

THOMPSON COMMUNITY FOUNDATION

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

**THOMPSON COMMUNITY FOUNDATION
YEAR ENDED DECEMBER 31, 2015
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Chartered Accountants

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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, 2015, the statement of revenue and expenditures, changes in 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 aspects, the financial position of the Thompson Community Foundation, as at December 31, 2015 its operations and cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Thompson, Manitoba
June 14, 2016

CHARTERED ACCOUNTANTS

THOMPSON COMMUNITY FOUNDATION
STATEMENT OF FINANCIAL POSITION
YEAR ENDED DECEMBER 31, 2015

CURRENT ASSETS	<u>2015</u>	<u>2014</u>
Cash	\$ 32,353	\$ 32,192
Marketable Securities	52,368	60,792
Accounts, Pledges, and Interest Receivables	<u>2,275</u>	<u>999</u>
	86,996	93,983
INVESTMENTS (Note 3)	<u>1,676,485</u>	<u>1,613,154</u>
	<u>\$ 1,763,481</u>	<u>\$ 1,707,137</u>
CURRENT LIABILITIES		
Accounts Payable and Accrued Liabilities	<u>\$ 5,845</u>	<u>\$ 5,030</u>
EQUITY		
Surplus Restricted for Operating - Purposes (Note 4)	\$ 35,926	\$ 40,318
Surplus Restricted for Community Allocations - (Note 4)	86,237	80,458
Surplus Restricted for Endowment - Purposes (Note 4)	<u>1,635,473</u>	<u>1,581,331</u>
	<u>\$ 1,757,636</u>	<u>\$ 1,702,107</u>
	<u>\$ 1,763,481</u>	<u>\$ 1,707,137</u>

APPROVED BY BOARD:

See accompanying notes.

KENDALL & PANDYA, Chartered Accountants

THOMPSON COMMUNITY FOUNDATION
STATEMENT OF CHANGES IN EQUITY
YEAR ENDED DECEMBER 31, 2015

	<u>Operating Purpose</u>	<u>Community Allocations</u>	<u>Endowment Purpose</u>	<u>Total 2015</u>
Balance, beginning of year	\$ 40,318	\$ 80,458	\$ 1,581,331	\$ 1,702,107
Contributions	-	53,532	72,687	126,219
Community Allocations	-	(96,686)	-	(96,686)
Other Disbursements	-	(357)	(8,595)	(8,952)
Surplus (Deficit) for the Year	(4,392)	-	-	(4,392)
Interest and Investment Losses	-	-	(62,849)	(62,849)
Interest and Investment Gains	-	49,290	52,899	102,189
Balance, end of year	<u><u>\$ 35,926</u></u>	<u><u>\$ 86,237</u></u>	<u><u>\$ 1,635,473</u></u>	<u><u>\$ 1,757,636</u></u>

	<u>Operating Purpose</u>	<u>Community Allocations</u>	<u>Endowment Purpose</u>	<u>Total 2014</u>
Balance, beginning of year	\$ 34,616	\$ 46,619	\$ 1,504,617	\$ 1,585,852
Contributions	-	48,146	39,799	87,945
Community Allocations	-	(82,163)	-	(82,163)
Surplus (Deficit) for the Year	5,702	-	-	5,702
Interest and Investment Losses	-	-	(40,370)	(40,370)
Interest and Investment Gains	-	67,856	77,285	145,141
Balance, end of year	<u><u>\$ 40,318</u></u>	<u><u>\$ 80,458</u></u>	<u><u>\$ 1,581,331</u></u>	<u><u>\$ 1,702,107</u></u>

See accompanying notes.

**THOMPSON COMMUNITY FOUNDATION
STATEMENT OF REVENUE AND EXPENDITURES
YEAR ENDED DECEMBER 31, 2015**

REVENUE	<u>2015</u>	<u>2014</u>
Donations and Pledges	\$ -	\$ 7,682
Wine Tasting Fundraiser	-	7,792
Fall Gala Fundraiser	22,135	11,921
Operating Grant	4,000	4,119
Interest	631	787
Christmas Tree Project	990	852
Other Revenue	1,611	390
Administration Fee	21,310	19,592
	<u>\$ 50,677</u>	<u>\$ 53,135</u>
 EXPENDITURES		
Administration Fee	\$ 21,736	\$ 20,465
Advertising and Promotion	1,484	1,074
Bank Charges and Interest	-	267
GST	1,275	943
Insurance	2,031	1,927
Marketing / Branding	673	-
Meeting Expenses	631	188
Membership Dues and Subscriptions	723	1,152
Printing and Events (Wine Tasting, Fall Gala)	2,398	2,303
Professional Fees	5,122	4,655
Rent	3,900	3,900
Seminars and Events (Wine Tasting, Fall Gala)	13,508	8,955
Telephone, Fax and Internet	1,588	1,604
	<u>\$ 55,069</u>	<u>\$ 47,433</u>
 SURPLUS (DEFICIT) FOR YEAR	 <u>\$ (4,392)</u>	 <u>\$ 5,702</u>

See accompanying notes.

**THOMPSON COMMUNITY FOUNDATION
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2015**

FUNDS PROVIDED BY (USED IN) OPERATING ACTIVITIES

	2015	2014
Cash receipts from donations, grants, and fundraising	\$ 48,770	\$ 48,057
Cash paid to suppliers and employees	(54,254)	(47,206)
Interest received	631	787
Funds provided by operating activities	(4,853)	1,638

FUNDS PROVIDED BY (USED IN) INVESTING ACTIVITIES

Increase (Decrease) in long-term investments	\$ (63,331)	\$ (140,847)
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FUNDS PROVIDED BY (USED) IN FINANCING ACTIVITIES

Increase (Decrease) in Endowment Fund	\$ 54,142	\$ 76,715
Increase (Decrease) in Community allocations	5,779	33,839
	\$ 59,921	\$ 110,554
Increase (Decrease) in cash during the year	\$ (8,263)	\$ (28,655)
Cash and cash equivalents at beginning of year	92,984	121,639
Cash and cash equivalents at end of year	\$ 84,721	\$ 92,984
Cash	\$ 32,353	\$ 32,192
Marketable Securities	52,368	60,792
	\$ 84,721	\$ 92,984

See accompanying notes.

THOMPSON COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

1 ENTITY DEFINITION

The Thompson Community Foundation is an unincorporated community fund established to support cultural, educational, recreational and charitable activities within 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 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 its 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.

THOMPSON COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

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 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 directly or by adjusting the allowance account.

The amount of the reversal is recognized in the statement operations in the period the reversal

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 risk arise from cash and deposits with banks, as well as credit exposures to customers 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, 2015 the organization had \$86,996 in cash, marketable securities and accounts receivable and \$5,845 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.

THOMPSON COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

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, 2015 is its accounts receivable of \$2,275.

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.

3 INVESTMENTS

	<u>Cost</u>	<u>2015</u> <u>FMV</u>	<u>Cost</u>	2014 <u>FMV</u>
The Winnipeg Foundation	\$1,497,819	\$1,676,485	\$1,497,819	\$1,613,154

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, 2015**

4. RESTRICTION 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 operations; for the current year \$58,332 (2014-\$40,318). The income earned on operating endowment surplus for the current year is \$9,813 (2014-\$12,504). Interest income earned on endowments is included on the statement of operations.

Restricted for community allocations- the surpluses restricted for community allocations represent income earned on the endowment surplus for community projects.

As at December 31, 2015 there was:

	General Community Fund	Scholarships & Bursary Fund	Youth (YIP & BJCC) Fund	Agency Fund	Thompson Health Fund	Operating Expense Fund	Troy Anand Fund	NSW Fund	2015 Total
Balance, beginning of year	\$ 50,844	\$ 16,000	\$ 8,412	\$ 1,249	\$ 3,420	-	\$ 533	\$ -	\$ 80,458
Investment and interest gains/ (losses)	36,689	8,423	457	534	2,403	-	693	91	49,290
Direct contributions	52,532	-	-	-	-	-	-	1,000	53,532
Disbursement for community projects	(88,628)	(5,167)	(1,466)	(925)	-	-	(500)	-	(96,685)
Other disbursements	-	-	(357)	-	-	-	-	-	(357)
Balance, end of year	\$ 51,437	\$ 19,256	\$ 7,046	\$ 858	\$ 5,823	\$ -	\$ 726	\$ 1,091	\$ 86,237

Note: The Scholarships & Bursary fund is comprised of the Arnold Morberg Scholarship fund; the Kerrie Brown Memorial bursary; the CIM Scholarship fund. The Agency fund comprises the Thompson Science Fair fund.

**THOMPSON COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015**

4. A RESTRICTION ON SURPLUS

Restricted for endowment purposes- the surplus restricted for endowment represents income earned on the general endowments. The surplus restricted for endowment purposes must be maintained permanently by the foundation. Allocations of earned income on endowment investments is determined by the Winnipeg Foundation, and is based on the individual funds' restrictions.

As at December 31, 2015 there was:

	General Community Fund	Scholarships & Bursary Fund	Youth (YIP & BJCC) Fund	Agency Fund	Thompson Health Fund	Operating Expense Fund	Troy Anand Fund	2015 Total
Balance, beginning of year	\$ 1,058,241	\$ 228,178	\$ 12,170	\$ 14,215	\$ 64,125	\$ 188,432	\$ 15,971	\$ 1,581,332
Investment and interest gains/ (losses)	(47,382)	(12,244)	(582)	(265)	(3,090)	3,588	(2,874)	(62,849)
Direct contributions	28,882	7,423	357	-	1,919	31,501	2,605	72,687
Investment and interest gain allocations	34,946	7,983	416	485	2,184	6,225	660	52,899
Other Disbursements	-	-	-	-	-	(8,595)	-	(8,595)
Balance, end of year	\$ 1,074,687	\$ 231,340	\$ 12,360	\$ 14,435	\$ 65,138	\$ 221,151	\$ 16,362	\$ 1,635,473

Note: The Scholarships & Bursary fund is comprised of the Arnold Morberg Scholarship fund; the Kerrie Brown Memorial bursary; the CIM Scholarship fund. The Agency fund comprises the Thompson Science Fair fund.