

THE STEINBACH COMMUNITY FOUNDATION INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2018

INDEPENDENT AUDITOR'S REPORT

To the Directors of
The Steinbach Community Foundation Inc.

Qualified Opinion

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

In our opinion, except for the possible effect of the matter described in the Basis for Qualified Opinion paragraph adjustments, the accompanying financial statements present fairly, in all material respects, the financial position of the Community Foundation as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with The Community Foundation.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Community Foundation derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Community Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2018, current assets as at December 31, 2018, and net assets as at January 1, 2018 and December 31, 2018.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, 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 the financial statements, management is responsible for assessing the Community Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the The Community Foundation or to cease operations, or has no realistic alternative but to do so.

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

INDEPENDENT AUDITOR'S REPORT

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 in accordance 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 judgment 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 risk 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 control 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 The 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 The 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 The Community 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.

INDEPENDENT AUDITOR'S REPORT

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.

Winnipeg, Manitoba
June 13, 2019

Chambers Fraser
Chartered Professional Accountants

The Steinbach Community Foundation Inc.
Statement of Financial Position
December 31, 2018

	2018	2017
ASSETS		
CURRENT		
Cash	\$ 67,767	\$ 61,198
Accounts receivable (Note 3)	<u>8,423</u>	<u>-</u>
	76,190	61,198
FUNDS MANAGED BY THE WINNIPEG FOUNDATION (Note 4)	<u>941,653</u>	<u>715,360</u>
	<u>\$ 1,017,843</u>	<u>\$ 776,558</u>
LIABILITY		
CURRENT		
Accrued liabilities	\$ 2,400	\$ 2,299
NET ASSETS		
NET ASSETS (Note 5)	<u>1,015,443</u>	<u>774,259</u>
	<u>\$ 1,017,843</u>	<u>\$ 776,558</u>

See accompanying notes to the financial statements

ON BEHALF OF THE BOARD

Director

Director

The Steinbach Community Foundation Inc.
Statement of
Year ended December 31, 2018

	2018	2017
REVENUES		
Allocation from endowment funds	\$ 23,267	\$ 23,364
Allocation from endowment funds-grants	10,833	4,000
Donations-operating	2,758	-
Grant income -other	2,840	873
Other income	965	741
	<u>40,663</u>	<u>28,978</u>
EXPENDITURES		
Grants approved	20,926	25,935
Administration and other expenses, Schedule 1	4,844	3,866
	<u>25,770</u>	<u>29,801</u>
INCREASE (DECREASE) OF REVENUES OVER EXPENDITURES	<u>\$ 14,893</u>	<u>\$ (823)</u>

See accompanying notes to the financial statements

The Steinbach Community Foundation Inc.
Statement of Changes in Net Assets
Year ended December 31, 2018

	BALANCE - beginning of year	Grants - The Winnipeg Foundation / Province of Manitoba	New Gifts	Investment income (Note 6)	Fees -Admin. (Note 2) & Investment	Unrealized gains (losses)	Increase of revenues over expenditures	2018 BALANCE - end of year
Art Stabilization MB Fund	\$ 12,972	\$ -	\$ -	\$ 857	\$ (238)	\$ (558)	\$ -	\$ 11,917
Affiliate Fund	-	11,798	-	(508)	-	(500)	-	10,790
The Chrysalis Fund	180,392	-	12,670	11,955	(3,346)	(7,031)	-	178,944
Heritage Fund	-	1,250	2,500	61	(41)	(38)	-	3,484
Steinbach Multiplex Fund	-	-	250,000	-	-	-	-	250,000
Designated Family Funds	80,582	-	1,000	5,377	(1,576)	(2,748)	-	75,641
Other Endowment Funds	441,416	542	4,808	29,256	(8,128)	(18,810)	-	410,877
Unrestricted Funds	58,897	-	-	-	-	-	14,893	73,790
	\$ 774,259	\$ 13,590	\$ 270,978	\$ 46,998	\$ (13,329)	\$ (29,685)	\$ 14,893	\$ 1,015,443

The Steinbach Community Foundation Inc.
Statement of Changes in Net Assets
Year ended December 31, 2018

	BALANCE - beginning of year	Grants - The Winnipeg Foundation / Province of Manitoba	New Gifts	Investment income (Note 6)	Fees -Admin. (Note 2) & Investment	Unrealized gains (losses)	Decrease of revenues over expenditures	2017 BALANCE - end of year
Art Stabilization MB Fund	\$ 12,427	\$ -	\$ -	\$ 614	\$ (104)	\$ (549)	\$ -	\$ 12,972
The Chrysalis Fund	163,567	-	8,200	8,183	(1,429)	(5,939)	-	180,392
Designated Family Funds	58,041	3,960	16,000	3,083	(497)	(2,475)	-	80,582
Other Endowment Funds	422,071	40	577	20,883	(3,615)	(18,401)	-	441,416
Unrestricted Funds	59,720	-	-	-	-	-	(823)	58,897
	<u>\$ 715,826</u>	<u>\$ 4,000</u>	<u>\$ 24,777</u>	<u>\$ 32,763</u>	<u>\$ (5,645)</u>	<u>\$ (27,364)</u>	<u>\$ (823)</u>	<u>\$ 774,259</u>

See accompanying notes to the financial statements

The Steinbach Community Foundation Inc.
Statement of Cash Flows
Year ended December 31, 2018

	2018	2017
CASH PROVIDED BY (USED FOR) THE FOLLOWING ACTIVITIES:		
OPERATING ACTIVITIES		
Increase (decrease) of revenues over expenditures	\$ 14,893	\$ (823)
Change in non-cash working capital items		
Increase in accounts receivable	(8,423)	-
Increase in accrued liabilities	99	99
	<u>6,569</u>	<u>(724)</u>
INCREASE (DECREASE) IN CASH	6,569	(724)
CASH - BEGINNING OF YEAR	61,198	61,922
CASH - END OF YEAR	\$ 67,767	\$ 61,198

See accompanying notes to the financial statements

The Steinbach Community Foundation Inc.
Notes to Financial Statements
December 31, 2018

1. ORGANIZATION

The Steinbach Community Foundation Inc. was established in 1998 to benefit the citizens of Steinbach and surrounding areas by supporting social services, arts and cultural services, education, medical services and other community activities or facilities of a charitable nature. The Foundation is incorporated under the Manitoba Companies Act as a not-for-profit organization and became a registered charity in 1999, classified as a public foundation.

2. BASIS OF ACCOUNTING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are detailed as follows:

Externally and internally restricted funds

Most endowment funds, which form the consolidated trust fund, are established for gifts which are designated to remain under the Foundation's management in perpetuity.

Certain endowment funds, also designated to remain under the Foundation's management in perpetuity, are operated outside of the consolidated trust fund, in other trust funds, as a result of specific agreements with donors or their representatives.

In 2009, The Chrysalis Fund was established in cooperation with the Winnipeg Foundation through a funding agreement under its "Giving Circle" policy. Investment income, and gains and losses on these invested gifts are retained within this endowment fund until allocated to grant making activities based upon recommendations from The Chrysalis Fund Board. In addition, for a period of five years, The Winnipeg Foundation provided an annual grant of up to \$5,000 to be allocated based upon similar recommendations.

In 2010, the "Community Foundation Managed Fund" was established within The Winnipeg Foundation to hold all of the Foundation's endowment funds. Undesignated family funds and other undesignated endowments will be included in the Foundation's consolidated trust fund, whereas The Chrysalis Fund, all designated family funds and in 2011, the Art Stabilization Manitoba Fund, were included in the Foundation's other trust funds.

In 2011, the Art Stabilization Manitoba Fund was established for the purpose of funding the Community Arts Council. Annual income, net of an administrative expenses, is available to distribute grants based upon council's request with prescribed terms and conditions per agreement.

The Steinbach Community Foundation Inc.
Notes to Financial Statements
December 31, 2018

2. BASIS OF ACCOUNTING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Externally and internally restricted funds, continued

In 2018, the Mennonite Heritage Village Fund was established for the purpose of funding local heritage organizations under the Manitoba Heritage Trust program, initially during the 3 year period ending March 2021. Annual income, net of administrative expenses, will be distributed to the Mennonite Heritage Village (Canada) Inc. under the prescribed terms and conditions per the agreement.

Also in 2018, the Foundation entered into new Affiliate agreement with The Winnipeg Foundation for the long-term management of at least 85% of the Foundation assets. Along with an initial capital contribution, The Winnipeg Foundation agreed to annually augment the fund with 50% of the administration fee charged to the Foundation funds, to a maximum of \$10,000 as well as provide an threshold grant based upon the Foundation's assets managed.

In addition in 2018, the Foundation started to assess a 1% administration fee on all funds, except for Heritage Fund being 0.5%. As well, the Foundation received a contribution towards the establishment of the Steinbach Multiplex Fund, for which the agreement is pending.

Investment income and realized capital gains or losses on the consolidated trust fund will be allocated annually to the Statement of Operations. Investment income and realized capital gains or losses on the other trust funds will be retained within these endowment funds until allocated to grant making activities.

Revenue Recognition

The Foundation follows the deferral method of accounting for gifts. Under this method, endowment gifts are added directly to the Foundation's net assets. Expenses are recorded on the accrual basis of accounting.

Unrestricted gifts are recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income and expenses are recorded on the accrual basis of accounting.

Unrealized gains or losses on endowment investments are recorded through net assets, without any allocation to the Statement of Operations.

Unrealized gains or losses on other investments are included in the Statement of Operations.

Fair Value

The fair value of cash and liabilities is approximately equal to their carrying value due to the short-term maturity values.

The Steinbach Community Foundation Inc.
Notes to Financial Statements
December 31, 2018

2. **BASIS OF ACCOUNTING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

Financial Risk

Financial risk is the risk that arises from the fluctuation in interest and market rates and the degree of volatility of those rates. The Foundation does not use derivative instruments to reduce its exposure to interest risk.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

Investments

Investments are identified as held for trading and are recorded at market value. Unrealized gains and losses are recorded in the current year, with unrealized gains and losses relating to the endowment fund recorded through net assets.

Current Grant Commitments

Board approved commitments for grants from current funds, which are not disbursed by December 31st, are shown as a current liability.

3. **ACCOUNTS RECEIVABLE**

The following represents outstanding recovery of administrative funding new in 2018 as well as sundry overfunding of endowment funds.

	<u>2018</u>	<u>2017</u>
The Winnipeg Foundation	\$ 8,423	\$ -

The Steinbach Community Foundation Inc.
Notes to Financial Statements
December 31, 2018

4. FUNDS MANAGED BY THE WINNIPEG FOUNDATION

All endowment funds are now invested with and managed by the The Winnipeg Foundation through its consolidated investment policies, including its classification as available-for-sale financial assets and are comprised of bonds, debentures, preferred shares and common shares. At December 31, the endowment fund balances at the The Winnipeg Foundation are as follows:

	<u>2018</u>	<u>2017</u>
Undesignated family funds	\$ 2,292	\$ 2,493
Other undesignated funds	408,585	438,921
Affiliate Fund	10,790	-
Art Stabilization Manitoba Fund	11,917	12,972
The Chrysalis Fund	178,944	180,392
Designated family funds	75,641	80,582
Heritage Fund	3,484	-
Steinbach Multiplex Fund (Note 2)	250,000	-
	<u>\$ 941,653</u>	<u>\$ 715,360</u>

5. NET ASSETS

Net Assets consist of Endowment funds and the Unrestricted funds

Endowment funds:

	<u>2018</u>	<u>2017</u>
Undesignated family funds	\$ 2,292	\$ 2,493
Other undesignated funds	408,585	438,921
Affiliate Fund - TWF	10,790	-
	<u>421,667</u>	<u>441,414</u>
Art Stabilization Manitoba Fund	11,917	12,972
Heritage Fund	3,484	-
The Chrysalis Fund	178,944	180,392
Designated Family Funds	75,641	80,582
Steinbach Multiplex Fund (Note 2)	250,000	-
	<u>\$ 941,653</u>	<u>\$ 715,360</u>

The Steinbach Community Foundation Inc.
Notes to Financial Statements
December 31, 2018

5. **NET ASSETS, continued**

Endowment funds	\$ 941,653	\$ 715,360
Unrestricted funds	73,790	58,899
	<u>\$ 1,015,443</u>	<u>\$ 774,259</u>

6. **INVESTMENT INCOME**

Investment income consists of:

	<u>2018</u>	<u>2017</u>
Realized gains (losses)	\$ 18,212	\$ 8,531
Interest and dividends	28,786	24,232
	<u>\$ 46,998</u>	<u>\$ 32,763</u>

7. **ENDOWMENT FUND BALANCES**

Endowment Fund Balances 2018

	Designated Endowment Funds	Designated Family Funds	Non- Designated Family Funds	Other Endowment Funds*	Total
Accumulated gifts	\$ 411,308	\$ 64,722	\$ 1,850	\$ 340,373	\$ 818,253
Unallocated income (expense)	21,981	6,580	204	28,359	57,124
Accumulated Unrealized Gains(Losses)	11,055	4,338	239	50,644	66,276
Net revenue	\$ 444,344	\$ 75,640	\$ 2,293	\$ 419,376	\$ 941,653

The Steinbach Community Foundation Inc.
Notes to Financial Statements
December 31, 2018

7. **ENDOWMENT FUND BALANCES, continued**

Endowment Fund Balances 2017

	Designated Endowment Funds	Designated Family Funds	Non- Designated Family Funds	Other Endowment Funds*	Total
Accumulated Gifts	\$ 144,888	\$ 63,722	\$ 1,850	\$ 323,226	\$ 533,686
Unallocated Income (Expense)	20,359	5,527	191	27,061	53,138
Accumulated Unrealized Gains (Losses)	28,116	11,332	453	88,635	128,536
Net revenue	\$ 193,363	\$ 80,581	\$ 2,494	\$ 438,922	\$ 715,360

*Includes a contribution from the Thomas Sill Foundation of \$100,000.

The Steinbach Community Foundation Inc.
Schedule to Financial Statements
Year ended December 31, 2018

ADMINISTRATION AND OTHER EXPENSES

Schedule 1

	2018	2017
Bank charges & interest	\$ 109	\$ -
Memberships	450	450
Office	549	195
Professional fees	2,812	2,586
Promotion	924	635
	<hr/>	<hr/>
	\$ 4,844	\$ 3,866
