



Financial Statements

Thunder Bay Community Foundation

December 31, 2019

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Independent Auditor's Report

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To the Members of
Thunder Bay Community Foundation

Opinion

We have audited the financial statements of Thunder Bay Community Foundation (“the Foundation”), which comprise the statement of financial position as at December 31, 2019, and the statements of operations and changes in fund balances and 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 Thunder Bay Community Foundation as at December 31, 2019, and its results of operations and its cash flows for the year then ended in accordance with Canadian 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 the Financial Statements* section of our report. We are independent of the 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 Canadian accounting standards for not-for-profit organizations, 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 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 Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the 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 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 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 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.

Grant Thornton LLP

Thunder Bay, Canada
June 2, 2020

Chartered Professional Accountants
Licensed Public Accountants

Thunder Bay Community Foundation

Statement of Financial Position

As at December 31	2019	2018
	\$	\$
ASSETS		
Current		
Cash and interest-bearing bank accounts	49,901	92,974
Accounts receivable	-	5,943
Marketable securities <i>[note 3]</i>	13,569,661	11,063,793
HST receivable	30,943	16,236
Prepaid expenses	3,912	4,597
	13,654,417	11,183,543
LIABILITIES AND CAPITAL AND SURPLUS		
Liabilities		
Accounts payable and accrued liabilities	17,930	39,811
Government remittances payable	1,431	33,387
Total current liabilities	19,361	73,198
FUND BALANCES		
Externally restricted	10,320,967	8,079,107
Internally restricted	255,671	222,648
Unrestricted	3,058,418	2,808,590
Total capital and surplus	13,635,056	11,110,345
	13,654,417	11,183,543

See accompanying notes to the financial statements.

On behalf of the Board:

Director

Director

Thunder Bay Community Foundation

Statement of Operations and Changes in Fund Balances

Year ended December 31	2019	2018	2019	2018	2019	2018	2019	2018
	Unrestricted General Funds		Internally Restricted Fund		Externally Restricted Fund		Total	
	\$	\$	\$	\$	\$	\$	\$	\$
REVENUE								
Capital gains on sale of securities	11,744	13,214	990	1,468	41,161	34,260	53,895	48,942
Dividend income	156,692	218,665	12,512	24,296	527,070	566,909	696,274	809,870
Interest income	52	20	1	2	53	52	106	74
Unrealized gain (loss) on investments and fees	259,809	(236,385)	21,220	(26,265)	810,510	(612,851)	1,091,539	(875,501)
Donation and other revenue	23,706	136,162	10,412	-	66,818	38,791	100,936	174,953
	452,003	131,676	45,135	(499)	1,445,612	27,161	1,942,750	158,338
EXPENSES								
Administrative expenses <i>[schedule 2]</i>	52,175	98,132	4,652	5,582	186,740	166,455	243,567	270,169
Excess (deficiency) of revenue over expenses before the following	399,828	33,544	40,483	(6,081)	1,258,872	(139,294)	1,699,183	(111,831)
Deduct								
Grants <i>[schedule 1]</i>	142,500	174,367	12,930	-	347,858	688,599	503,288	862,966
Scholarships and bursaries	7,500	-	7,180	8,000	102,011	113,500	116,691	121,500
Agency endowment fund distributions	-	-	-	-	-	98,090	-	98,090
Total grants, scholarships and agency endowment fund distributions	150,000	174,367	20,110	8,000	449,869	900,189	619,979	1,082,556
Excess (deficiency) of revenue over expenses of revenue over expenses, grants, scholarships and bursaries and agency endowment distributions	249,828	(140,823)	20,373	(14,081)	809,003	(1,039,483)	1,079,204	(1,194,387)
Fund balances, beginning of year	2,808,590	2,949,413	222,648	234,891	8,079,107	8,337,660	11,110,345	11,521,964
Capital receipts	-	-	12,650	1,838	1,432,857	780,930	1,445,507	782,768
Fund balances, end of year	3,058,418	2,808,590	255,671	222,648	10,320,967	8,079,107	13,635,056	11,110,345

See accompanying notes to the financial statements.

Thunder Bay Community Foundation

Statement of Cash Flows

Year ended December 31	2019	2018
	\$	\$
OPERATING ACTIVITIES		
Cash provided by (used in) operating activities		
Investment account activity	(482,639)	874,581
Donor and other revenues received	62,927	45,248
Donor capital contributions received	1,296,199	265,754
Agency Endowment Fund distributions	-	(98,090)
Cash paid to suppliers and employees	(299,521)	(211,230)
Cash paid to grant and scholarship recipients	(620,039)	(984,666)
	(43,073)	(108,403)
Net decrease in cash during year	(43,073)	(108,403)
Cash position, beginning of year	92,974	201,377
Cash position, end of year	49,901	92,974

See accompanying notes to the financial statements.

Thunder Bay Community Foundation

Notes to the Financial Statements

December 31, 2019

Purpose of the Organization

Thunder Bay Community Foundation (the "Foundation") is incorporated by a Special Act of the Province of Ontario without share capital and is a registered charity under the Income Tax Act. The Objectives of the Foundation are to receive, maintain, manage, control and use donations for charitable purposes, to promote educational advancement and scientific and medical research for the increase in human knowledge in alleviation of human suffering, and to provide for such other charitable purposes relating to welfare and cultural matters as may appear to contribute to the mental, moral, cultural and physical improvement of the inhabitants of the District of Thunder Bay.

1. FINANCIAL INSTRUMENTS

The Foundation, as part of its operations, has a number of financial instruments. It is management's opinion that the Foundation is not exposed to significant interest or currency risks arising from these financial instruments except as otherwise disclosed.

[a] 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 flow 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. To manage these risks, the Foundation has invested in a balanced pooled fund designed to achieve the optimal return with reasonable risk tolerances.

[b] Other price risk

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 traded in the market. The Foundation enters into transactions to purchase mutual funds, for which the market price fluctuates.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Foundation have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations. The more significant of the accounting policies are summarized below:

Fund Accounting

The Foundation maintains the following funds:

Unrestricted

The General Fund reports donations received without external restrictions. Accumulated funds are to be expended for administrative and operational costs and for charitable purposes.

Thunder Bay Community Foundation

Notes to the Financial Statements

December 31, 2019

Internally Restricted

The Helen L. Dewar Scholarship Fund was established in 1990 by the Board of Trustees for the Thunder Bay Community Foundation as recognition of the funds received from the Estate of Helen L. Dewar. The intention of the Trustees is to maintain the fund's capital account at approximately \$200,000. The fund is used for awarding scholarships annually to any high school graduates of Thunder Bay North, Geraldton, Nipigon-Red Rock, Manitouwadge, Marathon or Terrace Bay, conditional on attendance at a Canadian university.

The President's Fund was established in 2006 upon receipt of \$2,000 from various trustees. The initial funds are to be maintained in a separate trust fund. The Fund is to be used to support operational expenses of the Foundation.

Externally Restricted

Externally Restricted Funds consist of endowment funds established from gifts by donors which are designated to remain under the Foundation's management in perpetuity, as well as funds which are used for specific purposes as specified by the donor and approved by the Board.

Agency Endowment Funds, which are included in Externally Restricted Funds, were established starting in 2008. Agency capital contributions are externally restricted and were matched by the Foundation using unrestricted capital until 2014. The funds are to be maintained in separate funds, the income from which are to be used to support the donor agencies.

Revenue recognition

The Foundation follows the restricted fund method for accounting for contributions. Restricted contributions are recognized as revenue in the appropriate restricted fund in the year received or receivable if the amount can be reasonably estimated and collection can be reasonably assured. Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Investment income includes dividends, interest income and realized and unrealized investment gains and losses. Realized investment income is recognized when earned. Unrealized gains and losses on financial assets classified as held for trading are recorded to reflect changes in the fair market value of these assets. Investment income is allocated proportionately amongst all funds based on the average fund balance and capital contributions for the year. Unrestricted donation revenue is recognized in the year received and is allocated to the fund for which the donation was intended.

Contributed materials and services

The Foundation does not recognize the receipt of contributed materials and services in its financial statements.

Thunder Bay Community Foundation

Notes to the Financial Statements

December 31, 2019

Financial instruments

Measurement

The Foundation initially measures its financial assets and financial liabilities at fair value except for certain non-arm's-length transactions.

The Foundation subsequently measures its financial assets and financial liabilities at amortized cost, except for investments, which are subsequently measured at fair value. Changes in fair value are recognized in the statement of operations and changes in fund balances.

Financial assets measured at amortized cost include cash and interest-bearing bank accounts, and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accruals.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in the statement of operations and changes in fund balance.

Expense allocations

Expenses of the Foundation are allocated proportionately between all funds with an opening fund balance over \$50,000 with the exception of the Ontario Endowment for Children and Youth in Recreation Program (OECYR Program) and the Agency Endowment Fund, based on average fund balance including investment income and scholarships, grants and bursaries for the year. Expenses of the OECYR Program are limited to 1.5% of the value of the fund. Expenses of the Agency Endowment Fund are limited to 1% of the value of the fund.

Use of estimates

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 disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period.

Areas of estimation would include allocation of administrative expenses to various funds.

Thunder Bay Community Foundation

Notes to the Financial Statements

December 31, 2019

3. MARKETABLE SECURITIES

	2019	2018
	\$	\$
Mutual funds (cost - 2019 - \$12,884,406; 2018 - \$11,537,365)	13,569,661	11,063,793

4. GRANT REVENUE, CAPITAL RECEIPTS AND DONATION REVENUE

	2019	2018
	\$	\$
Donated capital receipts consist of the following:		
Individuals	1,418,275	740,484
Organizations and corporations	27,232	42,284
	1,445,507	782,768
Donation revenue consists of the following:		
Individuals	59,519	104,315
Organizations and corporations	41,417	70,638
	100,936	174,953

5. COMPARATIVE FINANCIAL STATEMENTS

The comparative financial statements have been reclassified from statements previously presented to conform to the presentation of the 2019 financial statements.

Thunder Bay Community Foundation

Notes to the Financial Statements

December 31, 2019

6. SUBSEQUENT EVENTS

Since December 31, 2019 the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

Since December 31, 2019, the Foundation has experienced a reduction in donations and has incurred unrealized and realized losses in their marketable securities portfolio. To compensate for this, the Foundation has eliminated discretionary spending and has received government assistance. The Foundation continues to carry out their mission of providing opportunities for citizens of Thunder Bay to invest in the enrichment of the community.

The Foundation has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended December 31, 2019 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Foundation for future periods.

Thunder Bay Community Foundation Grants

Schedule 1

Year ended December 31	2019	2018
	\$	\$
Alzheimer Society Thunder Bay	7,430	-
Art With Impact	-	2,500
Boys & Girls Clubs of Thunder Bay	6,117	34,573
Calvin Presbyterian Church	50,000	-
Canadian National Institute for the Blind	6,170	17,500
Caring Hearts Cat Rescue and Sanctuary	4,738	5,736
Community Arts and Heritage Education Project	8,430	3,165
Community Clothing Assistance	28,013	-
Dew Drop Inn	11,000	-
Elizabeth Frye Society of Northwestern Ontario	1,830	-
Evergreen A United Neighbourhood	3,013	-
Friends of Chippewa Park	2,500	-
George Jeffrey Children's Foundation	6,000	24,573
Grace Ministries of Thunder Bay	3,013	174,199
Habitat for Humanity	-	12,200
Hospice Northwest	19,000	5,000
Isthmus	2,200	-
Kitty Kare	-	2,000
Lakehead Transportation Museum Society	-	47,000
Lutheran Community Care Centre	4,043	-
Magnus Theatre	23,517	18,819
Marathon High School	-	4,000
Mission to Seafarers	2,000	2,000
Nipigon-Red Rock High School	-	4,500
Northern Spay and Neuter Program	-	2,000
Northwestern Ontario Aviation Heritage Centre	16,000	-
NorWest Community Health Centres	-	4,380
NorthWind Family Ministries	30,500	-
Ontario Nature	2,230	-
Our Kids Count Thunder Bay Inc.	22,697	10,835
Paws for Love Dog Rescue Thunder Bay	-	5,000
Precious Bundles Clothing Assistance Program	2,500	5,000
Princess Margaret Cancer Foundation	3,035	-
PRO Kids Thunder Bay	342	4,284
Roots to Harvest	11,000	6,000
Salvation Army (The)	55,000	350,000
St. Andrew's Presbyterian Church	1,000	-
St. John Ambulance	23,430	3,445
St. Thomas Anglican Church	3,000	-
Thunder Bay & District Humane Society	6,576	5,114
Thunder Bay Art Gallery	-	10,000
Thunder Bay Community Auditorium	65,194	-
Thunder Bay Emergency Shelter Inc.	10,868	27,461
Thunder Bay Historical Museum	10,000	3,250
Thunder Bay Public Library	5,000	-
Thunder Bay Regional Health Sciences Centre	20,000	-
Thunder Bay Symphony Orchestra	2,200	7,000
Thunder Bay Youth Symphony Orchestra	15,176	3,900
Underground Gym and Youth Centre (The)	5,513	4,766
Urban Abbey	3,013	49,766
Wilderness Discovery HandiCapable Centre c/o HAGI	-	3,000
	503,288	862,966

Thunder Bay Community Foundation
Administrative Expenses**Schedule 2**

Year ended December 31	2019	2018
	\$	\$
Communications and donor relations	21,362	40,673
Occupancy and technology	24,624	16,132
Office and administrative expenses	25,963	16,547
Professional fees and dues	24,448	11,407
Wages and employee benefits	147,170	185,410
	243,567	270,169
