

THUNDER BAY COMMUNITY FOUNDATION
FINANCIAL STATEMENTS
DECEMBER 31, 2005

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FITZPATRICK & PARTNERS LLP
CHARTERED ACCOUNTANTS

AUDITORS' REPORT

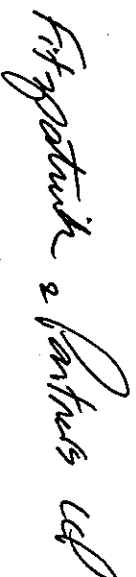
To the Board of Trustees of Thunder Bay Community Foundation -

We have audited the balance sheet of Thunder Bay Community Foundation as at December 31, 2005 and the statement of operations and fund balances for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2005 and the results of its operations and changes in its fund balances for the year then ended in accordance with Canadian generally accepted accounting principles.

Thunder Bay, Ontario



March 10, 2006

Chartered Accountants

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Paul Fitzpatrick CA* Rick Trochimchuk CA* Moe Siemieniuk CA CBV* Marcel Gagnon CA* Steve Blazino CA* Tamara Wylie CGA CA*
*Professional Corporation

THUNDER BAY COMMUNITY FOUNDATION
BALANCE SHEET

| As at December 31 | 2005 | 2004 |
|---|---------------------|---------------------|
| ASSETS | | |
| Current | | |
| Cash and interest-bearing bank accounts | \$ 57,649 | \$ 67,137 |
| Accrued interest receivable | 23,793 | 26,407 |
| GST receivable | 847 | 575 |
| Prepaid expenses | 2,652 | 2,452 |
| Marketable securities (market value - \$4,150,628; 2004 - \$4,002,538) | 3,829,917 | 3,787,036 |
| | \$ 3,914,858 | \$ 3,883,607 |

LIABILITIES

| | | |
|---|----------|----------|
| Current | | |
| Accounts payable and accruals | \$ 9,472 | \$ 5,494 |
| Commitments for grants and scholarships | 11,000 | 24,000 |
| | 20,472 | 29,494 |

FUND BALANCES

| | | |
|-----------------------|---------------------|---------------------|
| Externally restricted | 930,356 | 918,476 |
| Internally restricted | 200,000 | 200,000 |
| Unrestricted | 2,764,030 | 2,735,637 |
| | 3,894,386 | 3,854,113 |
| | \$ 3,914,858 | \$ 3,883,607 |

Approved on behalf of the Board

Trustee

Trustee

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| Externally Identified Funds | Total | | |
|--------------------------------|-------------------|--------------|--------------|
| | Year end: 2004 | 2005 | 2004 |
| REVENUE | | | |
| Capital | \$ 1,293 | \$ 20,289 | \$ 5,831 |
| Divid3 | 6,141 | 36,345 | 27,717 |
| Inter4 | 37,005 | 158,088 | 166,869 |
| 5 | 44,439 | 214,722 | 200,417 |
| EXPENS | | | |
| Office9 | 3,716 | 15,280 | 19,175 |
| Profe0 | 1,013 | 5,971 | 5,226 |
| Profo0 | 133 | 5,973 | 690 |
| Wag4 | 5,494 | 32,775 | 28,360 |
| 3 | 10,356 | 59,999 | 53,451 |
| Earnings3 | 34,083 | 154,723 | 146,966 |
| Deduct | | | |
| Gran9 | 11,361 | 72,550 | 69,180 |
| Schol0 | 23,000 | 49,000 | 55,000 |
| Total gr9 | 34,361 | 121,550 | 124,180 |
| Excess (| | | |
| grants6) | (278) | 33,173 | 22,786 |
| Fund bal6 | 874,374 | 3,854,113 | 3,790,777 |
| Capital n0 | 31,500 | 7,100 | 40,550 |
| Transfe6 | 12,880 | - | - |
| Fund bal6 | \$ 918,476 | \$ 3,894,386 | \$ 3,854,113 |

THUNDER BAY COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 2005

General

Thunder Bay Community 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. Summary of significant accounting policies

Fund accounting -

Thunder Bay Community Foundation uses fund accounting procedures which result in a self-balancing set of accounts for each fund established by legal, contractual or voluntary actions. Resources for various purposes are classified for accounting purposes into funds whose transactions are grouped together and treated in accordance with the particular activities or objectives specified. Thunder Bay Community Foundation maintains the following Funds:

- The General Fund which reports donations received without external restrictions. Accumulated funds are to be expended for administrative and operational costs and for charitable purposes.
- The Helen L. Dewar Scholarship Fund which was established by the Board of Trustees of 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 \$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 Robert Kerr Dewar M.D. Research Fund which was established upon receipt of \$45,000. The intention of the receipt is to maintain the Fund's balance and award income generated from the Fund to medical research.
- The Joshua Dyke Family Scholarship Trust Fund which was established from the Estate of Edyth Dyke. The intention is to maintain the Fund's capital account at \$200,000. The Fund is to be used for awarding five scholarships annually to any high school or collegiate graduates of Thunder Bay South, and is conditional on attendance at a Canadian University.

THUNDER BAY COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 2005

1. Summary of significant accounting policies (continued)

- The Ontario Endowment for Children and Youth in Recreation Program was established by the Government of Ontario to support projects for children and youth. The Program has matched dollar-for-dollar eligible donations provided by the Foundation.
- The J. A. McLean Scholarship Trust Fund was established upon receipt of \$60,000 from the Estate of Jean E. Alexander McLean. The initial funds are to be maintained as a separate trust fund. The Fund is to be used for awarding a scholarship annually to any secondary school graduate of Thunder Bay who will be qualifying to become a teacher.
- The Dr. S. Penny Petrone Grant Fund was established to be used to help the disabled in Thunder Bay.
- The Ross A. Wilson Education Fund was established upon receipt of \$250,000 from Ross A. Wilson. The initial funds are to be maintained in a separate trust fund. The Fund is to be used for awarding scholarships to graduates of Hammar skjold High School who have excelled in science, and is conditional on attendance at a Canadian University.
- The General Scholarship Fund is to be used for awarding scholarships to high school students.

It is the discretion of the Board of Directors of the Thunder Bay Community Foundation to fund any shortfalls in selected restricted fund balances from surplus funds generated in the unrestricted fund on an annual basis.

Investments -

Investments are recorded at the lower of cost and market value on an aggregate basis. When there has been an other than temporary decline in the value of a security, the investment is written-down to recognize the loss. Any losses in value of prior years are not reversed if there is a subsequent increase in value.

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 earned is recognized in the appropriate fund when earned.

THUNDER BAY COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 2005

2. Fund balances

| | 2005 | | 2004 | |
|---|---------------------|------------------------|---------------------|---------------------|
| | Capital | Accumulated Surplus | Total | Total |
| Externally restricted | | | | |
| Robert Kerr Dewar M.D. Research Fund | \$ 45,000 | \$ 78,981 | \$ 123,981 | \$ 119,244 |
| Joshua Dyke Family Scholarship Trust Fund | 200,000 | - | 200,000 | 200,000 |
| Ontario Endowment for Children and Youth in Recreation Program | 222,202 | 6,096 | 228,298 | 226,217 |
| J. A. McLean Scholarship Trust Fund | 60,000 | 5,148 | 65,148 | 65,607 |
| Dr. S. Penny Petrone Grant Fund | 45,000 | 2,552 | 47,552 | 45,733 |
| Ross A. Wilson Education Fund | 250,000 | 11,377 | 261,377 | 259,175 |
| General Scholarship Fund | 4,000 | - | 4,000 | 2,500 |
| | 826,202 | 104,154 | 930,356 | 918,476 |
| Internally restricted | | | | |
| Helen L. Dewar Scholarship Fund | 160,519 | 39,481 | 200,000 | 200,000 |
| Unrestricted | | | | |
| General | 2,327,516 | 436,514 | 2,764,030 | 2,735,637 |
| | \$ 3,314,237 | \$ 580,149 | \$ 3,894,386 | \$ 3,854,113 |

3. Revenue and expense allocations

Revenue of the Foundation is allocated between the General Fund, Helen L. Dewar Scholarship Fund, Robert Kerr Dewar M.D. Research Fund, Joshua Dyke Family Scholarship Trust Fund, J. A. McLean Scholarship Trust Fund, Ontario Endowment for Children and Youth in Recreation ("OECYR") Program, Dr. S. Penny Petrone Grant Fund and Ross A. Wilson Education Fund based on proportionate capital and surplus of each fund at year end.

Expenses of the Foundation are allocated between the General Fund, Helen L. Dewar Scholarship Fund, Robert Kerr Dewar M.D. Research Fund, Joshua Dyke Family Scholarship Trust Fund, J. A. McLean Scholarship Trust Fund, Dr. S. Penny Petrone Grant Fund and Ross A. Wilson Education Fund based on proportionate capital and surplus of each fund at year end.

Expenses of OECYR Program are limited to 1.5% of the market value of the Fund at the beginning of the fiscal year.

THUNDER BAY COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 2005

4. Capital receipts

Donated capital receipts consist of the following:

| | 2005 | 2004 |
|----------------------------------|-----------------|------------------|
| Dr. Ian Sewell | \$ 1,500 | \$ 1,500 |
| In memoriam for Dr. W. R. Lyon | 50 | - |
| Estate of Walter Rogers - | | |
| Ms. Margaret E. Smith | - | 4,500 |
| Mr. Mark Christiansen | - | 2,250 |
| F. William Riches | - | 2,250 |
| Dr. S. Penny Petrone | - | 25,000 |
| United Way/Bearskin Golf Classic | 5,000 | 5,000 |
| United Way/Cliff Friesen | 500 | - |
| Parsons, Wilson & Milton Ltd. | - | 50 |
| William and Allison Parsons | 50 | - |
| | <u>\$ 7,100</u> | <u>\$ 40,550</u> |

5. Statement of cash flows

A statement of cash flows is not presented as the information is disclosed elsewhere in the financial statements and would not provide any additional useful information.

6. Comparative figures

The financial statements of Thunder Bay Community Foundation as at December 31, 2004 and for the year then ended, were audited by other auditors who expressed an opinion without reservation on those statements, in their report dated February 11, 2005.

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Schedule 1

Year ended

| | Ross A. Wilson Education Fund | General Scholarship Fund | Total |
|----------------|--|--------------------------------|---------------|
| REVENUE | | | |
| Capit | \$ 1,362 | \$ - | \$ 4,819 |
| Divide | 2,441 | - | 8,633 |
| Intere | 10,615 | - | 37,554 |
| EXPENS | 14,418 | - | 51,006 |
| Office | 1,074 | - | 3,069 |
| Profe | 420 | - | 1,200 |
| Prom | 420 | - | 1,200 |
| Wage | 2,304 | - | 6,584 |
| | 4,218 | - | 12,053 |
| Earnings | 10,200 | - | 38,953 |
| Deduct | | | |
| Grant | - | - | 15,029 |
| Schol | 8,000 | - | 26,000 |
| Total gra | 8,000 | - | 41,029 |
| Excess (| 2,200 | - | (2,076) |
| grants, | | | |
| Fund bal | 259,177 | 2,500 | 918,476 |
| Capital r | - | 1,500 | 7,000 |
| Transfer | - | - | 6,956 |
| Fund bal | \$ 261,377 | \$ 4,000 | \$ 930,356 |

THUNDER BAY COMMUNITY FOUNDATION
GRANTS, SCHOLARSHIPS AND BURSARIES

Schedule 2

Year ended December 31, 2005

| | GRANTS | |
|--|---------------|---------------|
| | 2005 | 2004 |
| Alzheimer Society | - | 2,500 |
| Arthritis Society | 3,500 | 2,500 |
| Camp Quality of Northwestern Ontario | - | 2,000 |
| Canadian Diabetes Association | 2,500 | 2,000 |
| Canadian Hearing Society (The) | 2,000 | - |
| Canadian Mental Health Association | 2,700 | 1,500 |
| Canadian National Institute for the Blind | 1,000 | - |
| Catholic Family Development Centre | - | 3,392 |
| Community Foundations of Canada | - | 1,000 |
| Drug Awareness Committee | - | 2,300 |
| Fair Start | 1,000 | 1,000 |
| Family Services Thunder Bay | - | 2,200 |
| George Jeffrey Children's Centre | 5,000 | - |
| Habitat for Humanity Thunder Bay | 3,000 | - |
| HAGI Community Service for Independence | 2,000 | - |
| Harbour Youth Services of Thunder Bay | - | 1,200 |
| Hospice Northwest | 1,656 | 1,700 |
| Independent Living Resource Centre | - | 2,500 |
| Kidney Foundation of Canada-Northwestern Chapter (The) | 500 | 1,000 |
| Lakehead Festival of Music and the Arts | - | 1,600 |
| Lakehead Search and Rescue Unit Inc. | 5,000 | - |
| Lakehead Social Planning Council | 2,400 | 3,000 |
| Little Lions Waldorf Daycare & Kindergarten | 5,000 | - |
| Lutheran Community Care Centre | 2,000 | - |
| Magnus Theatre | - | 2,000 |
| Northwestern Ontario Science Fair | - | 2,000 |
| Operation Hope | 1,535 | 822 |
| Our Kids Count | - | 1,000 |
| Salvation Army (The) | 2,000 | 2,000 |
| Teen Challenge Thunder Bay | 5,000 | - |
| Thunder Bay Big Brother - Big Sister Association | 2,500 | - |
| Thunder Bay Boys & Girls Club | - | 5,000 |
| Thunder Bay Historical Museum Society | 5,000 | - |
| Thunder Bay Military Museum | - | 1,000 |
| Thunder Bay Regional Health Sciences Centre | - | 3,000 |
| Thunder Bay Symphony Orchestra Association Inc. | - | 1,600 |
| Thunder Bay Therapeutic Riding | - | 2,755 |
| United Way of Thunder Bay | - | 3,000 |
| Wesway | 2,230 | 2,250 |
| | <u>57,521</u> | <u>57,819</u> |

THUNDER BAY COMMUNITY FOUNDATION

Schedule 2

GRANTS, SCHOLARSHIPS AND BURSARIES (continued)
Year ended December 31, 2005

| | 2005 | 2004 |
|---|-------------------|-------------------|
| GRANTS (continued) | | |
| Ontario Endowment for Children and Youth in Recreation Program | | |
| Canadian National Institute for the Blind | - | 850 |
| Easter Seal Society, Ontario | - | 3,000 |
| Finn Fling Festival | 2,475 | - |
| Lakehead Festival of Music and the Arts | 1,600 | - |
| Our Kids Count | 2,000 | - |
| PRO Kids Thunder Bay | 3,165 | 3,511 |
| Thunder Bay Art Gallery | - | 4,000 |
| Thunder Bay Boys & Girls Club | 1,589 | - |
| Thunder Bay District Health Unit - Drug Awareness | 2,200 | - |
| Thunder Bay Symphony Orchestra | 2,000 | - |
| | <u>15,029</u> | <u>11,361</u> |
| Total grants | \$ 72,550 | \$ 69,180 |
| SCHOLARSHIPS AND BURSARIES | | |
| General Fund | 8,000 | 8,000 |
| Helen L. Dewar Scholarship Fund | 15,000 | 24,000 |
| J. A. McLean Scholarship Trust Fund | 3,000 | 3,000 |
| Joshua Dyke Family Scholarship Trust Fund | 15,000 | 20,000 |
| Ross A. Wilson Education Fund | 8,000 | - |
| | <u>49,000</u> | <u>55,000</u> |
| Total scholarships and bursaries | \$ 121,550 | \$ 124,180 |