

THOMPSON COMMUNITY FOUNDATION

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

THOMPSON COMMUNITY FOUNDATION
YEAR ENDED DECEMBER 31, 2017
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KENDALL & PANDYA

Chartered Professional Accountants

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** Operating as professional corporations*

INDEPENDENT AUDITOR'S 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, 2017, the statement of revenue and expenditures, changes in equity and cash flows 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 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 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, 2017 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 19, 2018

CHARTERED PROFESSIONAL ACCOUNTANTS

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THOMPSON COMMUNITY FOUNDATION
STATEMENT OF FINANCIAL POSITION
YEAR ENDED DECEMBER 31, 2017

CURRENT ASSETS	<u>2017</u>	<u>2016</u>
Cash	\$ 112,342	\$ 59,459
Marketable Securities	-	32,343
Accounts, Pledges, and Interest Receivable	<u>1,243</u>	<u>2,314</u>
	113,585	94,116
INVESTMENTS (Note 3)	<u>1,927,346</u>	<u>1,798,455</u>
	<u>\$ 2,040,931</u>	<u>\$ 1,892,571</u>
CURRENT LIABILITIES		
Accounts Payable and Accrued Liabilities	<u>\$ 5,147</u>	<u>\$ 5,342</u>
EQUITY		
Surplus Restricted for Operating - Purposes (Note 4)	\$ 43,079	\$ 35,344
Surplus Restricted for Community Allocations - (Note 4)	98,726	87,690
Surplus Restricted for Endowment - Purposes (Note 4)	<u>1,893,979</u>	<u>1,764,195</u>
	<u>2,035,784</u>	<u>1,887,229</u>
	<u>\$ 2,040,931</u>	<u>\$ 1,892,571</u>

Approved on behalf of the Board:

See accompanying notes.

THOMPSON COMMUNITY FOUNDATION
STATEMENT OF CHANGES IN EQUITY
YEAR ENDED DECEMBER 31, 2017

	<u>Operating Purpose</u>	<u>Community Allocations</u>	<u>Endowment Purpose</u>	<u>Total 2017</u>
Balance, beginning of year	\$ 35,344	\$ 87,690	\$ 1,764,195	\$ 1,887,229
Contributions	-	58,369	99,644	158,013
Community Allocations	-	(104,543)	-	(104,543)
Surplus (Deficit) for the Year	7,735	-	-	7,735
Interest and Investment Losses	-	-	(34,767)	(34,767)
Interest and Investment Gains	-	57,210	64,908	122,118
Balance, end of year	<u>\$ 43,079</u>	<u>\$ 98,726</u>	<u>\$ 1,893,980</u>	<u>\$ 2,035,785</u>

	<u>Operating Purpose</u>	<u>Community Allocations</u>	<u>Endowment Purpose</u>	<u>Total 2016</u>
Balance, beginning of year	\$ 35,926	\$ 86,237	\$ 1,635,473	\$ 1,757,636
Contributions	-	53,053	123,974	177,027
Community Allocations	-	(99,426)	-	(99,426)
Surplus (Deficit) for the Year	(582)	-	-	(582)
Interest and Investment Losses	-	-	(51,563)	(51,563)
Interest and Investment Gains	-	47,826	56,311	104,137
Balance, end of year	<u>\$ 35,344</u>	<u>\$ 87,690</u>	<u>\$ 1,764,195</u>	<u>\$ 1,887,229</u>

See accompanying notes.

THOMPSON COMMUNITY FOUNDATION
STATEMENT OF REVENUE AND EXPENDITURES
YEAR ENDED DECEMBER 31, 2017

REVENUE	<u>2017</u>	<u>2016</u>
Administration Fee	\$ 27,446	\$ 21,423
Fall Gala Fundraiser	18,015	17,940
Interest	251	501
Operating Grant	4,000	4,000
Other Revenue	1,100	1,100
Wine Tasting Fundraiser	8,194	6,075
	<u>\$ 59,006</u>	<u>\$ 51,039</u>
EXPENDITURES		
Administration Fee	\$ 21,215	\$ 19,646
Advertising and Promotion	1,395	663
Bank Charges and Interest	-	110
GST	1,123	1,039
Insurance	1,814	1,728
Marketing / Branding	216	319
Meeting Expenses	620	753
Membership Dues and Subscriptions	722	769
Printing and Events (Wine Tasting, Fall Gala)	1,333	1,248
Professional Fees	4,668	4,644
Rent	3,120	3,960
Seminars and Events (Wine Tasting, Fall Gala)	14,650	14,999
Travel	-	131
Telephone, Fax and Internet	395	1,612
	<u>\$ 51,271</u>	<u>\$ 51,621</u>
SURPLUS (DEFICIT) FOR YEAR	<u><u>\$ 7,735</u></u>	<u><u>\$ (582)</u></u>

See accompanying notes.

**THOMPSON COMMUNITY FOUNDATION
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2017**

	2017	2016
FUNDS PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Cash receipts from donations, grants, and fundraising	\$ 59,826	\$ 50,499
Cash paid to suppliers and employees	(51,466)	(52,130)
Interest received	251	501
	8,611	(1,130)
FUNDS PROVIDED BY (USED IN) INVESTING ACTIVITIES		
Increase (Decrease) in long-term investments	\$ (128,891)	\$(121,964)
FUNDS PROVIDED BY (USED) IN FINANCING ACTIVITIES		
Increase (Decrease) in Endowment Fund	\$ 129,784	\$ 128,722
Increase (Decrease) in Community allocations	11,036	1,453
	140,820	130,175
Increase (Decrease) in cash during the year	20,540	7,081
Cash and cash equivalents at beginning of year	91,802	84,721
Cash and cash equivalents at end of year	\$ 112,342	\$ 91,802
Cash	\$ 112,342	\$ 59,459
Marketable Securities	-	32,343
	\$ 112,342	\$ 91,802

See accompanying notes.

THOMPSON COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

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 pursuant to paragraph 149 of the Income Tax Act.

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 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.

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.

THOMPSON COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

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, 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 the 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 statement of operations in the period the

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 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, 2017 the organization had \$113,585 in cash, marketable securities and accounts receivable and \$5,147 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, 2017

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, 2017 is its accounts receivable of \$1,243 (2016 - \$2,314).

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 revenue and expenditures in the year of purchase.

3 INVESTMENTS

	<u>Cost</u>	<u>2017</u> <u>FMV</u>	<u>Cost</u>	<u>2016</u> <u>FMV</u>
The Winnipeg Foundation	\$1,497,819	\$1,927,346	\$1,497,819	\$1,798,455

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

**THOMPSON COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

4. RESTRICTION ON SURPLUS

Restricted for operating purposes- the surplus restricted for operating purposes consists of grant revenues, and income earned on the portion of the endowment surplus that has been externally restricted for operations. For the current year the amount is \$43,079 (2016-\$35,344). 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.

Balances as at December 31, 2017 :

	General Community & Bursary Fund		Scholarships & Bursary (YIP & BJCC) Fund		Youth (YIP & BJCC) Fund		Agency Fund		Thompson Health Fund		Operating Expense Fund		Troy Anand Fund		2017 Total		2016 Total	
	Fund		Fund		Fund		Fund		Fund		Fund		Fund		Total	Total	Total	Total
Balance, beginning of year	\$ 51,022	\$ 20,079	\$ 6,990	\$ 785	\$ 7,920	\$ -	\$ -	\$ 895	\$ 87,691	\$ 86,237								
Investment and interest gains/ (losses)	43,351	9,224	490	560	2,576	-	-	1,009	57,210	47,826								
Direct contributions	58,369	-	-	-	-	-	-	-	58,369	53,053								
Disbursement for community projects	(90,640)	(8,080)	(422)	(491)	(4,309)	-	-	(600)	(104,544)	(99,426)								
Other disbursements	-	-	-	-	-	-	-	-	-	-								
Balance, end of year	\$ 62,102	\$ 21,223	\$ 7,058	\$ 854	\$ 6,187	\$ -	\$ -	\$ 1,304	\$ 98,726	\$ 87,690								

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

THOMPSON COMMUNITY FOUNDATION
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2017

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.

Balances as at December 31, 2017 :

	General Community Fund	Scholarships & Bursary Fund	Youth (YIP & BJCC) Fund	Agency Fund	Thompson Health Fund	Operating Expense Fund	Troy Anand Fund	2017 Total	2016 Total
Balance, beginning of year	\$ 1,118,487	\$ 239,186	\$ 12,779	\$ 14,901	\$ 67,350	\$ 294,128	\$ 17,364	\$ 1,764,195	\$ 1,635,473
Investment and interest gains/ (losses)	(38,491)	(375)	39	36	214	6,217	(2,407)	(34,767)	(51,563)
Direct contributions	46,115	1,100	-	-	-	49,761	2,667	99,643	123,974
Investment and interest gain allocations	43,351	9,226	490	559	2,576	7,697	1,009	64,908	56,311
Other disbursements	-	-	-	-	-	-	-	-	-
Balance, end of year	\$ 1,169,462	\$ 249,137	\$ 13,308	\$ 15,496	\$ 70,140	\$ 357,803	\$ 18,633	\$ 1,893,979	\$ 1,764,195

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