

THE STEINBACH COMMUNITY FOUNDATION INC.

STEINBACH, MB

DECEMBER 31, 2021

Independent Auditors' Report

To the Directors of;
The Steinbach Community Foundation Inc.

Opinion

We have audited the accompanying financial statements of The Steinbach Community Foundation Inc., which comprise the statement of financial position as at December 31, 2021, and the statements of revenue and expenditure, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the The Steinbach Community Foundation Inc. as at December 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not for profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' 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 Canadian accounting standards for not for profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the foundation's ability to continue as a going concern, disclosing, as applicable, matters related to 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.


Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Steinbach Community Foundation Inc.'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 Steinbach Community Foundation Inc.'s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause The Steinbach Community Foundation Inc. 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.

June 14, 2022
Winnipeg, Manitoba



Chartered Professional Accountants Inc.

THE STEINBACH COMMUNITY FOUNDATION INC.

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31

	2021	2020
	\$	\$
	\$	\$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	279,492	221,922
Accounts receivable	322	-
	<u>279,814</u>	<u>221,922</u>
CAPITAL ASSETS (note 3)	6,400	-
FUNDS MANAGED BY THE WINNIPEG FOUNDATION (note 4)	<u>3,086,876</u>	<u>2,782,396</u>
	<u>3,373,090</u>	<u>3,004,318</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	<u>2,400</u>	<u>5,400</u>
DEFERRED CONTRIBUTIONS RELATED TO CAPITAL (note 7)	<u>1,294</u>	-
	<u>3,694</u>	<u>5,400</u>
NET ASSETS		
UNRESTRICTED NET ASSETS	277,414	216,522
RESTRICTED FUNDS (note 6)	3,086,876	2,782,396
INVESTMENT IN CAPITAL ASSETS	5,106	-
	<u>3,369,396</u>	<u>2,998,918</u>
	<u>3,373,090</u>	<u>3,004,318</u>

Approved on Behalf of the Board

_____ Director

_____ Director

The accompanying notes are an integral part of these financial statements

THE STEINBACH COMMUNITY FOUNDATION INC.**STATEMENT OF OPERATIONS**

	Year Ended December 31	
	2021	2020
	\$	\$
REVENUE		
Allocation from endowment funds	149,193	193,156
Grants - other	-	25,707
Donations	8,216	7,518
Other income	499	667
	<u>157,908</u>	<u>227,048</u>
EXPENDITURE		
Administrative expense	7,661	-
Fundraising	324	-
Grants approved	74,417	136,826
Advertising and promotion	1,999	315
Professional fees	2,245	2,520
Office and supplies	2,012	206
Rent	2,493	-
Memberships	450	490
	<u>91,601</u>	<u>140,357</u>
EXCESS OF REVENUE OVER EXPENDITURE BEFORE AMORTIZATION	66,307	86,691
AMORTIZATION		
Current	695	-
Amortization of deferred contributions	(385)	-
	<u>310</u>	<u>-</u>
EXCESS OF REVENUE OVER EXPENDITURE	<u>65,997</u>	<u>86,691</u>

The accompanying notes are an integral part of these financial statements

Reid & Miller Chartered Professional Accountants Inc.

THE STEINBACH COMMUNITY FOUNDATION INC.

STATEMENT OF CHANGES IN NET ASSETS

	Year Ended December 31				
	Investment in Capital Assets	Consolidated Restricted Funds	Unrestricted Net Assets	2021 Total	
	\$	\$	\$	\$	
NET ASSETS					
Balance, beginning of year	-	2,782,396	216,523	2,998,919	1,1
Excess of revenue over expenditure	-	-	65,997	65,997	
New gifts	-	132,267	-	132,267	1,4
Grants - The Winnipeg Foundation / Province of Manitoba	-	-	-	-	
Net change in unrealized gains (losses)	-	77,587	-	77,587	2
Investment income	-	263,672	-	263,672	1
Administration fees paid	-	(51,811)	-	(51,811)	(
Grants paid	-	(117,235)	-	(117,235)	(1
Capital asset purchases	7,095	-	(7,095)	-	
Deferred contributions	(1,679)	-	1,679	-	
Amortization	(310)	-	310	-	
Balance, end of year	<u>5,106</u>	<u>3,086,876</u>	<u>277,414</u>	<u>3,369,396</u>	<u>2,9</u>

The accompanying notes are an integral part of these financial statements

THE STEINBACH COMMUNITY FOUNDATION INC.**STATEMENT OF CASH FLOWS**

	Year Ended December 31	
	2021	2020
	\$	\$
CASH PROVIDED BY (USED FOR) THE FOLLOWING ACTIVITIES		
OPERATING		
Excess of revenue over expenditure for the year	65,997	86,691
Items not affecting cash:		
Amortization	695	-
Amortization of deferred contributions	(385)	-
	<u>66,307</u>	<u>86,691</u>
Net changes in non-cash working capital affecting operations (<i>note 8</i>)	<u>(3,321)</u>	<u>5,997</u>
	<u>62,986</u>	<u>92,688</u>
FINANCING		
Deferred contributions related to capital deferred	1,679	-
Donations and income earned on endowment fund	304,480	1,757,398
	<u>306,159</u>	<u>1,757,398</u>
INVESTING		
Purchase of capital assets	(7,095)	-
Purchase of funds managed by The Winnipeg Foundation	(304,480)	(1,758,451)
	<u>(311,575)</u>	<u>(1,758,451)</u>
INCREASE IN CASH RESOURCES	57,570	91,635
CASH RESOURCES, BEGINNING OF YEAR	<u>221,922</u>	<u>130,287</u>
CASH RESOURCES, END OF YEAR	<u><u>279,492</u></u>	<u><u>221,922</u></u>

The accompanying notes are an integral part of these financial statements

THE STEINBACH COMMUNITY FOUNDATION INC.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

1. PURPOSE OF ORGANIZATION

The Steinbach Community Foundation Inc. ("Foundation") was established in 1998 to benefit the citizens of Steinbach and surrounding areas by supporting social services, arts and cultural services, education, medical services and other community activities or facilities of a charitable nature. The Foundation is incorporated under the Manitoba Companies Act as a not-for-profit organization and became a registered charity in 1999, classified as a public foundation.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian Accounting Standards for not-for-profit organizations. Outlined below are those policies considered particularly significant for the organization.

a) MEASUREMENT UNCERTAINTY

When preparing financial statements according to Canadian accounting standards for not-for-profit organizations, the Foundation makes estimates and assumptions relating to reported amounts of revenue and expenses, reported amounts of assets and liabilities and disclosure of contingent assets and liabilities.

Management's assumptions are based on a number of factors, including historical experience, current events and actions that the Foundation may undertake in the future, and other assumptions that we believe are reasonable under the circumstances. Actual results could differ from those estimates under different conditions and assumptions.

b) REVENUE RECOGNITION

The Foundation follows the deferral method of accounting for contributions under which restricted contributions related to expenses of future periods are deferred and recognized as revenue in the period in which the related expenses are incurred.

Endowment contributions are reported as direct increases in net assets. Unrealized gains or losses on endowment investments are recorded through net assets, without any allocation to the Statement of Operations. Unrealized gains or losses on other investments are included in investment income in the Statement of Operations.

Unrestricted grants and donations are recognized as revenue when received or receivable if the amount received can be reasonably estimated and collection is reasonably assured.

Other income is recognized as revenue when received or receivable if the amount received can be reasonably estimated and collection is reasonably assured.

Pledges are not recognized until collected, as the Foundation cannot make a reasonable estimate of the amount that will be collected and collection is not reasonably assured.

THE STEINBACH COMMUNITY FOUNDATION INC.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

c) CAPITAL ASSETS

Property and equipment are recorded at cost. Amortization is provided using methods and rates intended to amortize the cost of assets over their estimated useful lives.

	<u>Method</u>	<u>Rate</u>
Office equipment	declining balance	20 % per annum

d) FINANCIAL INSTRUMENTS

Initial and subsequent measurement

The organization initially measures its financial assets and liabilities at fair value. The organization subsequently measures all its financial assets and 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 the fair value of these financial instruments are recognized in income in the period incurred. Financial assets measured at amortized cost on a straight-line basis include cash, trade and other accounts receivable, notes receivable and long term investments. Financial liabilities measured at amortized cost on a straight-line basis include accounts payable, and wages payable reported as financial liabilities.

THE STEINBACH COMMUNITY FOUNDATION INC.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

e) EXTERNALLY AND INTERNALLY RESTRICTED FUNDS

The Endowment Fund includes contributions from donors' and unused flow through donations and grants. The organization uses income derived from endowment investments, to provide grants as determined by the Board. See Note 4.

The General Endowment Fund was established to provide for general support grants as determined by the Foundation's board.

The Art Stabilization Manitoba Fund was established in 2011 for the purpose of funding the Community Arts Council. Annual income, net of an administrative expense, is available to distribute grants based upon council's request with prescribed terms and conditions as per the agreement.

The Chrysalis Fund was established in 2009 in cooperation with The Winnipeg Foundation through a funding agreement under its "Giving Circle" policy. Investment income and gains and losses on these invested gifts are retained within this endowment fund until allocated to grant making activities based upon recommendations from The Chrysalis Fund board.

Designated Family Funds were established and augmented by individuals or families in order to support grants to preferred charities as determined by the designated families.

The Mennonite Heritage Village Fund was established in 2018 for the purpose of funding local heritage organizations under the Manitoba Heritage Trust program, initially during the 3 year period ending March 2021. Annual income, net of administrative expenses, will be distributed to the Mennonite Heritage Village (Canada) Inc. under the prescribed terms and conditions as per the agreement.

The Steinbach Multiplex Fund was established in 2018 to support a future multiplex project in the City of Steinbach.

The Mennonite Heritage Village (Canada) Inc. Signature Museum Sustainability Fund was established in 2020, with an initial contribution of \$1,400,000 from the Province of Manitoba. The fund's purpose is to support the identification, collection, preservation, and interpretation of artifacts, documentary heritage, designated heritage sites/structures or works of visual art/fine craft, that are of recognized importance to the historical development in Manitoba.

3. CAPITAL ASSETS

	2021			2020		
	Cost	Accumulated Amortization	Balance	Cost	Accumulated Amortization	Balance
Office equipment	\$ 7,095	\$ 695	\$ 6,400	\$ -	\$ -	\$ -

THE STEINBACH COMMUNITY FOUNDATION INC.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

4. FUNDS MANAGED BY THE WINNIPEG FOUNDATION

As at December 31, the Foundation's investments are as follows:

	2021	2020
	\$	\$
The Winnipeg Foundation	<u>3,086,876</u>	<u>2,782,396</u>

In 2010, the "Community Foundation Managed Fund" was established within The Winnipeg Foundation to hold all of the Foundation's endowment funds.

Most endowment funds, which form the Foundation's "Consolidated Trust Fund", are established for gifts which are designated to remain under the Foundation's management in perpetuity. Certain endowment funds, also designated to remain under the Foundation's management in perpetuity, are operated outside of the Consolidated Trust Fund, in other trust funds, as a result of specific agreements with donors or their representatives.

Undesignated family funds and other undesignated endowment will be included in the Foundation's Consolidated Trust Fund, whereas The Chrysalis Fund, all designated family funds and the Art Stabilization Manitoba Fund were included in the Foundation's other trust funds.

In 2018, the Foundation started to assess a 1% administration fee on all funds, except the Mennonite Heritage Village Fund which has an administration fee of 0.5%

5. FINANCIAL INSTRUMENTS

The Foundation as part of its operations carries a number of financial instruments. It is management's opinion that the organization is not exposed to significant interest, currency or credit risk arising from these financial instruments, except as otherwise disclosed. Unless otherwise noted, the fair value of these financial instruments approximates their carrying values.

THE STEINBACH COMMUNITY FOUNDATION INC.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

6. RESTRICTED FUNDS

Changes in restricted funds for the year are as follows:

	Art Stabilization Manitoba Fund	The Chrysalis Fund	Designated Family Funds	Other Endowment Funds	Heritage Fund
Balance, beginning of year	13,268	236,705	86,402	464,758	121,423
New gifts	-	19,700	1,000	12,673	98,894
Net change in unrealized gains (losses)	366	6,313	2,387	12,836	4,391
Investment income	1,222	22,096	7,945	42,999	18,284
Administration fees paid	(279)	(5,024)	(1,816)	(9,779)	(4,426)
Grants paid	(517)	(8,482)	(3,313)	(17,986)	(3,197)
Balance, end of year	<u>14,060</u>	<u>271,308</u>	<u>92,605</u>	<u>505,501</u>	<u>235,369</u>

	Steinbach Multiplex Fund	Menonite Heritage Village (Canada) Inc. Signature Museum Sustainability Fund	2021	2020
Balance, beginning of year	269,156	1,590,684	\$ 2,782,396	\$ 1,025,000
New gifts	-	-	132,267	1,489,832
Net change in unrealized gains (losses)	7,421	43,873	77,587	278,391
Investment income	24,775	146,351	263,672	140,742
Administration fees paid	(5,661)	(24,826)	(51,811)	(46,056)
Grants paid	(10,601)	(73,139)	(117,235)	(136,513)
Balance, end of year	<u>285,090</u>	<u>1,682,943 0</u>	<u>3,086,876</u>	<u>2,782,396</u>

* includes a contribution from the Thomas Sill Foundation of \$100,000

THE STEINBACH COMMUNITY FOUNDATION INC.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

7. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL

	<u>2021</u>	<u>2020</u>
	\$	\$
Opening balance	-	-
The Winnipeg Foundation	1,679	-
Amortization	<u>(385)</u>	<u>-</u>
	<u>1,294</u>	<u>-</u>

8. CASH FLOW STATEMENT

	<u>2021</u>	<u>2020</u>
	\$	\$
Net changes in non-cash working capital affecting operations		
Accounts receivable	(321)	2,997
Accounts payable and accrued liabilities	<u>(3,000)</u>	<u>3,000</u>
	<u>(3,321)</u>	<u>5,997</u>

9. PRIOR PERIOD ADJUSTMENT

During the year, it was noted that the Affiliate fund is a managed fund and is not owned by the foundation. As a result of this change, the restricted net assets decreased by \$22,309; Funds managed by the Winnipeg Foundation decreased by the same.

R|M

REID & MILLER

CHARTERED PROFESSIONAL ACCOUNTANTS INC