

## Financial Statements

Community Foundation of Medicine Hat and  
Southeastern Alberta

June 30, 2021

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# Independent Auditor's Report

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

## Opinion

We have audited the financial statements of Community Foundation of Medicine Hat and Southeastern Alberta (the "Foundation"), which comprise the statement of financial position as at June 30, 2021, and the statement of operations, statement of changes in undistributed income and fund balances and statement of 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 the Foundation as at June 30, 2021, 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 (ASNPO).

## 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 the financial statements in accordance with ASNPO, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the 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

# Independent Auditor's Report (continued)

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.

Medicine Hat, Canada  
October 21, 2021

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script.

Chartered Professional Accountants



# Community Foundation of Medicine Hat and Southeastern Alberta

## Statement of Financial Position

Year ended June 30

2021

2020

### Assets

#### Current

Cash	\$ 30,810	\$ 537,264
Accounts receivable	79,504	89,896
GST receivable	3,721	3,497
Marketable securities (Note 3)	23,951,493	15,872,684
Prepaid expenses	16,334	3,437
	<u>24,081,862</u>	<u>16,506,778</u>

Property and Equipment (Note 4)

26,560 36,301\$ 24,108,422 \$ 16,543,079

### Liabilities

#### Current

Accounts payable and accrued liabilities (Note 5)	\$ 30,423	\$ 26,997
Deferred contributions (Note 6)	84,801	111,850
Grants payable	20,767	11,127
Managed funds current (Note 7)	262,658	361,732
	<u>398,649</u>	<u>511,706</u>

Managed funds (Note 7)

- 48,629

Deferred capital contributions (Note 8)

9,162 12,709

Total liabilities

407,811 573,044

### Fund balances

Smart & Caring Community Endowment Fund	10,215,201	6,015,580
Designated Endowment Fund	11,120,845	7,765,489
Operating Endowment Fund	2,255,856	1,846,357
Flow Through Fund	89,668	313,237
Administrative Fund	19,041	29,372
	<u>23,700,611</u>	<u>15,970,035</u>

Total

\$ 24,108,422 \$ 16,543,079

Approved on behalf of the board

Director, X

DocuSigned by:

Cody Heltonson

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Director, X

DocuSigned by:

Francis Barnes

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# Community Foundation of Medicine Hat and Southeastern Alberta

## Statement of Operations

Year ended June 30, 2021	Smart & Caring Community Endowment Fund	Designated Endowment Fund	Operating Endowment Fund	Flow Through Fund	Administrative Fund	2021	2020
<b>Revenue</b>							
Investment income	\$ 393,488	\$ 522,972	\$ 121,910	\$ 4,679	\$ -	\$ 1,043,049	\$ 1,067,581
Grants, donations & other income	2,834,975	1,601,189	14,929	687,160	154,186	5,292,439	4,757,172
Unrealized (gains) loss on sale of investments	(532)	(615)	(174)	(19)	-	(1,340)	(1,129)
	<u>3,227,931</u>	<u>2,123,546</u>	<u>136,665</u>	<u>691,820</u>	<u>154,186</u>	<u>6,334,148</u>	<u>5,823,624</u>
<b>Expenses</b>							
Grants (Note 9)	178,681	218,690	-	931,065	-	1,328,436	682,418
Investment fees	33,515	40,775	9,488	290	-	84,068	67,351
Operating expenses	-	-	-	-	407,583	407,583	358,485
	<u>212,196</u>	<u>259,465</u>	<u>9,488</u>	<u>931,355</u>	<u>407,583</u>	<u>1,820,087</u>	<u>1,108,254</u>
Undistributed income (loss)	<u>3,015,735</u>	<u>1,864,081</u>	<u>127,177</u>	<u>(239,535)</u>	<u>(253,397)</u>	<u>4,514,061</u>	<u>4,715,370</u>
<b>Other expenses/(income)</b>							
Unrealized (gains) loss on sale of investments	(1,251,310)	(1,582,198)	(366,883)	(16,124)	-	(3,216,515)	1,307,097
Increase (decrease) in undistributed income	<u>\$ 4,267,045</u>	<u>\$ 3,446,279</u>	<u>\$ 494,060</u>	<u>\$ (223,411)</u>	<u>\$ (253,397)</u>	<u>\$ 7,730,576</u>	<u>\$ 3,408,273</u>

See accompanying notes to the financial statements.

## Community Foundation of Medicine Hat and Southeastern Alberta Statement of Changes In Undistributed Income and Fund Balances

Year ended June 30	Smart & Caring Community Endowment Fund	Designated Endowment Fund	Operating Endowment Fund	Flow Through Fund	Administrative Fund	2021	2020
Balance, beginning of year	\$ 5,877,937	\$ 7,695,182	\$ 1,710,371	\$ -	\$ -	\$15,283,490	\$11,034,337
Donations transferred from undistributed income	2,834,975	1,601,189	14,929	-	-	4,451,093	3,979,982
Transfer of Preservation of Capital (Note 10)	-	-	-	-	-	-	269,171
<b>Capital, end of year</b>	<u>8,712,912</u>	<u>9,296,371</u>	<u>1,725,300</u>	<u>-</u>	<u>-</u>	<u>19,734,583</u>	<u>15,283,490</u>
Undistributed income (loss), beginning	137,643	70,307	135,986	313,237	29,372	686,545	1,527,425
Increase (decrease) in undistributed income	4,267,045	3,446,279	494,060	(223,411)	(253,397)	7,730,576	3,408,273
Interfund transfers (Note 11)	-	-	-	-	-	-	-
Administrative Charge (Note 12)	(67,424)	(90,923)	(19,431)	(158)	177,936	-	-
Operating Endowment Fund Grant (Note 13)	-	-	(65,130)	-	65,130	-	-
Donations included in undistributed income transferred to capital	(2,834,975)	(1,601,189)	(14,929)	-	-	(4,451,093)	(3,979,982)
Transfers out of Preservation of Capital (Note 10)	-	-	-	-	-	-	(269,171)
<b>Undistributed Income (loss), end of year</b>	<u>1,502,289</u>	<u>1,824,474</u>	<u>530,556</u>	<u>89,668</u>	<u>19,041</u>	<u>3,966,028</u>	<u>686,545</u>
<b>Fund Balances, end of year</b>	<u>\$ 10,215,201</u>	<u>\$ 11,120,845</u>	<u>\$ 2,255,856</u>	<u>\$ 89,668</u>	<u>\$ 19,041</u>	<u>\$ 23,700,611</u>	<u>\$ 15,970,035</u>

See accompanying notes to the financial statements.

# Community Foundation of Medicine Hat and Southeastern Alberta

## Statement of Cash Flows

Year ended June 30

2021

2020

### Operating

Net Income	\$ 7,730,576	\$ 3,408,273
Adjustments for		
Amortization	11,962	8,621
Amortization of deferred contributions	(3,547)	(3,547)
Unrealized (gains) loss on sale of investments	(3,216,515)	1,307,098
	<u>4,522,476</u>	<u>4,720,445</u>

### Change in non-cash working capital items

Accounts receivable	10,392	(57,278)
Prepaid expenses (and deposits)	(12,897)	(153)
Accounts payable and accrued liabilities	13,065	6,212
GST payable/receivable	(224)	427
Deferred contributions	(27,049)	38,271
	<u>4,505,763</u>	<u>4,707,924</u>

### Investing

Purchase of investments	(5,906,135)	(7,539,164)
Proceeds on disposal of investments	1,108,124	3,289,820
(Disbursements) net of contributions to investments	5,089	(37,586)
Purchase of property and equipment	(2,221)	(15,362)
	<u>(4,795,143)</u>	<u>(4,302,292)</u>

### Financing

Repayment of managed funds	(242,227)	(8,128)
Managed funds received	25,153	70,657
	<u>(217,074)</u>	<u>62,529</u>

### Increase (decrease) in cash

Cash	(506,454)	468,161
Cash, beginning of year	<u>537,264</u>	<u>69,103</u>
Cash, end of year	<u>\$ 30,810</u>	<u>\$ 537,264</u>



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# **Community Foundation of Medicine Hat and Southeastern Alberta**

## **Notes to the Financial Statements**

Year ended June 30, 2021

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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.

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### **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:

#### **Fund accounting restricted**

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.

#### **Cash**

Cash consists of balances with financial institutions.

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# Community Foundation of Medicine Hat and Southeastern Alberta

## Notes to the Financial Statements

Year ended June 30, 2021

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### 2. Significant accounting policies, continued

#### Marketable securities

Marketable securities are recorded at fair value.

#### Property and equipment

Property and equipment are recorded at cost. The Foundation provides for amortization using the straight-line method at rates designed to amortize the cost of the property and equipment over their estimated useful lives. The annual amortization rates are as follows:

Equipment	Declining balance	20%
Leasehold improvements	Straight-line	5 years
Computer equipment	Declining balance	55%
Computer software	Declining balance	30-100%

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

#### 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.

#### 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 quarter, based on their fair market value.



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# **Community Foundation of Medicine Hat and Southeastern Alberta**

## **Notes to the Financial Statements**

Year ended June 30, 2021

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### **2. Significant accounting policies, continued**

#### **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 or Changes in Undistributed Income and Fund Balances.

#### **Grant expenses**

Grant expenses are recorded in the year approved.

#### **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.

#### **Accounting estimates**

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically and are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

#### **Financial instruments**

The Foundation measures its financial assets and financial liabilities at fair value at the acquisition date, except for financial assets and financial liabilities acquired in related party transactions. Transaction costs related to the acquisition of financial instruments subsequently measured at fair value are recognized in when incurred. The carrying amounts of financial instruments not subsequently measured at fair value are adjusted by the amount of the transaction costs directly attributable to the acquisition of the instrument.

The Foundation subsequently measures all of its financial assets and financial liabilities at amortized cost.

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# Community Foundation of Medicine Hat and Southeastern Alberta

## Notes to the Financial Statements

Year ended June 30, 2021

### 3. Marketable securities

	2021 Market	2021 Cost	2020 Market	2020 Cost
Leith Wheeler Diversified Pooled Fund Series A National Bank Wealth Management	\$ 20,978,298	\$ 19,618,691	\$ 15,872,684	\$ 17,624,492
	<u>2,973,195</u>	<u>2,802,630</u>	<u>-</u>	<u>-</u>
	<u>\$ 23,951,493</u>	<u>\$ 22,421,321</u>	<u>\$ 15,872,684</u>	<u>\$ 17,624,492</u>

### 4. Property and Equipment

	Cost	Accumulated Amortization	2021 Net Book Value	2020 Net Book Value
Equipment	\$ 20,629	\$ 20,471	\$ 158	\$ 198
Leasehold improvements	39,809	25,068	14,741	20,447
Computer equipment	13,857	10,480	3,377	3,821
Computer software	<u>20,984</u>	<u>12,700</u>	<u>8,284</u>	<u>11,835</u>
	<u>\$ 95,279</u>	<u>\$ 68,719</u>	<u>\$ 26,560</u>	<u>\$ 36,301</u>

### 5. Accounts payable and accrued liabilities

	2021	2020
Trade payables	\$ 21,602	\$ 16,262
Payroll liabilities	<u>8,821</u>	<u>10,735</u>
	<u>\$ 30,423</u>	<u>\$ 26,997</u>

### 6. Deferred contributions

	2021	2020
CHCI Honorarium	\$ 45,000	\$ -
Rural Communities Grant	37,895	47,942
Government of Canada summer student grant	1,906	1,007
Medicine Hat College Student Grant	-	3,750
Community Foundation of Canada ECSF Grant	-	25,916
Family and Community MSP	<u>-</u>	<u>33,235</u>
	<u>\$ 84,801</u>	<u>\$ 111,850</u>



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# Community Foundation of Medicine Hat and Southeastern Alberta

## Notes to the Financial Statements

Year ended June 30, 2021

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### 6. Deferred contributions, continued

During 2019 the Foundation entered into an agreement to receive funding in the amount of \$281,269 to cover wages of the Rural Community Program for the period January 1, 2019 to February 28, 2022. As at year end the Foundation had received \$210,952 of this grant of which \$227,163 had been spent resulting in \$16,211 being recorded as a receivable as of June 30, 2021. The balance of the grant will be received in annual installments over the grant term.

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### 7. Managed funds

Managed funds are not included in the fund balances of the Foundation as they are funds being held for other organizations. These amounts are pooled with the Foundation's endowment funds for investment purposes but belong to the following charitable organizations:

	2021	2020
Current funds		
Medicine Hat Catholic Education Foundation	\$ 160,461	\$ 130,100
Medicine Hat Catholic Education Foundation - Knights of Columbus	1,032	198,328
Rotary Club of Medicine Hat	41,188	33,304
Town of Oyen - Oyen Handibus	59,977	-
	<u>262,658</u>	<u>361,732</u>
Long term funds		
Town of Oyen - Oyen Handibus	-	48,629
	<u>-</u>	<u>48,629</u>
Total funds	<u>262,658</u>	<u>410,361</u>

Capital and related income (losses) generated from the investment of these funds are to be distributed in accordance with the 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.

Opening balance	410,361	425,169
Income allocation	92,762	(8,664)
Administrative fee	(3,309)	(4,144)
Withdrawals	<u>(237,156)</u>	<u>(2,000)</u>
Ending balance	<u>\$ 262,658</u>	<u>\$ 410,361</u>

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# Community Foundation of Medicine Hat and Southeastern Alberta

## Notes to the Financial Statements

Year ended June 30, 2021

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### 8. Deferred capital contributions

Deferred contributions related to property and equipment represents the summarized portions of restricted contributions used to purchase equipment and leasehold improvements. Deferred contributions are amortized at the same rate as the assets to which they relate. The changes in the deferred contributions balance for the year are as follows:

	2021	2020
Opening Balance	\$ 12,709	\$ 16,256
Amortization	(3,547)	(3,547)
Ending balance	<u>\$ 9,162</u>	<u>\$ 12,709</u>

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### 9. Grants paid allocation

Grants paid are based on board approved percentage of the previous three year average capital balance for both the Smart & Caring Community Endowment Fund and the Designated Endowment Fund. As such the approved amount of grants to be paid for the year were \$178,681 (2020 - \$200,467) for Smart & Caring Community grants and \$218,690 (2020 - \$200,273) for the Designated grants, based on 3.5% (2020 - 4.5%). This comprises 85% (2020 - 85%) of the total 3.5% disbursement quota of the Foundation. Actual grants disbursed may vary due to several factors, including high quality of applications and other identified areas of need.

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### 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 disbursements of grants and to cover a portion of the administration costs. During 2021 \$NIL (2020 - \$269,171) was reinvested into the funds as an optional preservation of capital adjustment, as the investment returns did not require an adjustment to be made.

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### 11. Interfund transfers

The Foundation has transferred \$NIL (2020 - \$166,434) from the Smart & Caring Community Endowment Fund to the Operating Endowment Fund, and \$NIL (2020 - \$41,290) from the Designated Endowment Fund to the Operating Endowment Fund as directed by the board.

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# Community Foundation of Medicine Hat and Southeastern Alberta

## Notes to the Financial Statements

Year ended June 30, 2021

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### 12. Administrative charges

As part of its operations, the Foundation calculates a fee to the endowment funds based on 1.0% (2020 - 1.0%) of the investments held for each fund, calculated quarterly. Administrative charges were \$181,245 (2020 - \$150,086). Of this balance, \$3,309 (2020 - \$4,144) relates to managed funds, and \$177,936 (2020 - \$145,942) relates to endowments held by the Foundation and is recognized directly on the Statement of Changes in Undistributed Income and Fund Balances.

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### 13. Operating Endowment Fund Grant

As part of its operations, the Foundation calculates an operating endowment fund grant to be paid based on 3.5% (2020 - 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% (2020 - 15%) of the total 3.5% disbursement quota of the foundation.

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### 14. Related party transactions

The following donations were made by directors and staff:

	2021	2020
Designated Endowment Fund	\$ 10,580	\$ 31,855
Operating Endowment Fund	2,050	7,230
Restricted Flow Through Fund	-	3,100
	<u>\$ 12,630</u>	<u>\$ 42,185</u>
Administrative Fund	\$ 500	\$ 1,265
Designated Endowment Fund	300	700
Smart & Caring Community Endowment Fund	150	125
Operating Endowment Fund	225	600
Restricted Flow Through Fund	-	100
	<u>\$ 1,175</u>	<u>\$ 2,790</u>

These transactions are 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.

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# Community Foundation of Medicine Hat and Southeastern Alberta

## Notes to the Financial Statements

Year ended June 30, 2021

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### 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 purpose of soliciting contributions were \$Nil (2020 - \$Nil). The total amount paid as remuneration to employees whose principle duties involve fundraising was Nil (2020 - Nil).

No single disposition of contributions equalled or exceeded 10% of the gross contributions for the 12 month period ended June 30, 2021.

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### 16. Financial instruments

#### (a) Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether the factors are specific to the instrument or all instruments traded in the market. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. Of these risks, the Foundation is subject to interest rate risk and other price risk.

#### (i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate risk predominantly impacts fixed-income securities. It is managed through an active asset-allocation and re-balancing process to determine how much of reinvestment portfolio should be allocated to fixed income securities and through the active management of the duration of the fixed income portfolio by professional investment managers engaged by the Foundation.

#### (ii) 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 currency risk). All investments represent a risk of loss of capital. The investment portfolio manages this risk through diversification of securities within the limits of the Foundation's stated investment objectives. The maximum risk resulting from financial instruments is determined by the market value of the financial instruments. Financial instruments held by the Foundation are susceptible to market price risk arising from uncertainties about future prices of the instruments.

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# Community Foundation of Medicine Hat and Southeastern Alberta

## Notes to the Financial Statements

Year ended June 30, 2021

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### 17. Impacts of COVID-19

The outbreak of a novel strain of Coronavirus ("COVID-19") was declared a global pandemic by the World Health Organization in March 2020. COVID-19 has severely impacted many economies around the globe. In many countries, including Canada, businesses were forced to cease or limit operations for long 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.

The outbreak of COVID 19 has not had a material impact on the financial position or results of operations of the Foundation at this point in time.

The situation is dynamic and the ultimate duration and magnitude of impact on the economy and effect on the financial position and results of the Foundation for future periods is not known at this time, therefore the events described above are considered non-adjusting events. The financial position and results of operations as of and for the year ended June 30, 2021 were not adjusted to reflect their impact.

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# Community Foundation of Medicine Hat and Southeastern Alberta

## Schedule of Administrative Funds

June 30, 2021

Year ended June 30

2021

2020

### Revenue

Rural Community Funds Revenues	\$ 80,364	\$ 111,410
Administrative Operations Revenue	73,822	46,510
Vital Signs Program Revenue	-	12,000
	<u>154,186</u>	<u>169,920</u>

### Expenses

Administrative Expenses	290,672	228,306
Vital Signs Expenses	1,000	6,384
Rural Community Funds Expenses	<u>115,911</u>	<u>123,795</u>
	<u>407,583</u>	<u>358,485</u>
	<u>\$ (253,397)</u>	<u>\$ (188,565)</u>

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# Community Foundation of Medicine Hat and Southeastern Alberta

## Schedule of Administrative Operations

June 30, 2021

Year ended June 30

2021

2020

### Revenue

Grants, donations & other income	\$ 70,275	\$ 42,963
Amortization of deferred contributions	<u>3,547</u>	<u>3,547</u>
	<u>73,822</u>	<u>46,510</u>

### Expenses

Salaries and benefits	164,392	131,813
Advertising and promotion	28,116	18,790
Professional fees	21,984	17,617
Telephone	18,778	9,944
Insurance	17,177	17,173
Amortization	11,962	8,621
Office	7,912	5,667
Dues and memberships	4,895	3,767
Travel and seminars	4,295	3,178
Office rent	4,133	4,026
Utilities	2,329	2,468
Special events	2,415	3,262
Interest and bank charges	1,226	1,141
Postage	<u>1,058</u>	<u>838</u>
	<u>290,672</u>	<u>228,305</u>

Decrease in undistributed income	<u>\$ (216,850)</u>	<u>\$ (181,795)</u>
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# Community Foundation of Medicine Hat and Southeastern Alberta

## Schedule of Vital Signs Program

June 30, 2021

Year ended June 30

2021

2020

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### Revenue

Grants, donations & other income

\$	-	\$	12,000
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### Expenses

Dues and fees

1,000

-

Design and printing

-

4,100

Office

-

2,284

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1,000

6,384

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Increase in undistributed income

\$	(1,000)	\$	5,616
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# Community Foundation of Medicine Hat and Southeastern Alberta

## Schedule of Rural Community Program

June 30, 2021

Year ended June 30

2021

2020

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### Revenue

Grants

\$	80,364	\$	111,410
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### Expenses

Salaries and benefits

107,257	112,196
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Office

3,118	987
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Telephone

3,008	3,456
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Advertising

1,444	5,478
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Travel and meetings

515	1,048
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Meals and entertainment

355	303
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Design and printing

214	327
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115,911	123,795
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Decrease in undistributed income

\$	(35,547)	\$	(12,385)
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