estimated useful lives (three to five years).

**e) Use of estimates**

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from these estimates.

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**The Senator Patrick Burns Bequest for the Benefit of  
Widows and Orphans of the Members of the Fire Brigade of the City of Calgary**  
Notes to the Financial Statements  
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**4. DUE TO CHILDREN'S BEQUEST**

The Bequest is related to the Senator Patrick Burns Bequest for the Poor, Indigent and Neglected Children of the City of Calgary (the "Children's Bequest") and the Senator Patrick Bequest for the Benefit of Widows and Orphans of the Members of the Police Force of the City of Calgary (the "Police Bequest") through a common management team and a common Board of Trustees.

The due to Children's Bequest balance is unsecured, non-interest bearing and will be realized within a one year period.

**5. INVESTMENTS**

	2012	
	Cost	Market value
Bonds and debentures	\$ 783,131	\$ 819,450
Equities - Canadian	1,099,077	1,251,833
	<u>\$ 1,882,208</u>	<u>\$ 2,071,283</u>

  

	2011	
	Cost	Market value
Bonds and debentures	\$ 570,919	\$ 612,282
Equities - Canadian	1,260,278	1,315,309
	<u>\$ 1,831,197</u>	<u>\$ 1,927,591</u>

**6. PROPERTY AND EQUIPMENT**

	2012	2011
Office equipment, at cost	\$ 3,717	\$ 3,717
Accumulated amortization, office equipment	(3,717)	(3,717)
Computer equipment, at cost	8,046	7,207
Accumulated amortization, computer equipment	(7,487)	(7,207)
Furniture and fixtures, at cost	5,115	5,115
Accumulated amortization, furniture and fixtures	(4,072)	(3,550)
	<u>\$ 1,602</u>	<u>\$ 1,565</u>

**7. INCOME FROM BURNS MEMORIAL TRUST**

The Burns Memorial Trust (the "Trust") was established from the Estate of the Late Honourable Senator Patrick Burns, under the provisions of the Burns Memorial Trust Act (the "Act"), assented to on March 29, 1956. As at December 31, 2012, the Trust capital amounts to \$43,235,296 at cost (market value : \$44,707,114) (2011: \$44,535,457 at cost (market value \$42,744,186)). The Act directs equal distribution annually of any income received by the Trust to five non-profit or charitable organizations, one of which is the Bequest. An amount of \$313,140 (2011: \$313,056) was received during the current year.

**The Senator Patrick Burns Bequest for the Benefit of  
Widows and Orphans of the Members of the Fire Brigade of the City of Calgary**  
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**8. COMMITMENTS**

The Bequest is committed to lease office space for various periods up to the year 2016. Future minimum lease payments are as follows:

2013	\$	14,233
2014		14,233
2015		14,233
2016		14,233

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**9. FINANCIAL INSTRUMENTS**

The Bequest is required to report under the new accounting framework of Accounting Standards for Not-for-Profit Organizations as described in CICA Handbook Section 3856.

The Bequest's financial instruments recognized in the statement of financial position consist of cash, funds held in trust, interest receivable, other receivable, investments, due to Children's Bequest, accounts payable and accrued liabilities and grants payable. Due to their short term nature, the carrying value of cash, receivables, accounts payable and accrued liabilities approximates their fair value with the exception of investments. Investments are recorded at fair market value.

All financial instruments are initially recognized at fair market value on the statement of financial position. Subsequent measurement of financial instruments is based on their classification. Investment financial instruments are measured at fair market value with changes in fair market value recognized in the statement of revenue and expenses and net assets.

**a) Price risk**

The investments of the Bequest are subject to price risk as changing interest rates impact the fair market value of the fixed rate investments, and the general economic conditions affect the market value of equity investments. This risk is mitigated through the use of a qualified investment manager and through adherence to the Board of Trustees approved investment guidelines.

**b) Liquidity risk**

Investments are subject to liquidity risk if the Bequest is required to sell at a time that the market for the investments is unfavorable. To manage the risk, the Bequest uses an investment manager and adheres to the Board of Trustees approved investment guidelines that recognize the Bequest's liquidity needs.

*(Continues.../)*

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**The Senator Patrick Burns Bequest for the Benefit of  
Widows and Orphans of the Members of the Fire Brigade of the City of Calgary**  
Notes to the Financial Statements  
For the Year Ended December 31, 2012

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**9. FINANCIAL INSTRUMENTS** (*/...Continued*)

**c) Interest risk**

The Bequest is exposed to interest rate risk on its investments. The Bequest engages investment advisors to manage its investment portfolio in accordance with the Bequest's Board of Trustees approved investment guidelines. The maturity dates and interest rates of interest bearing investments are as follows:

	<b>Interest rate range</b>	<b>Amount at cost</b>
Maturity date from balance sheet date		
Greater than one year, but less than five years	1.66% - 4.97%	\$ 197,037
Greater than five years	3.75% - 7.77%	\$ 586,094

The remaining balance of \$1,099,077 comprises equity investments at cost (note 5).

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**10. CAPITAL DISCLOSURES**

The Bequest defines its capital as the amounts included in its net assets.

The Bequest's objective when managing its capital is to safeguard its ability to continue as a going concern so that it can continue to provide the appropriate level of benefits and services to its beneficiaries and its stakeholders. There are no externally imposed restrictions on the Bequest's capital.

The Bequest sets the amount of net assets in proportion to risk, manages the net asset structure, and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets.

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**THE SENATOR PATRICK BURNS BEQUEST FOR THE  
BENEFIT OF WIDOWS AND ORPHANS OF THE MEMBERS  
OF THE POLICE FORCE OF THE CITY OF CALGARY**

**Financial Statements**

**December 31, 2012**

**The Senator Patrick Burns Bequest for the Benefit of  
Widows and Orphans of the Members of the Police Force of the City of Calgary**  
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## INDEPENDENT AUDITOR'S REPORT

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**To the Trustees of The Senator Patrick Burns Bequest for the Benefit of Widows and Orphans of the Members of the Police Force of the City of Calgary:**

### **Report on the financial statements**

We have audited the accompanying financial statements of The Senator Patrick Burns Bequest for the Benefit of Widows and Orphans of the Members of the Police Force of the City of Calgary, which comprise the statements of financial position as at December 31, 2012, December 31, 2011 and January 1, 2011, and the statements of operations, changes in net assets and cash flows for the years ended December 31, 2012 and December 31, 2011, and a summary of significant accounting policies and other explanatory information.

### **Management's responsibility for 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 audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits 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.

### **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Senator Patrick Burns Bequest for the Benefit of Widows and Orphans of the Members of the Police Force of the City of Calgary as at December 31, 2012, December 31, 2011 and January 1, 2011 and the results of its operations and its cash flows for the years ended December 31, 2012 and December 31, 2011, in accordance with Canadian accounting standards for not-for-profit organizations.

*Thompson Penner & Lo LLP*

Certified General Accountants

March 22, 2013  
Calgary, Alberta, Canada



**The Senator Patrick Burns Bequest for the Benefit of  
Widows and Orphans of the Members of the Police Force of the City of Calgary**

**Statements of Financial Position**

**As at December 31, 2011 and 2012 and January 1, 2011**

	2012	2011	January 1, 2011
<b>ASSETS</b>			
<b>Current</b>			
Cash	\$ 50	\$ 1,604	\$ 76,410
Due from Children's Bequest (note 4)	-	9,284	12,919
Interest receivable	4,078	4,650	5,717
Other receivable	333	1,333	-
Prepaid expenses	748	2,161	2,194
	<u>5,209</u>	<u>19,032</u>	<u>97,240</u>
Investments (note 5)	1,670,496	1,554,764	1,517,718
Property and equipment (note 6)	<u>1,603</u>	<u>1,566</u>	<u>2,088</u>
	<u>\$ 1,677,308</u>	<u>\$ 1,575,362</u>	<u>\$ 1,617,045</u>
<b>LIABILITIES AND NET ASSETS</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	\$ 10,221	\$ 9,438	\$ 7,859
Due to Children's Bequest (note 4)	30,595	-	-
Grants payable	150,016	158,839	172,793
	<u>190,832</u>	<u>168,277</u>	<u>180,652</u>
Net assets	<u>1,486,476</u>	<u>1,407,085</u>	<u>1,436,393</u>
	<u>\$ 1,677,308</u>	<u>\$ 1,575,362</u>	<u>\$ 1,617,045</u>

Approved on behalf of the Board:

Trustee: \_\_\_\_\_

Trustee: \_\_\_\_\_

**The Senator Patrick Burns Bequest for the Benefit of  
Widows and Orphans of the Members of the Police Force of the City of Calgary**  
Statements of Operations and Changes in Net Assets  
For the Years Ended December 31, 2011 and 2012

	2012	2011
<b>Revenue</b>		
Income from Burns Memorial Trust (note 7)	\$ 313,140	\$ 313,056
Cost recovery (partnership)	56,966	57,711
Investment income and other	50,646	60,410
Donations and grants	1,536	-
	<u>422,288</u>	<u>431,177</u>
<b>Expenses</b>		
Grants	305,663	282,717
Program and facility costs	126,825	119,029
Professional fee	24,344	25,064
Amortization	802	522
	<u>457,634</u>	<u>427,332</u>
<b>Excess (deficiency) of revenue over expenses before other items</b>	<b>(35,346)</b>	<b>3,845</b>
<b>Other items</b>		
Unrealized gain (loss) on investment	100,242	(53,338)
Gain on disposal of investments	14,495	20,185
	<u>79,391</u>	<u>(29,308)</u>
<b>Excess (deficiency) of revenue over expenses</b>		
	<u>1,407,085</u>	<u>1,436,393</u>
Net assets - beginning of year		
	<u>\$ 1,486,476</u>	<u>\$ 1,407,085</u>
<b>Net assets - end of year</b>		

**The Senator Patrick Burns Bequest for the Benefit of  
Widows and Orphans of the Members of the Police Force of the City of Calgary**  
Statements of Cash Flows  
For the Years Ended December 31, 2011 and 2012

	2012	2011
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenue over expenses	\$ 79,391	\$ (29,308)
Non-cash transactions		
Gain (loss) on disposal of investments	(14,495)	(20,185)
Amortization	802	522
Unrealized gain (loss) on investment	(100,242)	53,338
Change in non-cash working capital	34,824	(8,974)
	<u>280</u>	<u>(4,607)</u>
<b>INVESTING ACTIVITIES</b>		
Proceeds on sale of investments	479,399	597,220
Purchase of investments	(480,395)	(667,419)
Purchase of property and equipment	(838)	-
	<u>(1,834)</u>	<u>(70,199)</u>
Decrease in cash	(1,554)	(74,806)
Cash, beginning of the year	<u>1,604</u>	<u>76,410</u>
Cash, end of the year	<u>\$ 50</u>	<u>\$ 1,604</u>

**The Senator Patrick Burns Bequest for the Benefit of  
Widows and Orphans of the Members of the Police Force of the City of Calgary**  
Notes to the Financial Statements  
For the Year Ended December 31, 2012

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**1. DESCRIPTION OF THE ORGANIZATION**

The Honourable Patrick Burns Settlements Amendment Act, 1981 (note 7), allows the trustees of the Senator Patrick Burns Bequest for the Benefit of Widows and Orphans of the Members of the Police Force of the City of Calgary (the "Bequest"), in priority order, to provide benefits to widows and orphans of former Police Force members including paying for any part of the tuition, living costs and related expenses of children of active or retired Police Force members while they are attending an institution of learning and providing benefits to poor, indigent and neglected children of the City of Calgary.

The Bequest is a tax exempt organization under the Income Tax Act.

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**2. IMPACT OF THE CHANGES IN THE BASIS OF ACCOUNTING**

Effective January 1, 2012, the Bequest adopted the requirements of the Canadian Institute of Chartered Accountants (CICA) Handbook – Accounting, electing to adopt the new accounting framework: Canadian accounting standards for not-for-profit organizations. These are the Bequest's first financial statements prepared in accordance with these accounting standards, which has been applied retrospectively. The accounting policies set out in the following significant accounting policy note have been applied in preparing the financial statements for the year ended December 31, 2012, the comparative information presented in these financial statements for the year ended December 31, 2011 and in the preparation of an opening statement of financial position as at January 1, 2011 (the Bequest's date of transition).

The Bequest issued financial statements for the year ended December 31, 2011 using generally accepted accounting principles prescribed by the CICA Handbook – Accounting XFI. The adoption of Canadian accounting standards for not-for-profit organizations had no impact on the Bequest's excess of revenues over expenses for the year ended December 31, 2011 or on the net assets as at January 1, 2011, the date of transition. Certain of the Bequest's disclosures included in these financial statements reflect the new disclosure requirements of Canadian accounting standards for not-for-profit organizations.

Note that the Bequest's 2012 statement of financial position is three columns: December 31, 2012, December 31, 2011 and January 1, 2011. The balances for the January 1, 2011 statement of financial position are the same as those shown for December 31, 2010 because there were no transitional adjustments to these numbers.

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**3. SIGNIFICANT ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CICA Handbook, and in management's opinion, have been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

**a) Use of estimates**

These financial statements are prepared in accordance with accounting standards for not-for-profit organizations which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from these estimates.

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*(Continues.../)*

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**3. SIGNIFICANT ACCOUNTING POLICIES** (*/...Continued*)

**b) Investments**

Investments are made in accordance with the Bequest's investment policy.

Long term investments may consist of segregated or pooled fund investments in equities, corporate and government bonds, treasury bills and money market investments, recorded at market value. Transactions related to the purchase or sale of investments are recorded at the settlement date.

**c) Property and equipment**

Property and equipment are capitalized and stated at cost less accumulated amortization. Amortization is recorded to expenditures using the straight-line method at rates calculated to amortize the cost of the assets over their estimated useful lives (three to five years).

**d) Revenue recognition**

The Bequest follows the deferral method of accounting for contributions. Unrestricted contributions and income distributions from the Burns Memorial Trust are recognized as revenue when received.

Investment income comprises of interest, dividends, and fund distributions. Realized and unrealized gains or losses on the disposal of investments are shown separately on the statement of operations as other items. Interest and dividends earned on investments are included as revenue in the unrestricted fund on the accrual basis.

**e) Grants**

Grants are charged to expenditures when they are approved by the Trustees. If all or a portion of these approved expenditures are subsequently refunded or cancelled because of changed needs or circumstances, the amount of refund or cancellation is credited to grant expenditures at that time.

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**4. DUE TO CHILDREN'S BEQUEST**

The Bequest is related to the Senator Patrick Burns Bequest for the Poor, Indigent and Neglected Children of the City of Calgary (the "Children's Bequest") and the Senator Patrick Bequest for the Benefit of Widows and Orphans of the Members of the Fire Brigade of the City of Calgary (the "Fire Brigade Bequest") through a common management team and a common Board of Trustees.

The due to Children's Bequest balance is unsecured, non-interest bearing and will be realized within a one year period.

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**5. INVESTMENTS**

	2012	
	Cost	Market value
Bonds and debentures	\$ 632,245	\$ 661,571
Equities - Canadian	882,867	1,008,925
	<b>\$ 1,515,112</b>	<b>\$ 1,670,496</b>

  

	2011	
	Cost	Market value
Bonds and debentures	\$ 603,596	\$ 635,997
Equities - Canadian	872,983	918,767
	<b>\$ 1,476,579</b>	<b>\$ 1,554,764</b>

**6. PROPERTY AND EQUIPMENT**

	2012	2011
Office equipment, at cost	\$ 3,717	\$ 3,717
Accumulated amortization, office equipment	(3,717)	(3,717)
Computer equipment, at cost	8,046	7,207
Accumulated amortization, computer equipment	(7,487)	(7,207)
Furniture and fixtures, at cost	5,115	5,115
Accumulated amortization, furniture and fixtures	(4,072)	(3,549)
	<b>\$ 1,602</b>	<b>\$ 1,566</b>

**7. INCOME FROM BURNS MEMORIAL TRUST**

The Burns Memorial Trust (the "Trust") was established from the Estate of the Late Honourable Senator Patrick Burns, under the provisions of the Burns Memorial Trust Act (the "Act"), assented to on March 29, 1956. As at December 31, 2012, the Trust capital amounts to \$43,235,296 at cost (market value : \$44,707,114) (2011: \$44,535,457 at cost (market value \$42,744,186)). The Act directs equal distribution annually of any income received by the Trust to five non-profit or charitable organizations, one of which is the Bequest. An amount of \$313,140 (2011: \$313,056) was received during the current year.

**8. COMMITMENTS**

The Bequest is committed to lease office space for various periods up to the year 2016. Future minimum lease payments are as follows:

2013	\$ 14,233
2014	14,233
2015	14,233
2016	14,233

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**9. FINANCIAL INSTRUMENTS**

The Bequest is required to report under the new accounting framework of Accounting Standards for Not-for-Profit Organizations as described in CICA Handbook Section 3856.

The Bequest's financial instruments recognized in the statement of financial position consist of cash, funds held in trust, interest receivable, other receivable, investments, due to Children's Bequest, accounts payable and accrued liabilities, grants payable. Due to their short term nature, the carrying value of cash, receivables, accounts payable and accrued liabilities approximates their fair value with the exception of investments. Investments are recorded at fair market value.

All financial instruments are initially recognized at fair market value on the statement of financial position. Subsequent measurement of financial instruments is based on their classification. Investment financial instruments are measured at fair market value with changes in fair market value recognized in the statement of revenue and expenses and net assets.

**a) Price risk**

The investments of the Bequest are subject to price risk as changing interest rates impact the fair market value of the fixed rate investments, and the general economic conditions affect the market value of equity investments. This risk is mitigated through the use of a qualified investment manager and through adherence to the Board of Trustees approved investment guidelines.

**b) Liquidity risk**

Investments are subject to liquidity risk if the Bequest is required to sell at a time that the market for the investments is unfavorable. To manage the risk, the Bequest uses an investment manager and adheres to the Board of Trustees approved investment guidelines that recognize the Bequest's liquidity needs.

**c) Interest risk**

The Bequest is exposed to interest rate risk on its investments. The Bequest engages investment advisors to manage its investment portfolio in accordance with the Bequest's Board of Trustees approved investment guidelines. The maturity dates and interest rates of interest bearing investments are as follows:

	<b>Interest rate range</b>	<b>Amount at cost</b>
<b>Maturity date from balance sheet date</b>		
Greater than one year, but less than five years	1.66% - 4.97%	\$ 161,455
Greater than five years	3.75% - 7.77%	\$ 470,790

The remaining balance of \$882,867 comprises equity investments at cost (note 5).

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**10. CAPITAL DISCLOSURES**

The Bequest defines its capital as the amounts included in its net assets.

The Bequest's objective when managing its capital is to safeguard the Bequest's ability to continue as a going concern so that it can continue to provide the appropriate level of benefits and services to its beneficiaries and its stakeholders.

The Bequest sets the amount of net assets in proportion to risk, manages the net asset structure, and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets.

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