

THOMPSON COMMUNITY FOUNDATION

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

KENDALL & PANDYA

Chartered Professional Accountants

Partners: David Kendall, FCPA, FCA*
Manisha Pandya, CPA, CA*
* Operating as professional corporations

To the Board of Directors of Thompson Community Foundation:

Opinion

We have audited the financial statements of the Thompson Community Foundation, which comprise the statement of financial position as at December 31, 2018, and the statements of operations, statement of changes in net assets, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of Financial Statements* section of our report. We are independent of the Thompson Community Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the applicable financial reporting framework, 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.

In preparing these financial statements, management is responsible for assessing the Thompson Community Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Thompson Community Foundation or to cease operations, or has no realistic alternative to do so.

Those charged with governance are responsible for overseeing the Thompson Community Foundation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls relevant to the audit 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 Thompson Community Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Thompson Community Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Kendall & Pandya, Chartered Professional Accountants

June 18, 2019

Thompson, Manitoba

THOMPSON COMMUNITY FOUNDATION
STATEMENT OF FINANCIAL POSITION
YEAR ENDED DECEMBER 31, 2018

CURRENT ASSETS	<u>2018</u>	<u>2017</u>
Cash	\$ 105,656	\$ 112,342
Accounts Receivable	<u>25,256</u>	<u>1,243</u>
	<u>130,912</u>	<u>113,585</u>
 INVESTMENTS (Note 6)	 <u>1,835,522</u>	 <u>1,927,346</u>
	<u>\$ 1,966,434</u>	<u>\$ 2,040,931</u>
 CURRENT LIABILITIES		
Accounts Payable and Accrued Liabilities	<u>\$ 5,922</u>	<u>\$ 5,146</u>
 NET ASSETS		
Surplus Restricted for Operating Purposes	\$ 58,027	\$ 43,080
Surplus Restricted for Community Allocations	104,748	98,726
Surplus Restricted for Endowment Purposes	<u>1,797,737</u>	<u>1,893,979</u>
	<u>1,960,512</u>	<u>2,035,785</u>
	<u>\$ 1,966,434</u>	<u>\$ 2,040,931</u>

Approved on behalf of the Board:

See accompanying notes.

THOMPSON COMMUNITY FOUNDATION
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2018

	Operating Purpose	(Note 9) Community Allocations	(Note 10) Endowment Purpose	2018	2017
Balance, beginning of year	\$ 43,080	\$ 98,726	\$ 1,893,979	\$ 2,035,785	\$ 1,887,229
Excess of revenue over expenditure	7,553	-	-	7,553	7,735
Spending policy funds	7,283	58,028	(65,311)	-	-
Direct contributions	-	58,800	53,372	112,172	103,782
Investment and interest gains (losses)	-	-	(40,595)	(40,595)	180,914
Administration fees	-	-	(34,429)	(34,429)	(32,968)
Investment fees	-	-	(6,766)	(6,766)	(6,363)
Re-investment of gains	-	(54)	54	-	-
Allocation to disbursement funds	111	2,456	(2,567)	-	-
Disbursement to community projects	-	(113,208)	-	(113,208)	(104,544)
Balance, end of year	<u>\$ 58,027</u>	<u>\$ 104,748</u>	<u>\$ 1,797,737</u>	<u>\$ 1,960,512</u>	<u>\$ 2,035,785</u>

See accompanying notes.

**THOMPSON COMMUNITY FOUNDATION
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2018**

Revenue	<u>2018</u>	<u>2017</u>
Administration Fee	\$ 28,004	\$ 27,446
Fall Gala Fundraiser	19,670	18,015
Bud & Spud Fundraiser	4,179	-
Operating Grant	4,000	4,000
Interest	2,627	251
Director's Fees	800	1,100
Wine Tasting Fundraiser	-	8,194
	<u>\$ 59,280</u>	<u>\$ 59,006</u>
 Expenditures		
Administration Fee	\$ 21,009	\$ 21,215
Advertising and Promotion	1,639	1,395
Audit fees	4,396	3,988
Bank Charges and Interest	35	-
Board and Member Recognition	354	216
Bookkeeping fees	1,123	680
Bud & Spud Fundraiser	1,695	-
Business fees	105	-
Fall Gala Fundraiser	12,633	10,706
Insurance	1,550	1,814
Meeting Expenses	760	620
Membership Dues and Subscriptions	777	722
Non-recoverable GST	1,073	1,123
Office supplies	1,353	1,333
Rent	2,820	3,120
Telephone and Internet	-	395
Website	405	-
Wine Tasting Fundraiser	-	3,944
	<u>\$ 51,727</u>	<u>\$ 51,271</u>
 Excess of revenue over expenditures for the year	 <u><u>\$ 7,553</u></u>	 <u><u>\$ 7,735</u></u>

See accompanying notes.

THOMPSON COMMUNITY FOUNDATION
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2018

	2018	2017
Cash provided by (used for) operating activities		
Excess of revenue over expense	\$ 7,553	\$ 7,735
Add (deduct) changes in non-cash working capital:		
Accounts receivable	(24,013)	1,071
Accounts payable and accrued liabilities	778	(195)
	(23,234)	876
	(15,681)	8,611
Cash provided by (used for) investing activities		
Marketable securities	\$ -	\$ 32,343
Long term investments	91,824	(128,891)
	91,824	(96,548)
Cash provided by (used for) financing activities		
Endowment fund	\$ (96,242)	\$ 129,784
Operating purposes	7,390	7,243
Community allocations	6,022	3,793
	(82,830)	140,820
Increase (Decrease) in cash during the year	(6,687)	52,883
Cash and cash equivalents at beginning of year	112,342	59,459
Cash and cash equivalents at end of year	\$ 105,656	\$ 112,342

See accompanying notes.

THOMPSON COMMUNITY FOUNDATION
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

1. NATURE OF ORGANIZATION

The Thompson Community Foundation is an unincorporated community fund established exclusively for charitable purposes by supporting and advancing activities for charitable organizations within the City of Thompson and surrounding area.

The organization is a registered charity and is classified as a public foundation for the purposes of the Income Tax Act (Canada).

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting standards for not-for-profit organizations. Outlined below are those policies considered particularly significant for the organization.

FINANCIAL INSTRUMENTS

Measurement of financial instruments

The organization initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statements of operations in the period incurred. Financial assets measured at amortized cost include cash, accounts receivable, and fixed income investments.

Financial liabilities measured at fair value include accounts payable and accrued liabilities. Financial assets measured at fair value include accounts receivable and equity instruments that are quoted in an active market.

The fair values of investments quoted in an active market are determined by reference to the latest closing transactional net asset value of each respective investment.

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. Changes in fair value of these financial instruments are recorded in the statement of operations.

Impairment

At the end of each reporting period, the organization 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 comes 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 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.

THOMPSON COMMUNITY FOUNDATION
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

USE OF ESTIMATES

When preparing financial statements according to Canadian accounting standards for not-for-profit organizations, the organization makes estimates and assumptions relating to reported amounts of revenue and expenses, reported amounts of assets and liabilities and disclosure of contingent assets and liabilities. As a result of management's assumptions, actual results could differ from those estimates under different conditions. There are no areas of the financial statements where significant estimates were used.

3. REVENUE RECOGNITION

The organization follows the Restricted Fund method of accounting for both restricted and unrestricted contributions. Contributions, both restricted and unrestricted, are recognized as revenue in the year received or receivable when the amount is known or can be reasonably estimated and collectability is reasonably assured.

The organization recognizes revenues from grants and donations when they are fixed or determinable and collection is reasonably assured. Due to the uncertainty of timing and amount, pledges are not recognized until collected.

The organization uses the deferral method of accounting for contributions under which restricted contributions related to expenses of future periods are deferred and recognized as revenue in the period in which the related expenses are incurred.

Endowment contributions are reported as direct increases in net assets. All other contributions are reported as revenue of the current period.

Restricted contributions related to general operations are recognized as revenue for operating purposes in the year in which the related expenses are incurred.

Contributions relating to fundraising events are recognized as income on completion of the fundraising event.

4. FOUNDATION FUNDS

The Operational Endowment Fund is a savings account with interest earned on contributions designated to ongoing operational and administrative costs. Each quarter, endowed funds are charged a fee to be used for administration. In 2018 the percentage charged for this administration fee was 1.25% (2017 - 1.00%) of the fund balance. The Board of Directors may allocate a portion of net proceeds from fundraising events and special events of the Operations Fund to the Endowment Fund.

The Managed Endowment Fund is a savings account with interest earned on contributions granted to Community Projects. Income from the investment of endowed funds is disbursed in accordance with the Foundation's policy and in accordance with Canada Revenue Agency regulations. In 2018 the percentage of the funds distributed as grants was 3.75% (2017 - 3.50%)

THOMPSON COMMUNITY FOUNDATION
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

The Endowment Fund includes contributions from donors' and unused flow through donations and grants. The organization uses income derived from endowment investments, to provide grants as determined by the Board, to recipients located in Thompson, Manitoba. The organization is required to maintain endowment resources on a permanent basis. The Act under which the organization was created allows, with the approval of the Board of Directors, an authorized amount of the contributed capital of the property of the Endowment Fund to be withdrawn and disbursed for any purpose consistent with the purposes or objectives within the scope of the Endowment Fund.

The organization maintains the following funds:

Moffat Family Fund: To provide grants to Community Projects.

Arnold Morberg Memorial Scholarship: Established January 2006 to assist Northern Manitoba students pursuing careers in aviation. The scholarship is disbursed to students in support of their education in aviation.

Burntwood Junior Curling Club Fund: A donor advised fund established August 2007. The Burntwood Junior Curling Club has placed funds into a Donor Advised Fund and is now receiving funds annually to put towards the needs of the Burntwood Junior Curling Club.

Kerrie Brown Memorial Bursary: Established September 2007, and is awarded to the successful applicant with the highest grade point average in English graduating from RD Parker Collegiate.

Thompson Health Foundation Fund: A field of interest fund established June 2009. All proceeds from donated funds will flow annually to the Northern Regional Health Authority.

CIM Scholarship: Established December 2009 to assist Northern Manitoba students pursuing careers in a field that is applicable in the mining, metallurgy or petroleum sector. This scholarship is to be used by the successful applicant as financial assistance towards their education.

Thompson Science Fair Fund: An agency fund, established December 2009, and is used for costs incurred with the Citywide Science Fair, as well as to provide for the costs of awards, and to support travel and accommodations for students selected to represent Thompson at the Regional and National Science Fairs.

Troy Anand Fund: A donor advised fund, established in 2012, with all funds granted to support charitable activities or charitable organizations. The Fund will also support charitable activities or charitable organizations in the environment sector.

The Northern Social Work Scholarship Fund (NSWSF): Established in 2012 and is awarded to a student from the University of Manitoba Northern Social Work Program (NSWP) based on the student's grades and financial needs.

Flow through Funds represent resources available for granting by the organization where, at the time the donation is accepted by the organization, the specific purpose or recipient qualified donee may or may not have been determined by the donor with certainty. The disbursement of these funds is directed by the donor, and must be made to a qualified donee as defined in the Income Tax Act (Canada). Fees charged to the Flow Through Funds are used to support the administration and operating activities of the organization.

THOMPSON COMMUNITY FOUNDATION
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

5. RISK MANAGEMENT

The organization is exposed to a variety of risks related to its financial assets and liabilities. Unless otherwise noted, it is management's opinion that the organization is not exposed to significant credit, interest rate, liquidity, or market (other price) risks arising from these financial instruments.

Following is a summary of the risks to which the organization is exposed:

Credit Risk

Credit Risk arises from non-performance by counterparties of contractual financial obligations. The organization has a low concentration of exposure to organizations with committed transactions. Credit risk associated with cash and long term investments is minimized by ensuring that the funds are invested with credit worthy financial institutions. The organization's maximum exposure to credit risk at December 31, 2018 is its accounts receivable of \$25,256 (2017-\$1,243). The organization has a low exposure to credit risk.

Liquidity Risk

Liquidity risk is the risk that the organization will not be able to meet a demand for cash or fund its obligations as they become due. The organization meets its liquidity requirements by monitoring cash flows and cash balances throughout the year and, when applicable, holding assets that can readily be converted to cash. As at December 31, 2018 the organization had \$130,912 (2017-\$113,585) in cash, and accounts receivable and \$5,926 (2017-\$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 forecasted and actual cash flows.

Market (Other Price) risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign currency risk, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments. The organization is exposed to other price risk on its fixed interest rate investments. A risk in market interest rates will result in a decrease in the fair values of its bond and debentures. It is the intent of the organization to hold these investments to maturity which minimizes other price risk.

Currency Risk

The organization is exposed to currency risk on investments managed by The Winnipeg Foundation held in non-canadian currency. Based on the audited financial statements for the Winnipeg Foundation the most significant exposure to currency risk is investments held in US Dollars which represents approximately 20.7% (20.1%) of its total investment portfolio.

**THOMPSON COMMUNITY FOUNDATION
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018**

Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. Interest rate risk arises for the organization with respect to its investments in interest-bearing financial instruments managed by the Winnipeg Foundation. The organization does not hold any short term deposits or interest bearing debt.

6. INVESTMENTS

	2018	2017
The Winnipeg Foundation Managed Funds	<u>\$ 1,835,522</u>	<u>\$ 1,927,346</u>

The Thompson Community Foundation has an agreement with the Winnipeg Foundation whereby the Winnipeg Foundation acts as a trustee on behalf of funds managed by Thompson Community Foundation. Funds contributed remain the property of Thompson Community Foundation and are used to purchase investments in the Consolidated Trust Fund of the Winnipeg Foundation. The income derived from the investments of the Thompson Community Foundation is paid quarterly.

The Winnipeg Foundation has developed an Asset Management Governance Plan and a Statement of Investment Policy and Guidelines, which maintains the purchasing power of the funds entrusted to the Foundation while achieving maximum returns consistent with prudent investment. The Winnipeg Foundation's investment policy applies to all investments held in the Foundation's Consolidated Trust Fund, as well as those held in Other Trust Funds. The investment policy includes restrictions regarding the minimum and maximum amount of equity holdings, the maximum amount of foreign equity holding and a maximum to be invested in any one related group or industry.

The above policy reduces the interest rate, credit, and foreign currency risk to the Thompson Community Foundation. Additional information regarding the potential risks, and investment strategy can be found on the Winnipeg Foundation's Audited Financial Statements.

7. UNDISBURSED FUNDS

As at December 31, 2018 the organization had yet to disburse approved grant funds from the Thompson Health Foundation fund to the Health Auxilliary in the amount of \$2,381.

8. COMPARATIVE FIGURES

Certain comparative figures have been changed to conform with current year presentation.

**THOMPSON COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018**

9 SCHEDULE OF CHANGES IN COMMUNITY ALLOCATIONS

Restricted for community allocations- the surpluses restricted for community allocations represent income earned on the endowment surplus for community projects. Direct contributions for the current year include Moffatt Family funds.

	General Community Fund	Scholarships & Bursary Fund	Youth (YIP & BJCC) Fund	Agency Fund	Thompson Health Fund	Troy Anand Fund	2018	2017
Balance, beginning of year	\$ 62,100	\$ 21,224	\$ 7,058	\$ 853	\$ 6,187	\$ 1,304	\$ 98,726	\$ 87,690
Spending policy funds	44,045	9,291	494	563	2,596	1,041	58,028	57,210
Direct contributions	58,800	-	-	-	-	-	58,800	58,369
Disbursement to community projects	(102,538)	(9,870)	-	-	-	(800)	(113,208)	(104,543)
Allocation to disbursement funds	2,082	200	11	9	59	95	2,456	-
Re-investment of gains	-	-	-	-	-	(54)	(54)	-
Balance, end of year	\$ 64,489	\$ 20,845	\$ 7,562	\$ 1,425	\$ 8,842	\$ 1,586	\$ 104,748	\$ 98,726

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, 2018

10 SCHEDULE OF CHANGES IN FUNDS RESTRICTED FOR ENDOWMENT PURPOSES

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 (spending policy funds) on endowment investments is determined by the Winnipeg Foundation, and is based on the individual funds' restrictions.

	Operating Expense Fund	General Community Fund	Scholarships & Bursary Fund	Youth (YIP & BJCC) Fund	Agency Fund	Thompson Health Fund	Troy Anand Fund	2018	2017
Balance, beginning of year	\$ 357,803	\$1,169,462	\$ 249,137	\$ 13,307	\$ 15,497	\$ 70,140	\$ 18,633	\$ 1,893,979	\$ 1,764,195
Spending policy funds	(7,281)	(44,045)	(9,291)	(494)	(563)	(2,596)	(1,041)	(65,311)	(58,743)
Direct contributions	-	48,121	3,196	-	-	-	2,055	53,372	49,882
Investment and interest gains (losses)	(4,133)	(28,147)	(5,422)	(282)	(320)	(1,484)	(807)	(40,595)	183,686
Re-investment of gains	-	-	-	-	-	-	54	54	-
Administration fees	(3,605)	(23,726)	(4,666)	(244)	(278)	(1,294)	(616)	(34,429)	(32,968)
Investment fees	(713)	(4,654)	(920)	(49)	(55)	(256)	(119)	(6,766)	(6,363)
Allocation to disbursement funds	(111)	(2,082)	(200)	(11)	(9)	(59)	(95)	(2,567)	(5,710)
Balance, end of year	\$ 341,960	\$1,114,929	\$ 231,834	\$ 12,227	\$ 14,272	\$ 64,451	\$ 18,064	\$ 1,797,737	\$ 1,893,979

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.