

The Killarney Foundation Inc.
Financial Statements
December 31, 2020

Management's Responsibility

To the Directors of The Killarney Foundation Inc.:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed entirely of Directors who are neither management nor employees of the Foundation. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Foundation's external auditors.

MNP LLP is appointed by the Directors to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

April 21, 2021

Secretary/Treasurer

Independent Auditor's Report

To the Members of The Killarney Foundation Inc.:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The Killarney Foundation Inc. (the "Foundation"), which comprise the statement of financial position as at December 31, 2020, and the statements of operations, 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 Foundation as at December 31, 2020, 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 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 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.

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 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.

Independent Auditor's Report - Continued

- 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.

Brandon, Manitoba

April 21, 2021

MNP LLP

Chartered Professional Accountants

The Killarney Foundation Inc.
Statement of Financial Position

As at December 31, 2020

	<i>Operating Fund</i>	<i>Designated Endowment Fund</i>	<i>Undesignated Endowment Fund</i>	2020	2019
Assets					
Current					
Cash	7,196	46,553	53,693	107,442	150,964
Accounts receivable	304	7,130	8,226	15,660	12,879
Term deposit (Note 4)	-	71,421	82,377	153,798	153,243
	7,500	125,104	144,296	276,900	317,086
Investments (Note 5)	-	3,672,072	4,169,991	7,842,063	7,201,302
	7,500	3,797,176	4,314,287	8,118,963	7,518,388
Liabilities					
Current					
Accounts payable and accruals	7,500	84,891	-	92,391	111,650
Commitments (Note 6)					
Net Assets					
Net assets	-	3,712,285	4,314,287	8,026,572	7,406,738
	7,500	3,797,176	4,314,287	8,118,963	7,518,388

Approved on behalf of the Board

Director

Director

The accompanying notes are an integral part of these financial statements

The Killarney Foundation Inc.
Statement of Operations

For the year ended December 31, 2020

	<i>Operating Fund</i>	<i>Designated Endowment Fund</i>	<i>Undesignated Endowment Fund</i>	2020	2019
Revenue					
Flow-through contributions	-	-	115,625	115,625	-
Grants	9,500	-	80,000	89,500	7,000
Interest and dividends	-	140,592	162,158	302,750	291,148
	9,500	140,592	357,783	507,875	298,148
Expenses					
Administrative	-	-	-	-	1,064
Advertising	2,091	-	-	2,091	1,976
Consulting fees	24,000	-	-	24,000	11,700
Grants <i>(Note 7)</i>	-	138,544	251,480	390,024	248,881
Meals	137	-	-	137	282
Membership fees	-	-	-	-	450
Professional fees	45,558	-	-	45,558	41,413
Supplies	2,285	-	-	2,285	1,802
	74,071	138,544	251,480	464,095	307,568
Excess (deficiency) of revenue over expenses before other items	(64,571)	2,048	106,303	43,780	(9,420)
Other items					
Gain on held for trading assets	-	105,620	119,135	224,755	804,581
Excess (deficiency) of revenue over expenses	(64,571)	107,668	225,438	268,535	795,161

The accompanying notes are an integral part of these financial statements

The Killarney Foundation Inc.
Statement of Changes in Net Assets

For the year ended December 31, 2020

	<i>Operating Fund</i>	<i>Designated Endowment Fund</i>	<i>Undesignated Endowment Fund</i>	2020	2019
Net assets, beginning of year	-	3,604,639	3,802,099	7,406,738	6,568,545
Excess (deficiency) of revenue over expenses	(64,571)	107,668	225,438	268,535	795,161
Endowment contributions <i>(Note 8)</i>	-	17,862	360,710	378,572	80,886
Net realized capital losses	-	(12,665)	(14,608)	(27,273)	(37,854)
Inter-fund transfers <i>(Note 9)</i>	64,571	(5,219)	(59,352)	-	-
Net assets, end of year	-	3,712,285	4,314,287	8,026,572	7,406,738

The accompanying notes are an integral part of these financial statements

The Killarney Foundation Inc.

Statement of Cash Flows

For the year ended December 31, 2020

	Operating Fund	Designated Endowment Fund	Undesignated Endowment Fund	2020	2019
Cash provided by (used for) the following activities					
Operating activities					
Cash received from grantors	9,500	-	80,000	89,500	9,598
Cash received from contributors	-	-	115,625	115,625	1
Dividends and interest received	-	137,419	158,498	295,917	266,797
Cash paid - grants	-	(60,103)	(349,180)	(409,283)	(262,445)
Cash paid - operating expenses	(9,565)	(29,987)	(34,585)	(74,137)	(58,712)
	(65)	47,329	(29,642)	17,622	(44,761)
Financing					
Endowment contributions received	-	17,862	360,710	378,572	80,886
Net realized capital losses	-	(12,665)	(14,608)	(27,273)	(37,854)
	-	5,197	346,102	351,299	43,032
Investing					
Purchase of investments	-	(1,725,057)	(2,241,636)	(3,966,693)	(1,485,437)
Proceeds on investments sold	-	1,650,536	1,903,714	3,554,250	1,490,748
	-	(74,521)	(337,922)	(412,443)	5,311
Increase (decrease) in cash resources	(65)	(21,995)	(21,462)	(43,522)	3,582
Cash resources, beginning of year	7,261	68,548	75,155	150,964	147,382
Cash resources, end of year	7,196	46,553	53,693	107,442	150,964

The accompanying notes are an integral part of these financial statements

1. Incorporation and operations

The Killarney Foundation Inc. (the "Foundation") was incorporated under the laws of the Province of Manitoba as a not-for-profit organization and is a registered charity under the Income Tax Act.

2. Organization

The Killarney Foundation Inc. is a registered community fund established to support cultural, educational, recreational and charitable purposes in the Municipality of Killarney-Turtle Mountain and surrounding area.

The Foundation has a permanent pool of capital made up of gifts and bequests, carefully invested, which provides a perpetual stream of income to assist and support the changing needs of the community.

3. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada, which are part of Canadian generally accepted accounting principles, using the following significant accounting policies:

Fund accounting

In order to ensure observance of limitations and restrictions placed on the use of resources available to the Foundation, the accounts are maintained on a fund accounting basis. Accordingly, resources are classified for accounting and reporting purposes into funds. These funds are held in accordance with the objectives specified by the contributors or in accordance with the directives issued by the Board of Directors.

Three funds are maintained: Operating Fund, Designated Endowment Fund and Undesignated Endowment Fund.

The Operating Fund is used to account for all expenses related to general and ancillary operations of the Foundation. Funds are transferred from the Endowment Funds to the Operating Fund to cover the administrative costs of the Foundation. The Designated Endowment Fund has been allocated its share of administrative overhead by the Board of Directors based on the average number of units held in the fund during the year. During the year an average of 46.44% (2019 - 47.65%) of all investments were held in the Designated Endowment Fund, therefore 46.44% of the administrative overhead has been allocated to the fund. The Undesignated Endowment Fund is allocated the remaining administrative costs.

The Designated and Undesignated Endowment Funds are restricted funds used to account for monies for specific purposes. Contributions are in the form of endowments from which only the income earned is expendable. In situations where contributions are specified to be used for operating purposes, the contributions would be fully expended.

Revenue recognition

The Foundation uses the deferral method of accounting for contributions and reports on a fund accounting basis. The Designated Endowment Fund contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. The Undesignated Endowment Fund and Operating Fund contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Endowment contributions are recognized as direct increases in the Endowment Fund balances. Restricted investment income is recognized in the appropriate deferred contribution balance or in net assets depending on the nature of the restrictions. Unrestricted investment income is recognized as revenue when earned.

Gains and losses on disposals of investments are reflected directly in the Endowment Funds. For the year, net capital losses realized were \$27,273 (2019 - net capital losses of \$37,854).

Pledges are recognized as revenue when the amount to be received can be reasonably estimated and ultimate collection is reasonably assured. At December 31, 2020 the Foundation has no pledges receivable.

3. Significant accounting policies *(Continued from previous page)*

Accounts receivable

The accounts receivable consist mainly of accrued interest receivable and are recorded with no allowance for doubtful accounts.

Financial instruments

The Foundation recognizes its financial instruments when the Foundation becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management.

At initial recognition, the Foundation may irrevocably elect to subsequently measure any financial instrument at fair value. The Foundation has not made such an election. Cash and long-term investments have been designated to be subsequently measured at their fair value.

The Foundation subsequently measures long-term investments quoted in an active market and all derivative instruments at fair value. Fair value is determined by reference to quoted market prices. Long-term investments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost less impairment. As of December 31, 2020, all long-term investments have quotes in an active market.

All other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the statement of operations for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

The carrying values of financial assets measured at amortized cost or fair value are as follows:

	2020	2019
Financial assets measured at fair value:		
Cash	107,442	150,964
Investments	7,842,063	7,201,302
Financial assets measured at amortized cost:		
Accounts receivable	15,356	12,641
Term deposit	153,798	153,243

3. Significant accounting policies *(Continued from previous page)*

Financial asset impairment

The Foundation assesses impairment of all of its financial assets measured at cost or amortized cost. The Foundation groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group. Management considers whether the issuer is having significant financial difficulty or whether there has been a breach in contract, such as a default or delinquency in interest or principal payments in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Foundation determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Foundation reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in the current year statement of operations.

The Foundation reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in the statement of operations in the year the reversal occurs.

Measurement uncertainty (use of estimates)

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 disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues and expenses in the periods in which they become known.

Measurement uncertainty applies to the allocation between designated and undesignated amounts reported on the statement of financial position of the Foundation.

Contributed services

Volunteers contribute approximately 70 hours per year to assist the Killarney Foundation Inc. in carrying out its service-delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

4. Term deposit

A term deposit, held with Canadian Imperial Bank of Commerce, consists of one short-term Guaranteed Investment Certificate of \$153,798 (2019 - \$153,243) earning interest at a rate of 2.20% (2019 - 2.35%), maturing December 2021.

The Killarney Foundation Inc.
Notes to the Financial Statements

For the year ended December 31, 2020

5. Investments

	2020		2019	
	Fair Market Value	Cost	Fair Market Value	Cost
DESIGNATED				
Investment in Bonds and Debentures:				
Provincial Government	29,868	27,803	28,931	28,559
Corporate/Guaranteed Certificates	<u>920,676</u>	<u>885,928</u>	<u>937,394</u>	<u>933,854</u>
	<u>950,544</u>	<u>913,731</u>	<u>966,325</u>	<u>962,413</u>
Investment in Shares:				
Canadian & International Equities	<u>2,486,558</u>	<u>2,101,084</u>	<u>2,224,404</u>	<u>1,863,101</u>
Investment in Savings Account	<u>174,363</u>	<u>174,363</u>	<u>214,391</u>	<u>214,391</u>
Winnipeg Foundation	56,049	45,298	53,721	45,298
Investment in Mineral Rights	<u>4,558</u>	<u>4,558</u>	<u>4,571</u>	<u>4,571</u>
	<u>60,607</u>	<u>49,856</u>	<u>58,292</u>	<u>49,869</u>
	<u>3,672,072</u>	<u>3,239,034</u>	<u>3,463,412</u>	<u>3,089,774</u>
UNDESIGNATED				
Investment in Bonds and Debentures:				
Provincial Government	34,449	32,068	31,719	31,312
Corporate/Guaranteed Certificates	<u>1,061,900</u>	<u>1,021,821</u>	<u>1,027,742</u>	<u>1,023,861</u>
	<u>1,096,349</u>	<u>1,053,889</u>	<u>1,059,461</u>	<u>1,055,173</u>
Investment in Shares:				
Canadian & International Equities	<u>2,867,976</u>	<u>2,423,373</u>	<u>2,438,803</u>	<u>2,042,672</u>
Investment in Savings Account	<u>201,108</u>	<u>201,108</u>	<u>235,055</u>	<u>235,055</u>
Investment in Mineral Rights:	<u>4,558</u>	<u>4,558</u>	<u>4,571</u>	<u>4,571</u>
	<u>4,169,991</u>	<u>3,682,928</u>	<u>3,737,890</u>	<u>3,337,471</u>
Total Investment	<u>7,842,063</u>	<u>6,921,962</u>	<u>7,201,302</u>	<u>6,427,245</u>

The Foundation's financial instruments that are exposed to interest rate risk are long-term investments. As of December 31, 2020, interest rates associated with corporate and provincial bonds range from 2.088% - 5.250% (2019 - 2.35% - 5.25%) with maturity dates from 2021 to 2030 (2019 - 2021 to 2028).

6. Commitments

As at December 31, 2020, the Foundation has grant commitments for designated funds of \$84,891 (2019 - \$6,450) and for undesignated funds of nil (2019 - \$163,100).

The Killarney Foundation Inc.
Notes to the Financial Statements
For the year ended December 31, 2020

7. Grants

	2020	2019
Designated		
Air Greenway Ltd.	438	410
Brandon University - scholarships	5,650	10,325
Community Florist & Gifts	-	137
Holy Trinity Anglican Church	2,012	2,067
Lake Region State College	-	800
Jamestown University	1,250	-
Killarney Food Bank	188	191
Killarney Lakeside Golf Club	-	511
Killarney United Church	3,426	3,434
Kinsmen Club of Killarney	900	1,500
Manitoba Emergency Service College	1,000	-
Municipality of Clanwilliam-Erickson	1,167	3,523
Municipality of Harrison Park	11,241	16,345
Municipality of Killarney-Turtle Mountain	12,138	9,893
Prairie Mountain RHA	66,704	12,857
Red River College - scholarships	-	1,000
Royal Canadian Legion Branch No. 25	-	433
Rural Municipality of Argyle	14,297	-
Scholarship - other	-	125
Sierra Cuvelier	125	-
Tri-Lake Health Centre Palliative Care	1,287	1,351
Turtle Mountain Flywheel Club	702	710
Turtle Mountain School Division	4,244	-
University of Calgary - scholarships	3,875	-
University of Manitoba - scholarships	2,700	12,650
University of Regina	4,100	1,100
University of Waterloo	1,100	-
University of Winnipeg	-	825
	138,544	80,187
Undesignated		
Assiniboine Community College	1,250	400
Brandon University - scholarships	-	1,600
Killarney Kiddie Korner	11,351	-
Killarney Turtle Mountain Arts Council	5,279	-
Municipality of Killarney-Turtle Mountain	14,050	24,700
Killarney Agricultural Society	-	14,700
Killarney Food Bank	5,000	-
Pass through funding - Prairie Mountain RHA	112,500	-
Pass through funding - Other	3,375	-
Prairie Mountain RHA	70,000	98,044
Rock Lake United Church	-	1,200
Royal Canadian Legion Branch No. 25	7,675	-
Turtle Mountain School Division	16,000	27,050
University of Calgary	2,500	-
University of Regina	2,500	1,000
	251,480	168,694
	390,024	248,881

The Killarney Foundation Inc.
Notes to the Financial Statements
For the year ended December 31, 2020

8. Endowment contributions

Total Contributions prior to 2020	\$ 6,079,176**
 2020 Donations	
 Baldur Area Fund	
Sharon Mowat	50
Rural Municipality of Argyle	6,162
United Way	580
Winnipeg Foundation	1,096
 Sandy Lake Fund	
Mackin Buchanan	25
Chad Davies	50
Joanne Lewandowsky	50
Cliff Lungal	25
Dale Lyle	1,000
Paul Warwaruk Ltd.	200
Stan Robinson	50
Barry Ross	100
Sandy Lake Firefighters	100
Myrcel Sheeshka	50
Irene Thomas	40
 Municipality of Clanwilliam-Erickson Fund	
Robert Aitken	50
Jeffery Bergeson	1,000
Laurence Bertram	1,000
Wilma Braun	100
Erickson Legion Bingo Fund	500
David Giannotti	50
Scott Gray	100
Jackie Greavett	465
Quinn Greavett	215
Elgin Hall	200
Tami Johnson	255
Steve Langston	60
Norval Lee	1,000
Lisa MacKedenski	100
Lorne MacKedenski	100
Kurt Mazur	50
Heather Parrott-Howdle	100
Pugh Pumping	100
R.A. Nysten Chartered Accountants	200
S.C.O.R.E. Store Inc.	500
Valerie Soltys	200
Andrea Usick	316
Winnipeg Foundation	523
 L&M Dekezel School fund	
Myrna DeKezel	50,000
 Lakeland Regional Library Fund	
Jan Heming	1,000

8. Endowment contributions *(Continued from previous page)*

Other Donations

Estate of Robert Bate	221,713
Estate of Robert Fox	42,000
Various	12,002
Winnipeg Foundation	9,791
Irene Wild	6,250
Anonymous	5,054
Dennis & Betty Turner	5,000
Kinsmen Club of Killarney	5,000
Chapman Motors Ltd.	2,000
David & Debbie Jones	2,000
	378,572

Total 2020 Donations **378,572**

Total donations to December 31, 2020 **\$ 6,457,748**

Income capitalized to specific funds prior to 2020 **\$ 171,203**

Net realized capital gains in 2020 -

Net realized capital gains prior to 2020 508,392

Capital gains converted to distributable income for granting (97,757)

Total income capitalized and capital gains **\$ 581,838**

Total contributions **\$ 7,039,586**

** The total contributions prior to 2020 balance previously included accumulated capital income and gains from the past five years. Total contributions have now been adjusted to reflect donations only. This adjustment has no impact to the Foundation's financial statements.

The following funds have been established for the specific purposes indicated. These are maintained in the Designated Endowment Fund investment account.

In 1994, an Administrative Endowment Fund was created in order to provide for future administrative expenses. To date, \$174,447 (2019 - \$174,447) has been allocated to this fund.

In 1999, the Directors passed a motion to capitalize the interest earned on the High School Scholarship Fund and any further donations made to the fund until the fund contains the sum of \$20,000. To date, \$15,462 (2019 - \$15,462) has been allocated to this fund.

Under a 1999 written donor direction, any monies earned by the Willard and Margaret Clements Scholarship Fund but not distributed in the form of scholarships is to be capitalized in order to increase the original endowed value. To date, \$71,214 (2019 - \$71,214) has been allocated to this fund.

Under a 2000 written donor direction, any monies earned by the Keith Heming & Family Scholarship Fund but not distributed in the form of scholarships is to be capitalized in order to increase the original endowed value to a maximum of \$100,000. To date, \$80,477 (2019 - \$80,477) has been allocated to this fund.

Under a 2010 written donor direction, any monies earned by the John Arthur Ross Memorial Bursary Fund but not distributed in the form of scholarships is to be capitalized in order to increase the original endowed value. To date, \$25,696 (2019 - \$25,696) has been allocated to this fund.

In 2007, a fund was established with the Winnipeg Foundation to participate in the Province of Manitoba bursary initiative program. To date, \$45,298 (2019 - \$45,298) has been contributed.

9. Interfund transactions

During the year the Foundation transferred \$29,988 (2019 - \$24,655) from the Designated fund and \$34,583 (2019 - \$27,032) from the Undesignated Fund to provide for net expenditures in the Operating fund totaling \$64,571 (2019 - \$51,687). Additionally, \$24,769 (2019 - \$87,683) was transferred between the Undesignated and Designated funds.

10. Financial instruments

The Foundation, as part of its operations, carries a number of financial instruments. It is management's opinion that the Foundation is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. The Foundation is exposed to interest rate risk primarily relating to investments.

Other 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 foreign currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Foundation enters into transactions to purchase shares or equities, for which the market price fluctuates.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Foundation enters into investment transactions denominated in U.S. currency for which the related revenues, capital gains and losses and equity balances are subject to exchange rate fluctuations. As at December 31, 2020, the following items are denominated in U.S. currency:

	2020	2019
	CAD\$	CAD\$
Investments nil USD (2019 - \$131,096 USD)	-	170,268

11. Directors

As at December 31, 2020 the members of the Board of Directors of the Foundation were as follows:

- Richard Pauls - Chairperson
- Janice Arlene Smith - Director
- Laurie Campbell - Director
- Edward Dow - Director
- David Jones - Director
- Matthew Nichol- Director
- Brett Skeoch - Director
- Jackie Mitchell - Treasurer
- Shelley Vandenberghe - Secretary

12. Income taxes

The Foundation is registered as a charitable organization under the *Income Tax Act* (the "Act") and as such is exempt from income taxes and is able to issue donation receipts for income tax purposes. In order to maintain its status as a registered charity under the Act, the Foundation must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

13. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.

A Guaranteed Investment Certificate, previously reported as Investments, is now shown as a Term Deposit.

14. COVID-19

In early March 2020 the impact of the global outbreak of COVID-19 (coronavirus) began to have a significant impact on businesses through the restrictions put in place by the Canadian federal, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Foundation as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, we anticipate this outbreak may cause reduced customer demand and worsening market conditions, all of which may negatively impact the Foundation's business and financial condition.