

**COMMUNITY FOUNDATION OF MEDICINE HAT AND SOUTHEASTERN
ALBERTA**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

**COMMUNITY FOUNDATION OF MEDICINE HAT AND SOUTHEASTERN
ALBERTA**

**FINANCIAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2016**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Community Foundation of Medicine Hat and Southeastern Alberta

We have audited the accompanying financial statements of COMMUNITY FOUNDATION OF MEDICINE HAT AND SOUTHEASTERN ALBERTA, which comprise the statement of financial position as at JUNE 30, 2017, the statement of operations, the statement of changes in undistributed income and fund balances, and statement of 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 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.

Auditor's Responsibility

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 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 Foundation'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.

INDEPENDENT AUDITOR'S REPORT (continued)

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 respects, the financial position of Community Foundation of Medicine Hat and Southeastern Alberta as at June 30, 2017, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Chartered Accountants

Medicine Hat, Alberta
October 19, 2017

**COMMUNITY FOUNDATION OF MEDICINE HAT AND SOUTHEASTERN
ALBERTA**

**STATEMENT OF FINANCIAL POSITION
JUNE 30, 2017**

	2017	2016
<u>ASSETS</u>		
CURRENT ASSETS		
Cash (Note 3)	\$ 104,998	\$ 192,515
Accounts receivable	6,100	12,894
GST receivable	2,353	5,903
Marketable securities (Note 4)	11,878,750	11,078,119
Prepaid expenses	<u>13,316</u>	<u>3,837</u>
	12,005,517	11,293,268
PROPERTY AND EQUIPMENT (Note 5)	7,555	6,591
CHARITABLE REMAINDER TRUST (Note 6)	<u>25,000</u>	<u>25,000</u>
TOTAL	\$ <u><u>12,038,072</u></u>	\$ <u><u>11,324,859</u></u>
<u>LIABILITIES</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (Note 7)	\$ 16,709	\$ 17,301
Deferred contributions	-	75,808
Grants payable	<u>31,405</u>	<u>22,989</u>
	48,114	116,098
MANAGED FUNDS (Note 8)	<u>480,439</u>	<u>525,321</u>
	<u>528,553</u>	<u>641,419</u>
FUND BALANCES		
Smart & Caring Community Endowment Fund	5,174,308	4,857,745
Designated Endowment Fund	4,703,156	4,298,382
Operating Endowment Fund	1,594,997	1,496,832
Flow Through Fund	20,084	30,481
Administrative Fund	<u>16,974</u>	<u>-</u>
	<u>11,509,519</u>	<u>10,683,440</u>
TOTAL	\$ <u><u>12,038,072</u></u>	\$ <u><u>11,324,859</u></u>

Approved on behalf of the board

Director, _____

Director, _____

COMMUNITY FOUNDATION OF MEDICINE HAT AND SOUTHEASTERN ALBERTA

STATEMENT OF OPERATIONS FOR THE YEAR ENDED JUNE 30, 2017

	Smart & Caring Community Endowment Fund	Designated Endowment Fund	Operating Endowment Fund	Restricted Flow Through Fund	Administrative Fund	2017	2016
REVENUE							
Realized gains on sale of investments	1,072,047	966,953	324,035	2,019	-	2,365,054	42,464
Investment income	207,834	188,515	63,795	396	-	460,540	725,645
Grants, donations & other income	<u>97,770</u>	<u>180,543</u>	<u>26,730</u>	<u>15,312</u>	<u>120,006</u>	440,361	612,506
	<u>1,377,651</u>	<u>1,336,011</u>	<u>414,560</u>	<u>17,727</u>	<u>120,006</u>	3,265,955	1,380,615
EXPENSES							
Grants (Note 9)	200,268	172,545	-	26,543	-	399,356	362,760
Investment fees	31,428	28,359	9,578	59	-	69,424	57,844
Operating expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>300,044</u>	300,044	421,577
	<u>231,696</u>	<u>200,904</u>	<u>9,578</u>	<u>26,602</u>	<u>300,044</u>	768,824	842,181
UNDISTRIBUTED INCOME (LOSS)							
	<u>1,145,955</u>	<u>1,135,107</u>	<u>404,982</u>	<u>(8,875)</u>	<u>(180,038)</u>	2,497,131	538,434
Net change in unrealized gains (losses) of investments	<u>(757,627)</u>	<u>(683,810)</u>	<u>(228,192)</u>	<u>(1,424)</u>	<u>-</u>	(1,671,053)	(362,968)
INCREASE (DECREASE) IN UNDISTRIBUTED INCOME							
	<u>388,328</u>	<u>451,297</u>	<u>176,790</u>	<u>(10,299)</u>	<u>(180,038)</u>	826,078	175,466

COMMUNITY FOUNDATION OF MEDICINE HAT AND SOUTHEASTERN ALBERTA

STATEMENT OF CHANGES IN UNDISTRIBUTED INCOME AND FUND BALANCES JUNE 30, 2017

	Smart & Caring Community Endowment Fund	Designated Endowment Fund	Operating Endowment Fund	Restricted Flow Through Fund	Administrative Fund	2017	2016
CAPITAL, BEGINNING OF YEAR	4,180,806	3,768,815	1,415,923	-	-	9,365,544	8,936,465
Donations transferred from undistributed income	97,770	180,543	26,730	-	-	305,043	429,078
Transfer of Preservation of Capital (Note 10)	<u>63,077</u>	<u>55,921</u>	<u>20,865</u>	<u>-</u>	<u>-</u>	<u>139,863</u>	<u>-</u>
CAPITAL, END OF YEAR	<u>4,341,653</u>	<u>4,005,279</u>	<u>1,463,518</u>	<u>-</u>	<u>-</u>	<u>9,810,450</u>	<u>9,365,543</u>
UNDISTRIBUTED INCOME (LOSS), BEGINNING OF YEAR	676,940	529,567	80,909	30,481	-	1,317,897	1,571,508
Increase (decrease) in undistributed income	388,328	451,297	176,790	(10,299)	(180,038)	826,078	175,466
Interfund transfers (Note 11)	(20,000)	-	-	-	20,000	-	-
Administrative Charge (Note 12)	(51,766)	(46,523)	(15,583)	(98)	113,970	-	-
Operating Endowment Fund Grant (Note 13)	-	-	(63,042)	-	63,042	-	-
Donations included in undistributed income transferred to capital	(97,770)	(180,543)	(26,730)	-	-	(305,043)	(429,078)
Transfers out of Preservation of Capital (Note 10)	<u>(63,077)</u>	<u>(55,921)</u>	<u>(20,865)</u>	<u>-</u>	<u>-</u>	<u>(139,863)</u>	<u>-</u>
UNDISTRIBUTED INCOME (LOSS), END OF YEAR	<u>832,655</u>	<u>697,877</u>	<u>131,479</u>	<u>20,084</u>	<u>16,974</u>	<u>1,699,069</u>	<u>1,317,896</u>
FUND BALANCES, END OF YEAR	<u>5,174,308</u>	<u>4,703,156</u>	<u>1,594,997</u>	<u>20,084</u>	<u>16,974</u>	<u>11,509,519</u>	<u>10,683,439</u>

**COMMUNITY FOUNDATION OF MEDICINE HAT AND SOUTHEASTERN
ALBERTA**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017**

	2017	2016
OPERATING ACTIVITIES		
Cash Receipts	\$ 406,730	\$ 596,598
Cash paid to suppliers, employees and grant recipients	<u>(345,163)</u>	<u>(570,043)</u>
	61,567	26,555
INVESTING ACTIVITIES		
Proceeds on disposal of marketable securities	12,299,911	290,563
Purchase of marketable securities	(12,357,559)	(343,362)
Purchase of capital assets	<u>(4,817)</u>	<u>(1,274)</u>
	<u>(898)</u>	<u>(27,518)</u>
FINANCING ACTIVITIES		
Repayments of managed funds	<u>(86,619)</u>	<u>-</u>
DECREASE IN CASH	(87,517)	(27,518)
CASH, BEGINNING OF YEAR	<u>192,515</u>	<u>220,033</u>
CASH, END OF YEAR	<u>\$ 104,998</u>	<u>\$ 192,515</u>

COMMUNITY FOUNDATION OF MEDICINE HAT AND SOUTHEASTERN ALBERTA

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2017

1) NATURE OF OPERATIONS

Community Foundation of Medicine Hat and Southeastern Alberta ("the Foundation") was enabled by the Medicine Hat Community Foundation Act, a special statute enacted by the Legislative Assembly of the Province of Alberta on June 26, 1992. The Foundation is a charitable organization registered under the Income Tax Act (Canada) and as such is exempt from income taxes and able to issue donation receipts for income tax purposes.

The Foundation assembles and administers a pool of capital, the income from which is distributed to worthy charitable and community causes as determined by its board of directors.

2) SIGNIFICANT ACCOUNTING POLICIES

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

(a) Fund accounting

The Foundation follows the restricted fund method of accounting for contributions.

As donors have provided amounts for special purposes, the Statement of Changes in Undistributed Income and Fund Balances and Statement of Operations have been presented in a manner which segregates the Smart & Caring Community Endowment Fund (unrestricted) from the Designated Endowment Fund (for special purposes), the Operating Fund (to aid in administrative expenses), the Flow Through Fund (third-party donations directed through the Foundation) and the Administrative Fund (for administrative expenses).

The revenues and expenses related to the collection of unrestricted donations and fundraising activities are reported in the Smart & Caring Community Endowment Fund. The income earned by this fund is to be distributed as determined by the Board of Directors.

The Designated Endowment Fund reports resources contributed to the Foundation with the stipulation that the capital amount be permanently retained. Grants are distributed for the designated purposes from the income earned.

The Operating Endowment Fund reports resources contributed to the Foundation with the stipulation that the capital amount be preserved to fund administrative expenses.

The Restricted Flow Through Fund reports resources contributed to the Foundation with the stipulation that the entire capital amount be paid to another charitable organization.

The Administrative Fund reports resources contributed to the Foundation with the stipulation that the capital amount be used to directly fund administrative expenses. Revenue and expenditures for operations of the Foundation and for the maintenance of the common elements are reported in the Statement of Operations.

(b) Cash

Cash consists of balances with financial institutions.

COMMUNITY FOUNDATION OF MEDICINE HAT AND SOUTHEASTERN ALBERTA

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2017

2) SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Marketable securities

Marketable securities are carried at market value, as determined by the independent investment firm that holds the marketable securities.

(d) Property and Equipment

Property and equipment is recorded at cost. The Foundation provides for amortization using the declining balance method at rates designed to amortize the cost of the property and equipment over its estimated useful life. The annual amortization rates are as follows:

Amortization of leasehold improvements is recorded using the straight-line method over the term of the lease.

Equipment	Declining balance	20%
Computer equipment	Declining balance	30-55%
Computer software	Declining balance	100%

(e) Impairment of long-lived assets

The Foundation tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected undiscounted future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent carrying value exceeds its fair value.

(f) Revenue recognition

The Foundation follows the restricted fund method of accounting for contributions.

Contributions, such as grants bequests, and other donations, are recorded when received or as a receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Contributions which the donor has required to be held in perpetuity are recognized as revenue in an endowment fund. Restricted contributions are recognized as revenue in the Restricted Flow Through Fund. Restricted contributions for which no separate restricted fund exists are reported in the Administrative Fund and are accounted for using the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue in the reported in the Smart & Caring Community Endowment Fund or the Administrative Fund.

Investment income, which consists of interest, dividends, income distributions from pooled funds, and realized capital gains and losses are recognized when earned. Unrealized gains and losses are recognized at the end of each month, based on their fair market value.

(g) Charitable remainder trust

Charitable remainder trust consists of an investment recorded at cost, written down for any permanent impairment in value.

COMMUNITY FOUNDATION OF MEDICINE HAT AND SOUTHEASTERN ALBERTA

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2017

2) SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Managed Funds

Managed funds are owned by other organizations and pooled with the Foundation's assets for investment purposes. These managed fund assets are presented with the Foundation's marketable securities but are offset by managed funds liabilities on the Statement of Financial Position. Any revenue and expenses accruing to these funds are not reflected in the Statement of Operations and Changes in Undistributed Income and Fund Balances.

(i) Grant expenses

Grant expenses are recorded in the year approved.

(j) Donated material and services

Donated materials and services are recognized in the financial statements when their fair value can be reasonably determined and they are used in the normal course of the Foundation's operations and would otherwise have been purchased.

(k) 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.

(l) Financial instruments

(i) Measurement of financial instruments

The Foundation initially measures its financial assets and liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

The Foundation subsequently measures all its financial assets and financial liabilities at cost or 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 net income.

Financial assets measured at amortized cost include cash, accounts receivable and charitable remainder trust.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, deferred contributions, grants payable, and managed funds.

Financial assets measured at fair value include marketable securities.

COMMUNITY FOUNDATION OF MEDICINE HAT AND SOUTHEASTERN ALBERTA

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2017

2) SIGNIFICANT ACCOUNTING POLICIES (continued)

(I) Financial instruments (continued)

(ii) 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 net income. The write down reflects the difference between the carrying amount and the higher of:

- ◆ the present value of the cash flows expected to be generated by the asset or group of assets;
- ◆ the amount that could be realized by selling the assets or group of assets;
- ◆ the net realizable value of any collateral held to secure repayment of the assets or group of assets.

When events occur after impairment confirm that a reversal is necessary, the reversal is recognized in net income up to the amount of the previously recognized impairment.

3) CASH

Included in cash is \$0 (2016 - \$2,654) received from the Government of Alberta under the Alberta Nonprofit/Voluntary Sector Initiative (ANVSI) which is to be disbursed by the Foundation in accordance with this agreement.

	<u>2017</u>	<u>2016</u>
Cash	\$ 104,998	\$ 189,861
Restricted cash - ANVSI	-	<u>2,654</u>
	<u>\$ 104,998</u>	<u>\$ 192,515</u>

4) MARKETABLE SECURITIES

	<u>2017 Market</u>	<u>2017 Cost</u>	<u>2016 Market</u>	<u>2016 Cost</u>
Mutual funds	<u>\$ 11,878,750</u>	<u>\$ 11,876,203</u>	<u>\$ 11,078,119</u>	<u>\$ 9,338,864</u>

On June 27, 2017 the Foundation sold all securities held with Jarislowsky Fraser Global Balanced Fund for proceeds of \$11,890,403 (cost of \$9,506,554). On June 30, 2017 \$11,876,203 was invested with Leith Wheeler Investment Counsel Ltd.

**COMMUNITY FOUNDATION OF MEDICINE HAT AND SOUTHEASTERN
ALBERTA**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

5) PROPERTY AND EQUIPMENT

	2017 Cost	2017 Accumulated amortization	2017 Net	2016 Net
Equipment	\$ 20,629	\$ 20,241	\$ 388	\$ 485
Leasehold improvements	11,278	10,150	1,128	3,384
Computer equipment	11,637	5,598	6,039	2,722
Computer software	8,190	8,190	-	-
	<u>\$ 51,734</u>	<u>\$ 44,179</u>	<u>\$ 7,555</u>	<u>\$ 6,591</u>

6) CHARITABLE REMAINDER TRUST

The Foundation is the beneficiary of a charitable remainder trust in the amount of \$25,000 that has been recorded in the financial statements as a Smart & Caring Community Endowment Fund. As at June 30, 2017 the fair market value was \$28,394 (2016 - \$28,649). The Foundation is not entitled to any income or gain on this investment until the donor passes.

7) ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2017	2016
Trade payables	\$ 14,000	\$ 15,600
Payroll liabilities	1,759	1,701
Managed Funds payable	950	-
	<u>\$ 16,709</u>	<u>\$ 17,301</u>

8) MANAGED FUNDS

The managed funds are not included in the fund balances of the Foundation as they are funds being held for other organizations. Capital and related income (losses) generated from the investment of these funds are to be distributed in accordance with other organizations directives. The receipts and disbursement of these funds are not reflected in the statement of operations and changes in the undistributed income and fund balances.

	2017	2016
Opening balance	\$ 525,321	\$ 509,131
Income allocation	47,540	21,014
Administration fee charged	(4,853)	(4,824)
Withdrawals	(86,619)	-
Balance payable	(950)	-
	<u>\$ 480,439</u>	<u>\$ 525,321</u>

**COMMUNITY FOUNDATION OF MEDICINE HAT AND SOUTHEASTERN
ALBERTA**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

MANAGED FUNDS (continued)

These funds are pooled with the Foundation's endowment funds for investment purposes but belong to the following charitable organizations:

	2017	2016
St. John's Presbyterian Church	\$ 211,653	\$ 194,090
Medicine Hat Catholic Education Foundation	124,735	114,385
Save Old Souls	78,171	71,685
ANVSI	39,157	39,181
Rotary Club of Medicine Hat	26,723	24,190
Big Brothers Big Sisters of Medicine Hat	-	42,974
Brooks Public Library	-	38,816
	<u>\$ 480,439</u>	<u>\$ 525,321</u>

9) ALLOCATION OF GRANTS PAID

As part of its mandate, the Foundation requires a minimum of 4.5% of a three year average of the capital balance for both the Smart & Caring Community Endowment Fund and Designated Endowment Fund be paid out in grants. As such the minimum requirement of grants paid for the year is \$189,901 (2016 - \$175,502) for Smart & Caring Community grants and \$166,315 (2016 - \$136,758) for the Designated grants. This comprises 85% (2016 - 85%) of the total 4.5% disbursement quota of the Foundation.

10) PRESERVATION OF CAPITAL ADJUSTMENT

As part of its function in administering funds, the Foundation reinvests a portion of the net increase in the value of the investments into the capital funds in order to preserve their intended value and mitigate the effects of inflation. Preservation of capital is only undertaken in those years when investment returns exceed the amounts required for the disbursement of grants and to cover a portion of the administration costs. During 2017, \$139,863 (2016 - nil) was reinvested into the funds as a preservation of capital adjustment.

11) INTERFUND TRANSFERS

The Foundation has transferred \$20,000 (2016 - \$37,500) from the Smart & Caring Community Endowment Fund to the Administrative Fund to fund program activities.

**COMMUNITY FOUNDATION OF MEDICINE HAT AND SOUTHEASTERN
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**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

12) ADMINISTRATIVE CHARGES

As part of its operations, the Foundation calculates a fee to the endowment funds based on 1.0% (2016 - 1.0%) of the investments held for each fund, calculated quarterly. Administrative charges for 2017 were \$118,822 (2016 - \$111,419). Of this balance, \$4,853 (2016 - \$4,824) relates to managed funds, and \$113,969 (2016 - \$106,595) relates to endowments held by the Foundation and is recognized directly on the Statement of Changes in Undistributed Income and Fund Balances.

13) OPERATING ENDOWMENT FUND GRANT

As part of its operations, the Foundation calculates an operating endowment fund grant to be paid based on 4.5% (2016 - 4.5%) of the three year average Operating Endowment Fund capital balance. This amount is transferred from the Operating Endowment Fund to the Administrative Fund to cover operating costs. This comprises 15% (2016 - 15%) of the total 4.5% disbursement quota of the Foundation.

14) RELATED PARTY TRANSACTIONS

The following donations were made by directors and staff:

	2017	2016
Donations by directors:		
Smart & Caring Community Fund	\$ 6,750	\$ 4,650
Designated Fund	6,250	1,250
Operating Fund	2,000	1,000
Other income	<u>384</u>	<u>610</u>
	<u>\$ 15,384</u>	<u>\$ 7,510</u>
Donations by staff members:		
Smart & Caring Community Fund	\$ 755	-
Other income	60	360
E-CAP Sponsorship	<u>-</u>	<u>105</u>
	<u>\$ 815</u>	<u>\$ 465</u>

These donations were conducted in the normal course of operations and have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties.

COMMUNITY FOUNDATION OF MEDICINE HAT AND SOUTHEASTERN ALBERTA

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2017

15) CHARITABLE FUNDRAISING ACT OF ALBERTA

As required under Section 7(2) of the Regulations of the Charitable Fundraising Act of Alberta, the Foundation discloses that the service costs incurred for the purposes of soliciting contributions were nil (2016 - nil). Total amount paid as remuneration to employees whose principle duties involve fundraising was nil (2016 - nil).

No single disposition of contributions equalled or exceeded 10% of the gross contributions for the 12 month period ended June 30, 2017 (2016 - No single disposition of contributions equalled or exceeded 10% of the gross contributions).

16) FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

The Foundation is exposed to the following risks in respect of certain of the financial instruments held:

(a) Market Risk

Market Risk is the risk that the value of a financial instrument will fluctuate as a result of changes to market prices. Market risk comprises of three types of risk: currency risk, interest rate risk, and other price risk. Of these risks, the Foundation is subject to interest rate risk.

(i) Interest Rate Risk

Interest rate risk relates to the risk that changes in interest rates will affect the fair value or future cash flows of financial instruments held by the Foundation. The Foundation manages its exposure through a combination of fixed and floating rate investments. The fixed rate investments are subject to interest rate price risk, as the value will fluctuate as a result of changes in market rates. The floating rate investments are subject to interest rate cash flow risk, as the received cash flows will fluctuate as a result of changes in market rates. In the opinion of management the interest rate risk exposure to the Foundation is low.

(b) Liquidity Risk

The Society does have a liquidity risk in the accounts payable of \$15,759 (2016 - \$17,301). Liquidity risk is the risk that the Foundation will encounter difficulty meeting obligations associated with financial liabilities. The Foundation's current liquidity risk is low; however, the Foundation currently relies in part on future donations and grants to fund its operations.

**COMMUNITY FOUNDATION OF MEDICINE HAT AND SOUTHEASTERN
ALBERTA**

**SCHEDULE OF ADMINISTRATIVE FUND
JUNE 30, 2017**

Schedule 1

	<u>2017</u>	<u>2016</u>
REVENUE		
Administrative Operations (Schedule 2)	\$ 23,899	\$ 47,506
E-CAP Program (Schedule 3)	73,663	82,186
Vital Signs Program (Schedule 4)	10,444	7,966
Legacy Partnership Program (Schedule 5)	<u>12,000</u>	<u>12,000</u>
	<u>120,006</u>	<u>149,658</u>
 EXPENSES		
Administrative Operations (Schedule 2)	177,080	292,142
E-CAP Program (Schedule 3)	75,931	82,186
Vital Signs Program (Schedule 4)	16,509	19,249
Legacy Partnership Program (Schedule 5)	<u>30,524</u>	<u>27,999</u>
	<u>300,044</u>	<u>421,576</u>
 DECREASE IN UNDISTRIBUTED INCOME	 \$ <u>(180,038)</u>	 \$ <u>(271,918)</u>

**COMMUNITY FOUNDATION OF MEDICINE HAT AND SOUTHEASTERN
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**SCHEDULE OF ADMINISTRATIVE OPERATIONS
JUNE 30, 2017**

Schedule 2

	2017	2016
REVENUE		
Grants, donations & other income	\$ <u>23,899</u>	\$ <u>47,506</u>
EXPENSES		
Salaries and benefits	102,760	140,971
Professional fees	22,607	108,833
Advertising and promotion	9,575	6,117
Telephone	8,363	5,787
Office	7,555	3,486
Special events	6,867	7,154
Travel and seminars	5,871	1,832
Dues and memberships	3,567	2,070
Office rent	2,910	3,458
Postage	1,881	4,548
Insurance	1,289	1,139
Design and printing	1,140	4,433
Utilities	853	836
Interest and bank charges	244	567
Amortization	<u>1,598</u>	<u>910</u>
	<u>177,080</u>	<u>292,141</u>
DECREASE IN UNDISTRIBUTED INCOME	\$ <u><u>(153,181)</u></u>	\$ <u><u>(244,635)</u></u>

**COMMUNITY FOUNDATION OF MEDICINE HAT AND SOUTHEASTERN
ALBERTA**

**SCHEDULE OF E-CAP PROGRAM
JUNE 30, 2017**

Schedule 3

	<u>2017</u>	<u>2016</u>
REVENUE		
Grants	\$ <u>73,663</u>	\$ <u>82,186</u>
EXPENSES		
RAK printing and promotions	22,057	9,781
Salaries and benefits	19,081	66,269
Evaluation	18,450	-
Office	9,289	-
Website development	2,290	2,492
Repairs and maintenance	1,210	-
Travel and meetings	647	649
Office rent	493	740
Travel and seminars	158	-
Amortization	<u>2,256</u>	<u>2,255</u>
	<u>75,931</u>	<u>82,186</u>
INCREASE (DECREASE) IN UNDISTRIBUTED INCOME	\$ <u>(2,268)</u>	\$ <u>-</u>

**COMMUNITY FOUNDATION OF MEDICINE HAT AND SOUTHEASTERN
ALBERTA**

**SCHEDULE OF VITAL SIGNS PROGRAM
JUNE 30, 2017**

Schedule 4

	<u>2017</u>	<u>2016</u>
REVENUE		
Grants, donations & other income	\$ <u>10,444</u>	\$ <u>7,966</u>
EXPENSES		
Contract expenses	7,175	6,150
Special events	4,772	2,283
Design and printing	3,226	9,760
Office	<u>1,336</u>	<u>1,057</u>
	<u>16,509</u>	<u>19,250</u>
INCREASE (DECREASE) IN UNDISTRIBUTED INCOME	\$ <u>(6,065)</u>	\$ <u>(11,284)</u>

**COMMUNITY FOUNDATION OF MEDICINE HAT AND SOUTHEASTERN
ALBERTA**

**SCHEDULE OF LEGACY PARTNERSHIP PROGRAM
JUNE 30, 2017**

Schedule 5

	<u>2017</u>	<u>2016</u>
REVENUE		
Grants, donations & other income	\$ <u>12,000</u>	\$ <u>12,000</u>
EXPENSES		
Contract expenses	27,675	27,675
Special events	<u>2,849</u>	<u>324</u>
	<u>30,524</u>	<u>27,999</u>
DECREASE IN UNDISTRIBUTED INCOME	\$ <u>(18,524)</u>	\$ <u>(15,999)</u>

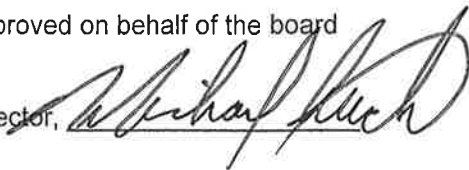
**COMMUNITY FOUNDATION OF MEDICINE HAT AND SOUTHEASTERN
ALBERTA**

**STATEMENT OF FINANCIAL POSITION
JUNE 30, 2017**

	2017	2016
<u>ASSETS</u>		
CURRENT ASSETS		
Cash (Note 3)	\$ 104,998	\$ 192,515
Accounts receivable	6,100	12,894
GST receivable	2,353	5,903
Marketable securities (Note 4)	11,878,750	11,078,119
Prepaid expenses	<u>13,316</u>	<u>3,837</u>
	12,005,517	11,293,268
PROPERTY AND EQUIPMENT (Note 5)	7,555	6,591
CHARITABLE REMAINDER TRUST (Note 6)	<u>25,000</u>	<u>25,000</u>
TOTAL	\$ <u><u>12,038,072</u></u>	\$ <u><u>11,324,859</u></u>
<u>LIABILITIES</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (Note 7)	\$ 16,709	\$ 17,301
Deferred contributions	-	75,808
Grants payable	<u>31,405</u>	<u>22,989</u>
	48,114	116,098
MANAGED FUNDS (Note 8)	<u>480,439</u>	<u>525,321</u>
	<u>528,553</u>	<u>641,419</u>
FUND BALANCES		
Smart & Caring Community Endowment Fund	5,174,308	4,857,745
Designated Endowment Fund	4,703,156	4,298,382
Operating Endowment Fund	1,594,997	1,496,832
Flow Through Fund	20,084	30,481
Administrative Fund	<u>16,974</u>	<u>-</u>
	<u>11,509,519</u>	<u>10,683,440</u>
TOTAL	\$ <u><u>12,038,072</u></u>	\$ <u><u>11,324,859</u></u>

Approved on behalf of the board

Director,



Director,

