

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

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

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

**FINANCIAL INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2018**

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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, 2018, 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, 2018, 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 Professional Accountants**

Medicine Hat, Alberta  
October 27, 2018

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

**STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2018**

	2018	2017
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 13,914	\$ 104,998
Accounts receivable	7,650	6,100
GST receivable	3,741	2,353
Marketable securities (Note 3)	12,948,838	11,878,750
Prepaid expenses	<u>3,146</u>	<u>13,316</u>
	12,977,289	12,005,517
<b>PROPERTY AND EQUIPMENT (Note 4)</b>	2,534	7,555
<b>CHARITABLE REMAINDER TRUST (Note 5)</b>	<u>25,000</u>	<u>25,000</u>
<b>TOTAL</b>	\$ <u>13,004,823</u>	\$ <u>12,038,072</u>
<b><u>LIABILITIES</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 6)	\$ 23,287	\$ 16,709
Managed Funds (Note 7)	449,735	480,439
Deferred contributions (Note 8)	40,750	-
Grants payable	<u>19,307</u>	<u>31,405</u>
	533,079	528,553
<b>MANAGED FUNDS (Note 7)</b>	<u>203,302</u>	<u>-</u>
	<u>736,381</u>	<u>528,553</u>
<b>FUND BALANCES</b>		
Smart & Caring Community Endowment Fund	5,374,933	5,174,308
Designated Endowment Fund	5,206,451	4,703,156
Operating Endowment Fund	1,668,382	1,594,997
Flow Through Fund	18,676	20,084
Administrative Fund	<u>-</u>	<u>16,974</u>
	12,268,442	11,509,519
<b>TOTAL</b>	\$ <u>13,004,823</u>	\$ <u>12,038,072</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, 2018

	Smart & Caring Community Endowment Fund	Designated Endowment Fund	Operating Endowment Fund	Restricted Flow Through Fund	Administrative Fund	2018	2017
<b>REVENUE</b>							
Realized gains on sale of investments	852	794	263	2	-	1,911	2,365,054
Investment income	385,315	362,259	117,581	734	-	865,889	460,540
Grants, donations & other income	<u>70,461</u>	<u>397,563</u>	<u>49,112</u>	<u>20,005</u>	<u>78,970</u>	<u>616,111</u>	<u>440,361</u>
	<u>456,628</u>	<u>760,616</u>	<u>166,956</u>	<u>20,741</u>	<u>78,970</u>	<u>1,483,911</u>	<u>3,265,955</u>
<b>EXPENSES</b>							
Grants (Note 9)	127,769	182,230	-	22,005	-	332,004	399,356
Investment fees	28,366	26,450	8,558	52	-	63,426	69,425
Operating expenses	-	-	-	-	334,152	334,152	300,043
	<u>156,135</u>	<u>208,680</u>	<u>8,558</u>	<u>22,057</u>	<u>334,152</u>	<u>729,582</u>	<u>768,824</u>
	<u>300,493</u>	<u>551,936</u>	<u>158,398</u>	<u>(1,316)</u>	<u>(255,182)</u>	<u>754,329</u>	<u>2,497,131</u>
<b>UNDISTRIBUTED INCOME (LOSS)</b>							
Loss on sale of property and equipment	-	-	-	-	(608)	(608)	-
Net change in unrealized gains (losses) of investments	<u>2,248</u>	<u>2,252</u>	<u>701</u>	<u>3</u>	<u>-</u>	<u>5,204</u>	<u>(1,671,053)</u>
<b>INCREASE (DECREASE) IN UNDISTRIBUTED INCOME</b>	<u>302,741</u>	<u>554,188</u>	<u>159,099</u>	<u>(1,313)</u>	<u>(255,790)</u>	<u>758,925</u>	<u>826,078</u>

# COMMUNITY FOUNDATION OF MEDICINE HAT AND SOUTHEASTERN ALBERTA

## STATEMENT OF CHANGES IN UNDISTRIBUTED INCOME AND FUND BALANCES JUNE 30, 2018

	Smart & Caring Community Endowment Fund	Designated Endowment Fund	Operating Endowment Fund	Restricted Flow Through Fund	Administrative Fund	2018	2017
<b>CAPITAL, BEGINNING OF YEAR</b>							
Donations transferred from undistributed income	4,341,652	4,005,279	1,463,517	-	-	9,810,448	9,365,544
Transfer of Preservation of Capital (Note 10)	70,461	397,562	49,112	-	-	517,135	305,043
	<u>73,390</u>	<u>73,236</u>	<u>25,161</u>	<u>-</u>	<u>-</u>	<u>171,787</u>	<u>139,863</u>
<b>CAPITAL, END OF YEAR</b>	<u>4,485,503</u>	<u>4,476,077</u>	<u>1,537,790</u>	<u>-</u>	<u>-</u>	<u>10,499,370</u>	<u>9,810,450</u>
<b>UNDISTRIBUTED INCOME (LOSS), BEGINNING OF YEAR</b>							
Increase (decrease) in undistributed income	832,655	697,877	131,479	20,084	16,974	1,699,069	1,317,897
Interfund transfers (Note 11)	302,741	554,188	159,099	(1,313)	(255,790)	758,925	826,078
Administrative Charge (Note 12)	(47,597)	-	-	-	47,597	-	-
Operating Endowment Fund Grant (Note 13)	(54,518)	(50,893)	(16,289)	(95)	121,795	-	-
Donations included in undistributed income transferred to capital	-	-	(69,424)	-	69,424	-	-
Transfers out of Preservation of Capital (Note 10)	(70,461)	(397,562)	(49,112)	-	-	(517,135)	(305,043)
	<u>(73,390)</u>	<u>(73,236)</u>	<u>(25,161)</u>	<u>-</u>	<u>-</u>	<u>(171,787)</u>	<u>(139,863)</u>
<b>UNDISTRIBUTED INCOME (LOSS), END OF YEAR</b>	<u>889,430</u>	<u>730,374</u>	<u>130,592</u>	<u>18,676</u>	<u>-</u>	<u>1,769,072</u>	<u>1,699,069</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>5,374,933</u>	<u>5,206,451</u>	<u>1,668,382</u>	<u>18,676</u>	<u>-</u>	<u>12,268,442</u>	<u>11,509,519</u>

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

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>2018</u>	<u>2017</u>
<b>OPERATING ACTIVITIES</b>		
Cash receipts	\$ 645,924	\$ 406,730
Cash paid to suppliers, employees and grant recipients	<u>(656,989)</u>	<u>(345,163)</u>
	<u>(11,065)</u>	<u>61,567</u>
<b>INVESTING ACTIVITIES</b>		
Proceeds on disposal of marketable securities	638,852	12,299,911
Purchase of marketable securities	(899,359)	(12,357,559)
Sale (purchase) of capital assets	<u>488</u>	<u>(4,817)</u>
	<u>(260,019)</u>	<u>(62,465)</u>
	<u>(271,084)</u>	<u>(898)</u>
<b>FINANCING ACTIVITIES</b>		
Repayments of managed funds	(20,000)	(86,619)
Managed funds received	<u>200,000</u>	<u>-</u>
	<u>180,000</u>	<u>(86,619)</u>
<b>DECREASE IN CASH</b>	(91,084)	(87,517)
<b>CASH, BEGINNING OF YEAR</b>	<u>104,998</u>	<u>192,515</u>
<b>CASH, END OF YEAR</b>	<u>\$ 13,914</u>	<u>\$ 104,998</u>



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

## **NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2018**

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### **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, 2018**

### **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:

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

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

#### **(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 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 and 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, 2018**

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### **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.  
Financial liabilities measured at fair value include managed funds.

# COMMUNITY FOUNDATION OF MEDICINE HAT AND SOUTHEASTERN ALBERTA

## NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2018

### 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) MARKETABLE SECURITIES

	2018 Market	2018 Cost	2017 Market	2017 Cost
Leith Wheeler Diversified Pooled Fund Series A	\$ 12,948,838	\$ 12,952,518	\$ 11,878,750	\$ 11,876,203

### 4) PROPERTY AND EQUIPMENT

	2018 Cost	2018 Accumulated amortization	2018 Net	2017 Net
Equipment	\$ 20,629	\$ 20,319	\$ 310	\$ 388
Leasehold improvements	11,278	11,278	-	1,128
Computer equipment	6,092	3,868	2,224	6,039
Computer software	8,190	8,190	-	-
	\$ 46,189	\$ 43,655	\$ 2,534	\$ 7,555

### 5) 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, 2018 the fair market value was \$28,126 (2017 - \$28,394). The Foundation is not entitled to any income or gain on this investment until the donor passes.

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

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

**6) ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<u>2018</u>	<u>2017</u>
Trade payables	\$ 18,405	\$ 14,000
Payroll liabilities	4,870	1,759
Managed Funds payable	<u>12</u>	<u>950</u>
	<u>\$ 23,287</u>	<u>\$ 16,709</u>

**7) 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.

	<u>2018</u>	<u>2017</u>
Opening balance	\$ 480,439	\$ 525,321
Additions	200,000	-
Income allocation	37,250	47,540
Administration fee charged	(5,483)	(4,853)
Withdrawals	(20,000)	(86,619)
Balance payable	(12)	(950)
ANSVI funds recognized in Operating Endowment Fund	<u>(39,157)</u>	<u>-</u>
	<u>\$ 653,037</u>	<u>\$ 480,439</u>

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

	<u>2018</u>	<u>2017</u>
<b>Current Funds</b>		
St. John's Presbyterian Church	\$ 203,540	\$ 211,653
Medicine Hat Catholic Education Foundation	132,100	124,735
Save Old Souls	82,787	78,171
Rotary Club of Medicine Hat	31,308	26,723
ANSVI	<u>-</u>	<u>39,157</u>
	<u>449,735</u>	<u>480,439</u>
<b>Long Term Funds</b>		
Medicine Hat Catholic Education Foundation - Knights of Columbus	<u>203,302</u>	<u>-</u>
<b>Total</b>	<u>\$ 653,037</u>	<u>\$ 480,439</u>

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

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

**8) DEFERRED CONTRIBUTIONS**

	<u>2018</u>	<u>2017</u>
Enhanced Capacity Advancement Program	\$ 37,500	\$ -
Community Foundations of Canada	<u>3,250</u>	<u>-</u>
	<u>\$ 40,750</u>	<u>\$ -</u>

**9) GRANTS PAID ALLOCATION**

Grants paid are based on a board approved percentage of the previous three year average capital balance for both the Smart & Caring Community Endowment Fund and Designated Endowment Fund. As such the approved amount of grants to be paid for the year were \$189,901 (2017 - \$175,502) for Smart & Caring Community grants and \$166,315 (2017 - \$136,758) for the Designated grants, based on 4.5% (2017 - 4.5%). This comprises 85% (2017 - 85%) of the total 4.5% disbursement quota of the Foundation. Actual grants disbursed may vary due to several factors, including quality of applications and other identified areas of need.

**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 2018 \$171,787 (2017 - \$139,863) was reinvested into the funds as a preservation of capital adjustment.

**11) INTERFUND TRANSFERS**

The Foundation has transferred \$47,597 (2017 - \$20,000) from the Smart & Caring Community Endowment Fund to the Administrative Fund to fund program activities.

**12) ADMINISTRATIVE CHARGES**

As part of its operations, the Foundation calculates a fee to the endowment funds based on 1.0% (2017 - 1.0%) of the investments held for each fund, calculated quarterly. Administrative charges for 2018 were \$127,278 (2017 - \$118,822). Of this balance, \$5,483 (2017 - \$4,853) relates to managed funds, and \$121,795 (2017 - \$113,969) relates to endowments held by the Foundation and is recognized directly on the Statement of Changes in Undistributed Income and Fund Balances.

# COMMUNITY FOUNDATION OF MEDICINE HAT AND SOUTHEASTERN ALBERTA

## NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2018

### 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% (2017 - 4.5%) of the previous 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% (2017 - 15%) of the total 4.5% disbursement quota of the Foundation.

### 14) RELATED PARTY TRANSACTIONS

The following donations were made by directors and staff:

	<u>2018</u>	<u>2017</u>
Donations by directors:		
Smart & Caring Community Fund	\$ 125	\$ 6,750
Designated Fund	22,080	6,250
Operating Fund	2,735	2,000
Other income	-	384
	<u>\$ 24,940</u>	<u>\$ 15,384</u>
Donations by staff members:		
Smart & Caring Community Fund	\$ 1,000	\$ 755
Designated Fund	252	-
Operating Fund	1,415	-
Other income	-	60
	<u>\$ 2,667</u>	<u>\$ 815</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.

### 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 (2017 - nil). Total amount paid as remuneration to employees whose principle duties involve fundraising was nil (2017 - nil).

No single disposition of contributions equalled or exceeded 10% of the gross contributions for the 12 month period ended June 30, 2018 (2017 - No single disposition of contributions equalled or exceeded 10% of the gross contributions).

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

## **NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2018**

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### **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 Foundation does have a liquidity risk in the accounts payable of \$23,287 (2017 - \$16,709). 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.

### **17) COMPARATIVE AMOUNTS**

The prior year Managed Fund balance has been reclassified to reflect the nature of the agreements. The agreements, which renew year to year, have been reclassified as a short term liability as the fund holders can request their funds be withdrawn within the year. The change to the prior year presentation of managed funds did not affect prior year net assets.



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

**SCHEDULE OF ADMINISTRATIVE FUND  
FOR THE YEAR ENDED JUNE 30, 2018**

**Schedule 1**

	2018	2017
<b>REVENUE</b>		
Administrative Operations (Schedule 2)	\$ 29,155	\$ 23,899
E-CAP Program (Schedule 3)	37,500	73,663
Vital Signs Program (Schedule 4)	12,315	10,444
Legacy Partnership Program (Schedule 5)	<u>-</u>	<u>12,000</u>
	<u>78,970</u>	<u>120,006</u>
<b>EXPENSES</b>		
Administrative Operations (Schedule 2)	248,682	177,080
E-CAP Program (Schedule 3)	39,913	75,931
Vital Signs Program (Schedule 4)	28,288	16,509
Legacy Partnership Program (Schedule 5)	<u>17,269</u>	<u>30,524</u>
	334,152	300,044
<b>OTHER EXPENSES</b>		
Administrative Operations (Schedule 2)	<u>608</u>	<u>-</u>
<b>DECREASE IN UNDISTRIBUTED INCOME</b>	<b>\$ <u>(255,790)</u></b>	<b>\$ <u>(180,038)</u></b>

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

**SCHEDULE OF ADMINISTRATIVE OPERATIONS  
FOR THE YEAR ENDED JUNE 30, 2018**

**Schedule 2**

	2018	2017
<b>REVENUE</b>		
Grants, donations & other income	\$ <u>29,155</u>	\$ <u>23,899</u>
<b>EXPENSES</b>		
Salaries and benefits	181,813	102,760
Professional fees	16,306	22,607
Advertising and promotion	11,773	9,575
Telephone	8,993	8,363
Office	7,659	7,555
Dues and memberships	5,626	3,567
Special events	4,829	6,867
Office rent	3,640	2,910
Amortization	2,797	1,598
Utilities	1,658	853
Insurance	1,188	1,289
Postage	1,156	1,881
Travel and seminars	1,032	5,871
Interest and bank charges	212	244
Design and printing	<u>-</u>	<u>1,140</u>
	248,682	177,080
<b>OTHER EXPENSES</b>		
Loss on sale of property and equipment	<u>608</u>	<u>-</u>
<b>DECREASE IN UNDISTRIBUTED INCOME</b>	\$ <u><u>(218,919)</u></u>	\$ <u><u>(153,181)</u></u>

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

**SCHEDULE OF E-CAP PROGRAM  
FOR THE YEAR ENDED JUNE 30, 2018**

**Schedule 3**

	2018	2017
<b>REVENUE</b>		
Grants	\$ 37,500	\$ 73,663
<b>EXPENSES</b>		
Salaries and benefits	22,514	19,081
Sector Services	4,706	-
Office	2,685	9,289
Advertising	2,332	-
Administration	1,744	-
Evaluation	1,632	18,450
Travel and seminars	1,493	158
Communications	1,287	-
Amortization	1,128	2,256
Travel and meetings	392	647
RAK printing and promotions	-	22,057
Website development	-	2,290
Repairs and maintenance	-	1,210
Office rent	-	493
	<u>39,913</u>	<u>75,931</u>
<b>DECREASE IN UNDISTRIBUTED INCOME</b>	<b>\$ <u>(2,413)</u></b>	<b>\$ <u>(2,268)</u></b>

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

**SCHEDULE OF VITAL SIGNS PROGRAM  
FOR THE YEAR ENDED JUNE 30, 2018**

**Schedule 4**

	<u>2018</u>	<u>2017</u>
<b>REVENUE</b>		
Grants, donations & other income	\$ <u>12,315</u>	\$ <u>10,444</u>
<b>EXPENSES</b>		
Contract expenses	20,500	7,175
Special events	3,822	4,772
Design and printing	2,027	3,226
Office	<u>1,939</u>	<u>1,336</u>
	<u>28,288</u>	<u>16,509</u>
<b>DECREASE IN UNDISTRIBUTED INCOME</b>	<b>\$ <u><u>(15,973)</u></u></b>	<b>\$ <u><u>(6,065)</u></u></b>

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

**SCHEDULE OF LEGACY PARTNERSHIP PROGRAM  
FOR THE YEAR ENDED JUNE 30, 2018**

**Schedule 5**

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**REVENUE**

Grants, donations & other income \$           - \$           12,000

**EXPENSES**

Contract expenses 16,857 27,675

Special events           412           2,849

          17,269           30,524

**DECREASE IN UNDISTRIBUTED INCOME**

\$           (17,269) \$           (18,524)