

THOMPSON COMMUNITY FOUNDATION

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

THOMPSON COMMUNITY FOUNDATION

YEAR ENDED DECEMBER 31, 2012

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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 balance sheet as at December 31, 2012, December 31, 2011 and January 1, 2011 and the statements of operations, changes in net assets 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, 2012, December 31, 2011 and January 1, 2011 and its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Thompson, Manitoba
June 20, 2013


CHARTERED ACCOUNTANTS

THOMPSON COMMUNITY FOUNDATION

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2012

	December 31 <u>2012</u>	December 31 <u>2011</u>	January 1 <u>2011</u>
ASSETS			
CURRENT ASSETS			
Cash	\$ 138,687	\$ 142,527	\$ 403,034
Marketable Securities	59,293	58,561	57,862
Accounts, Pledges and Interest Receivable	<u>3,445</u>	<u>5,433</u>	<u>3,956</u>
	201,425	206,521	464,852
INVESTMENTS (Note 4)	<u>1,203,777</u>	<u>1,111,893</u>	<u>921,009</u>
	<u>\$1,405,202</u>	<u>\$1,318,414</u>	<u>\$1,385,861</u>
 LIABILITIES			
CURRENT LIABILITIES			
Accounts Payable and Accrued Liabilities	\$ 2,141	\$ 38,924	\$ 18,509
Unearned Income	<u>6,301</u>	<u>5,301</u>	<u>4,392</u>
	<u>\$ 8,442</u>	<u>\$ 44,225</u>	<u>\$ 22,901</u>
 MEMBERS' EQUITY			
Surplus Restricted for Operating Purposes (Note 5)	\$ 16,830	\$ 32,975	\$ 41,595
Surplus Restricted for Community Allocations (Note 5)	65,213	16,337	40,256
Surplus Restricted for Endowment Purposes (Note 5)	<u>1,314,717</u>	<u>1,224,877</u>	<u>1,281,109</u>
	<u>1,396,760</u>	<u>1,274,189</u>	<u>1,362,960</u>
	<u>\$1,405,202</u>	<u>\$1,318,414</u>	<u>\$1,385,861</u>

APPROVED BY THE BOARD:

See accompanying notes

THOMPSON COMMUNITY FOUNDATION
STATEMENT OF CHANGES IN MEMBERS' EQUITY
YEAR ENDED DECEMBER 31, 2012

	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>

	Operating Purposes	Community Allocations	Endowment Purposes	Total 2011
Balance, beginning of year	\$41,595	\$ 40,256	\$1,281,109	\$1,362,960
Contributions	-	39,250	12,647	51,897
Community Allocations	-	(93,386)	-	(93,386)
Surplus (Deficit) for the year	(8,620)	-	-	(8,620)
Interest and Investments Losses	-	-	(102,130)	(102,130)
Interest and Investment Gains Allocation	-	<u>30,217</u>	<u>33,251</u>	<u>63,468</u>
Balance, end of year	<u>\$32,975</u>	<u>\$ 16,337</u>	<u>\$1,224,877</u>	<u>\$1,274,189</u>

See accompanying notes.

THOMPSON COMMUNITY FOUNDATION
STATEMENT OF REVENUE AND EXPENDITURES
YEAR ENDED DECEMBER 31, 2012

REVENUE	<u>2012</u>	<u>2011</u>
Donations and Pledges	\$ 6,300	\$ -
Wine Testing Fundraiser	-	5,365
Fall Gala Fundraiser	15,201	17,110
National/Regional Conference	-	1,500
Operating Grant	2,576	2,924
Interest	4,785	3,688
Christmas Tree Project	751	-
Administration Fee	<u>2,557</u>	<u>5,827</u>
	<u>\$ 32,170</u>	<u>\$ 36,414</u>
 EXPENDITURES		
Administration Fee	\$ 19,879	\$ 11,183
Advertising and Promotion	788	601
Bank Charges and Interest	342	122
GST	837	-
Insurance	1,820	1,584
Marketing / Branding	1,635	-
Meeting expenses	703	877
Membership Dues and Subscriptions	578	540
Printing, Stationary and Office Supplies	1,049	2,178
Professional Fees	5,228	2,392
Rent	2,429	2,340
Seminars and Events (Wine Testing, Fall Gala)	10,036	15,286
Telephone, Fax and Internet	2,991	2,397
Travel and Conferences	<u>-</u>	<u>5,534</u>
	<u>\$ 48,315</u>	<u>\$ 45,034</u>
 SURPLUS (DEFICIT) FOR YEAR	 <u>\$(16,145)</u>	 <u>\$(8,620)</u>

See accompanying notes.

THOMPSON COMMUNITY FOUNDATION

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2012

FUNDS PROVIDED BY (USED IN) OPERATING ACTIVITIES

	<u>2012</u>	<u>2011</u>
Cash receipts from donations, grants and fundraising	\$ 29,393	\$ 31,249
Cash paid to suppliers and employees	(84,118)	(23,710)
Interest received	<u>4,785</u>	<u>3,688</u>
Funds provided by operating activities	(49,940)	11,227

FUNDS PROVIDED BY (USED IN) INVESTING ACTIVITIES

Increase (Decrease) in long-term investments	\$ (91,884)	\$(190,884)
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FUNDS PROVIDED BY (USED) IN FINANCING ACTIVITIES

Increase (Decrease) in endowment fund	\$ 89,840	\$ (56,232)
Increase (Decrease) in community allocations	48,876	(23,919)
Increase (Decrease) in cash during the year	\$ (3,108)	\$(259,808)
Cash and cash equivalents at beginning of year	<u>201,088</u>	<u>460,896</u>
Cash and cash equivalents at end of year	<u>\$197,980</u>	<u>\$ 201,088</u>
Cash	\$138,687	\$ 142,527
Marketable Securities	<u>59,293</u>	<u>58,561</u>
	<u>\$197,980</u>	<u>\$ 201,088</u>

THOMPSON COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

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. ADOPTION OF ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS

These financial statements were prepared in accordance with Part III of the CICA Handbook – Accounting (“Part III”).

The organization’s first reporting period using Part III is for the year ended December 31, 2012. As a result, the date of transactions to Part III is January 1, 2011. The organization presented financial statements under its previous Canadian generally accepted accounting principles (“CGAAP”) annually to December 31 of each fiscal year up to and including December 31, 2011.

As these financial statements are the first financial statements for which the organization has applied Part III, the financial statements have been prepared in accordance with the provisions set out in section 1501 of Part III, First-time Adoption by Not-for-Profit Organizations.

Thompson Community Foundation is required to apply Part III effective for periods ending on December 31, 2012 in:

- a) Preparing and presenting its opening statement of financial position at January 1, 2011 and
- b) Preparing and presenting its statement of financial position for December 31, 2012 (including comparative amounts for 2011), statement of operations, statement of changes in net assets, and statement of cash flows for the year ended December 31, 2012 (including comparative amounts for 2011) and disclosures (including comparative information for 2011).

No adjustments were required to the opening balances as a result of the transition to the new reporting requirements.

THOMPSON COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2012

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 recoded 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.

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.

THOMPSON COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

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.

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.

THOMPSON COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

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, 2012 the organization had \$201,425 in cash, marketable securities and accounts receivable and \$2,141 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, 2012 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.

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.

STATEMENT OF CASH FLOWS

A statement of cash flows has not been provided as it would not provide any further information to the users of the financial statements.

THOMPSON COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

4. INVESTMENTS

	<u>2012</u>		<u>2011</u>	
	<u>Cost</u>	<u>FMV</u>	<u>Cost</u>	<u>FMV</u>
City of Thompson – Debenture (1)	\$ -	\$ -	\$ 15,185	\$ 15,185
The Winnipeg Foundation (2)	<u>1,274,137</u>	<u>1,203,777</u>	<u>1,172,369</u>	<u>1,096,708</u>
	<u>\$1,274,137</u>	<u>\$1,203,777</u>	<u>\$1,187,554</u>	<u>\$1,111,893</u>

1) 6.5 Interest Rate, Due 2012

2) 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, 2012

5. 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 - \$16,830 (2011 - \$32,975). The income earned on operating endowment surplus for the year ended December 31, 2012 was \$4,253 (2011 - \$2,990). 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, 2012 there was:

	General Community Fund	Scholarships Bursary Fund	Youth (YIP & BJCC) Fund	Agency Fund	Thompson Health Fund	Operating Expense Fund	2012 Total
Balance, beginning of year	\$ 161	\$ 6,050	\$ 5,076	\$ 621	\$ 4,429	\$ -	\$ 16,337
Investment and Interest gains (losses)	25,123	5,398	386	524	2,155	-	33,586
Direct contributions	76,390	-	2,500	-	-	-	78,890
Payment to community projects	<u>(59,087)</u>	<u>(3,577)</u>	<u>(394)</u>	<u>(542)</u>	<u>-</u>	<u>-</u>	<u>(63,600)</u>
Balance, end of year	<u>\$ 42,587</u>	<u>\$ 7,871</u>	<u>\$ 7,568</u>	<u>\$ 603</u>	<u>\$ 6,584</u>	<u>\$ -</u>	<u>\$ 65,213</u>

THOMPSON COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

Restricted for endowment purposes – The surplus restricted for endowment represent income earned on the general endowment.
As at December 31, 2012 there was:

	General Community Fund	Scholarships Bursary Fund	Youth (YIP & BJCC) Fund	Agency Fund	Thompson Health Fund	Operating Expense Fund	Troy Anand Fund	2012 Total
Balance, beginning of year	\$ 836,319	\$ 176,643	\$ 9,772	\$ 11,521	\$ 51,674	\$ 138,948	\$ -	\$ 1,224,877
Investment and Interest gains (losses)	38,817	7,037	209	106	869	5,433	-	52,471
Direct contributions	(16,210)	-	-	-	-	3,130	13,569	489
Investment and Investment gains allocations	<u>24,098</u>	<u>5,398</u>	<u>387</u>	<u>524</u>	<u>2,155</u>	<u>4,290</u>	<u>28</u>	<u>36,880</u>
Balance, end of year	<u>\$ 883,024</u>	<u>\$ 189,078</u>	<u>\$ 10,368</u>	<u>\$ 12,151</u>	<u>\$ 54,698</u>	<u>\$ 151,801</u>	<u>\$ 13,597</u>	<u>\$ 1,314,717</u>

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