

THOMPSON COMMUNITY FOUNDATION

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

THOMPSON COMMUNITY FOUNDATION

YEAR ENDED DECEMBER 31, 2013

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INDEPENDENT AUDITORS' REPORT

To the Directors of Thompson Community Foundation:

Report on the Financial Statements

We have audited the accompanying financial statements of Thompson Community Foundation, which comprises the statement of financial position as at December 31, 2013 the statement of revenue and expenditures, changes in member's equity and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Thompson Community Foundation, as at December 31, 2013 its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Thompson, Manitoba
June 18, 2014

Kendall & Pandya
CHARTERED ACCOUNTANTS

THOMPSON COMMUNITY FOUNDATION

STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2013

	ASSETS	
	<u>2013</u>	<u>2012</u>
CURRENT ASSETS		
Cash	\$ 61,601	\$ 138,687
Marketable Securities	60,038	59,293
Accounts, Pledges and Interest Receivable	<u>1,210</u>	<u>3,445</u>
	122,849	201,425
INVESTMENTS (Note 4)	<u>1,472,307</u>	<u>1,203,777</u>
	<u>\$1,595,156</u>	<u>\$1,405,202</u>

LIABILITIES

CURRENT LIABILITIES

Accounts Payable and Accrued Liabilities	\$ 3,003	\$ 2,141
Unearned Income	<u>6,301</u>	<u>6,301</u>
	<u>\$ 9,304</u>	<u>\$ 8,442</u>

MEMBERS' EQUITY

Surplus Restricted for Operating Purposes (Note 5)	\$ 34,616	\$ 16,830
Surplus Restricted for Community Allocations (Note 5)	46,619	65,213
Surplus Restricted for Endowment Purposes (Note 5)	<u>1,504,617</u>	<u>1,314,717</u>
	<u>1,585,852</u>	<u>1,396,760</u>
	<u>\$1,595,156</u>	<u>\$1,405,202</u>

APPROVED BY THE BOARD:

See accompanying notes

THOMPSON COMMUNITY FOUNDATION
 STATEMENT OF CHANGES IN MEMBERS' EQUITY
 YEAR ENDED DECEMBER 31, 2013

	Operating Purposes	Community Allocations	Endowment Purposes	Total 2013
Balance, beginning of year	\$ 16,830	\$ 65,213	\$1,314,717	\$1,396,760
Contributions	-	39,751	101,082	140,833
Community Allocations	-	(94,887)	-	(94,887)
Surplus (Deficit) for the year	17,786	-	-	17,786
Interest and Investments Losses	-	-	47,117	47,117
Interest and Investment Gains Allocation	-	<u>36,542</u>	<u>41,701</u>	<u>78,243</u>
Balance, end of year	<u>\$ 34,616</u>	<u>\$ 46,619</u>	<u>\$1,504,617</u>	<u>\$1,585,852</u>

	Operating Purposes	Community Allocations	Endowment Purposes	Total 2012
Balance, beginning of year	\$32,975	\$ 16,337	\$1,224,877	\$1,274,189
Contributions	-	78,890	489	79,379
Community Allocations	-	(63,600)	-	(63,600)
Surplus (Deficit) for the year	(16,145)	-	-	(16,145)
Interest and Investments Losses	-	-	52,471	52,471
Interest and Investment Gains Allocation	-	<u>33,586</u>	<u>36,880</u>	<u>70,466</u>
Balance, end of year	<u>\$ 16,830</u>	<u>\$ 65,213</u>	<u>\$1,314,717</u>	<u>\$1,396,760</u>

See accompanying notes.

THOMPSON COMMUNITY FOUNDATION
STATEMENT OF REVENUE AND EXPENDITURES
YEAR ENDED DECEMBER 31, 2013

REVENUE	<u>2013</u>	<u>2012</u>
Donations and Pledges	\$ 26,700	\$ 6,300
Wine Tasting Fundraiser	9,150	-
Fall Gala Fundraiser	14,168	15,201
National/Regional Conference	362	-
Operating Grant	9,896	2,576
Interest	745	4,785
Christmas Tree Project	1,119	751
Administration Fee	<u>15,035</u>	<u>2,557</u>
	<u>\$ 77,175</u>	<u>\$ 32,170</u>
EXPENDITURES		
Administration Fee	\$ 21,346	\$ 19,879
Advertising and Promotion	899	788
Bank Charges and Interest	138	342
Clock	1,447	-
GST	1,322	837
Insurance	1,863	1,820
Marketing / Branding	5,066	1,635
Meeting expenses	359	703
Membership Dues and Subscriptions	807	578
Printing, Stationary and Office Supplies	1,068	1,049
Professional Fees	4,308	5,228
Rent	3,916	2,429
Seminars and Events (Wine Tasting, Fall Gala)	12,809	10,036
Telephone, Fax and Internet	2,020	2,991
Travel and Conferences	<u>2,021</u>	<u>-</u>
	<u>\$ 59,389</u>	<u>\$ 48,315</u>
SURPLUS (DEFICIT) FOR YEAR	<u>\$ 17,786</u>	<u>\$(16,145)</u>

See accompanying notes.

THOMPSON COMMUNITY FOUNDATION

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2013

FUNDS PROVIDED BY (USED IN) OPERATING ACTIVITIES

	<u>2013</u>	<u>2012</u>
Cash receipts from donations, grants and fundraising	\$ 75,965	\$ 29,393
Cash paid to suppliers and employees	(55,827)	(84,118)
Interest received	<u>745</u>	<u>4,785</u>
Funds provided by operating activities	20,883	(49,940)

FUNDS PROVIDED BY (USED IN) INVESTING ACTIVITIES

Increase (Decrease) in long-term investments	\$(268,530)	\$(91,884)
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FUNDS PROVIDED BY (USED) IN FINANCING ACTIVITIES

Increase (Decrease) in endowment fund	\$ 189,900	\$ 89,840
Increase (Decrease) in community allocations	<u>(18,594)</u>	<u>48,876</u>
Funds provided by finance activities	171,306	138,716
Increase (Decrease) in cash during the year	\$ (76,341)	\$ (3,108)
Cash and cash equivalents at beginning of year	<u>197,980</u>	<u>201,088</u>
Cash and cash equivalents at end of year	<u>\$ 121,639</u>	<u>\$ 197,980</u>
Cash	\$ 61,601	\$ 138,687
Marketable Securities	<u>60,038</u>	<u>59,293</u>
	<u>\$ 121,639</u>	<u>\$ 197,980</u>

See accompanying notes.

THOMPSON COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

1. ENTITY DEFINITION

The Thompson Community Foundation is an unincorporated community fund established to support the cultural, educational, recreational and charitable activities in the City of Thompson and surrounding area. This organization is exempt from income tax.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements were prepared in accordance with Part III of the CICA Handbook accounting standards for not-for-profit organizations.

INVESTMENTS

Investments are carried on the statement of financial position at market value. Both realized and unrealized gains and losses on investments are recognized each year to reflect market values presented by the Winnipeg Foundation and other trust companies for investments held. Investment income, gains and losses are stated net of administration and management fees.

FINANCIAL INSTRUMENTS

Financial assets and liabilities are initially recorded at fair value. Measurement in subsequent periods depends on the financial instrument's classification. Financial instruments are classified into one of the following five categories: held for trading; available for sale; held to maturity; loans and receivables; and other financial liabilities. All financial instruments classified as held for trading or available for sale are subsequently measured at fair value with any change in fair value recorded in net earnings and other comprehensive income, respectively. All other financial instruments are subsequently measured at amortized cost.

The organization has designated its financial instruments as follows:

Cash and marketable securities are classified as a financial asset held for trading and is measured at fair value with gains and losses recognized in net earnings.

Accounts, pledges and interest receivable are classified as loans and receivables. These financial assets are recorded at their amortized cost using the effective interest rate method.

Accounts payable and accrued liabilities, unearned income are classified as other financial liabilities. These financial liabilities are recorded at their amortized cost using the effective interest rate method.

THOMPSON COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

The organization has continued to apply Section 3861- *Financial Instruments- Disclosure and Presentation* in place of Sections 3862 and 3863.

The fair value of cash, accounts receivable, marketable securities, accounts payable and accrued liabilities and unearned income approximates their carrying values due to their short-term maturity.

i. Impairment

At the end of each reporting period Thompson Community Foundation assesses whether there are any indications that a financial asset measured at amortized cost may be impaired. Objective evidence of impairment includes observable data that come to the attention of the organization, including but not limited to the following events: significant financial difficulty of the issuer; a breach of contract such as a default or delinquency in interest or principal payments or bankruptcy or other financial reorganization proceedings.

When there is an indication of impairment, the organization determines whether a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset.

When the organization identifies a significant adverse change in the expected timing or amount of future cash flows from a financial asset, it reduces the carrying amount of the asset to the highest of the following:

- i) the present value of the cash flow expected to be generated by holding the asset discounted using a current market rate of interest appropriate to the asset.
- ii) the amount that could be realized by selling the asset at the statement of financial position date and
- iii) the amount the organization expects to realize by exercising its rights to any collateral held to secure repayment of the asset net of all costs necessary to exercise those rights

The carrying amount of the asset is reduced directly or through the use of an allowance account. The amount of the reduction is recognized as an impairment loss in the statements of operations.

THOMPSON COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent of the improvement directly or by adjusting the allowance account. The amount of the reversal is recognized in the statements of operations in the period the reversal occurs.

The organization's activities are exposed to a variety of financial risks, which include:

a) Interest Rate Risk

The organization's main interest rate risk arises from short-term deposits raised for ongoing operations. The organization has no interest bearing debt. The organization periodically monitors the investment it makes and is satisfied with the credit rating of its banks.

b) Credit Risk

Credit risk arises from non-performance by counterparties of contractual financial obligations and is managed on a group basis. Credit risks arise from cash and deposits with banks, as well as credit exposures to customers for committed transactions. The organization does not have a significant concentration of credit risk with any one group.

c) Liquidity Risk

As at December 31, 2013 the organization had \$122,849 in cash, marketable securities and accounts receivable and \$3,003 in accounts payable. Prudent liquidity risk management implies maintaining sufficient cash through available funding via an adequate amount of committed credit facilities and the ability to close out financing positions. The organization manages liquidity risk by monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

d) Concentration of Credit Risk

Exposure to credit risk arises through the failure of a customer or third party to meet its contractual obligations to the organization. The organization's maximum exposure to credit risk as at December 31, 2013 is its accounts receivable.

USE OF ESTIMATES

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statement, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

THOMPSON COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

REVENUE RECOGNITION

The organization follows the restricted method of accounting for contributions. Donations are reported when received. Donations of material and equipment are reported at fair market value.

CAPITAL ASSETS

Capital assets are expensed in the statement of revenues and expenditures in the year of purchase.

3. INVESTMENTS

	<u>2013</u>		<u>2012</u>	
	<u>Cost</u>	<u>FMV</u>	<u>Cost</u>	<u>FMV</u>
The Winnipeg Foundation	<u>\$1,418,220</u>	<u>\$1,472,307</u>	<u>\$1,274,137</u>	<u>\$1,203,777</u>

Funds held by the Winnipeg Foundation to invest in a blend of investment vehicles.

THOMPSON COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

4. RESTRICTIONS ON SURPLUS

Restricted for operating purposes – The surplus restricted for operating purposes consists of grant revenue and income earned on the portion of the endowment surplus that has been externally restricted for the operations - \$34,616 (2012 - \$16,830). The income earned on operating endowment surplus for the year ended December 31, 2013 was \$6,190 (2012 - \$4,253). The income has been included in interest income on the statement of operations.

Restricted for community allocations – The surplus restricted for community allocations represent income earned on the endowment surplus for community projects.

As at December 31, 2013 there was:

	General Community Fund	Scholarships Bursary(YIP & BJCC) Fund	Youth Fund	Agency Fund	Thompson Health Fund	Operating Expense Fund	Troy Anand Fund	2013 Total
Balance, beginning of year	\$ 42,587	\$ 7,871	\$ 7,568	\$ 603	\$ 6,584	\$ -	\$ -	\$ 65,213
Investment and Interest gains (losses)	26,485							
Direct contributions	39,751	6,487	384	483	2,144		559	36,542
Payment to community projects	<u>(81,939)</u>	<u>(2,260)</u>	<u>(6,491)</u>	<u>(607)</u>	<u>(3,090)</u>		<u>(500)</u>	<u>(94,887)</u>
Balance, end of year	<u>\$ 26,884</u>	<u>\$ 12,098</u>	<u>\$ 1,461</u>	<u>\$ 479</u>	<u>\$ 5,638</u>	<u>\$ -</u>	<u>\$ 59</u>	<u>\$ 46,619</u>

THOMPSON COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

Restricted for endowment purposes – The surplus restricted for endowment represent income earned on the general endowment.
As at December 31, 2013 there was:

	General Community Fund	Scholarships Bursary(YIP & BJCC) Fund	Youth Fund	Agency Fund	Thompson Health Fund	Operating Expense Fund	Troy Anand Fund	2013 Total
Balance, beginning of year	\$ 883,024	\$ 189,078	\$ 10,368	\$ 12,151	\$ 54,698	\$ 151,801	\$ 13,597	\$ 1,314,717
Investment and Interest gains (losses)	5,862	18,303	944	1,036	4,732	15,150	1,090	47,117
Direct contributions	97,672	-	-	-	90	3,320	-	101,082
Investment and Investment gains allocations	<u>26,485</u>	<u>6,489</u>	<u>384</u>	<u>484</u>	<u>2,144</u>	<u>5,157</u>	<u>558</u>	<u>41,701</u>
Balance, end of year	<u>\$ 1,013,043</u>	<u>\$ 213,870</u>	<u>\$ 11,696</u>	<u>\$ 13,671</u>	<u>\$ 61,664</u>	<u>\$ 175,428</u>	<u>\$ 15,245</u>	<u>\$ 1,504,617</u>

The surplus restricted for endowment purposes must be maintained permanently. The income earned on these surpluses is allocated based on the respective restrictions.