

**NORTHERN NEIGHBOURS
FOUNDATION, INC.
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

NORTHERN NEIGHBOURS FOUNDATION, INC.

YEAR ENDED JUNE 30, 2020

CONTENTS

	<u>Page</u>
AUDITOR'S REPORT	
FINANCIAL STATEMENTS	
Statement of Financial Position	2
Statement of Income, Expenses and Surplus	3
Statement of Cash Flow	4
Notes to Financial Statements	5

KENDALL & PANDYA

Chartered Professional Accountants

Partners: David Kendall, FCPA, FCA*
Manisha Pandya, CPA, CA*
* Operating as professional corporations

INDEPENDENT AUDITOR'S REPORT

To the Directors of Northern Neighbours Foundation, Inc.

Opinion

We have audited the financial statements of Northern Neighbours Foundation, Inc., which comprise the statement of financial position as at June 30, 2020 and the statement of income, retained earnings 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 financial statements present fairly, in all material respects, the financial position of Northern Neighbours Foundation, Inc. as at June 30, 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 Northern Neighbours Foundation, Inc. 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 Northern Neighbours Foundation, Inc.'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 Northern Neighbours Foundation, Inc. or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Northern Neighbours Foundation, Inc.'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.

Flin Flon & Thompson, MB

Flin Flon: 300-31 Main Street, PO Box 175, Flin Flon, MB R8A 1M7
Thompson: 118 Cree Road, Thompson MB R8N 0C1

(204) 687-8211 Fax (204) 687-2957
(204) 778-7312 Fax (204) 778-7919

dkendall@mymts.net
mpandya@kendallpandya.ca

As part of an audit in accordance with Canadian 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 Northern Neighbours 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 Northern Neighbours 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 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 Northern Neighbours Foundation, Inc. to cease to continue as a going concern.

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.

Flin Flon, Manitoba
October 7, 2020

Kendall & Pandya
CHARTERED PROFESSIONAL ACCOUNTANTS

NORTHERN NEIGHBOURS FOUNDATION, INC.

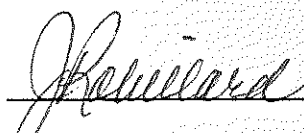
(Incorporated under the laws of Manitoba)

BALANCE SHEETS

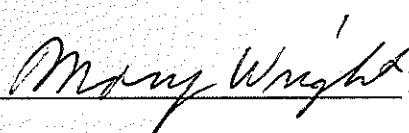
AS AT JUNE 30, 2020

	<u>2020</u>	<u>2019</u>
<u>OPERATING FUND</u>		
ASSETS		
CURRENT ASSETS		
Bank	\$ 17,600	\$ 15,652
Inventory	150	150
Computer	2,794	2,794
File cabinet/chair	<u>145</u>	<u>145</u>
	<u>\$ 20,689</u>	<u>\$ 18,741</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	<u>\$ 1,050</u>	<u>\$ 1,050</u>
SURPLUS		
INVESTMENT IN CAPITAL ASSETS	2,939	2,939
OPERATING SURPLUS	<u>16,700</u>	<u>14,752</u>
	<u>19,639</u>	<u>17,691</u>
	<u>\$ 20,689</u>	<u>\$ 18,741</u>
 <u>CAPITAL FUND</u>		
ASSETS		
CURRENT ASSETS		
Bank	\$ 51,178	\$ 47,386
Short-term investments	<u>1,023,239</u>	<u>1,012,471</u>
	<u>\$ 1,074,417</u>	<u>\$ 1,059,857</u>
LIABILITIES		
CURRENT LIABILITIES		
Interest earned to date, not donated	\$ 166,756	\$ 137,394
Less: Grants approved	<u>(38,226)</u>	<u>-</u>
	<u>128,530</u>	<u>137,394</u>
Youth Initiative Program grants payable	<u>2,000</u>	<u>2,000</u>
	<u>130,530</u>	<u>139,394</u>
CAPITAL DONATIONS		
DONATED SURPLUS	<u>943,887</u>	<u>920,463</u>
	<u>\$ 1,074,417</u>	<u>\$ 1,059,857</u>

APPROVED ON BEHALF OF THE BOARD:



Director



Director

See accompanying notes.

NORTHERN NEIGHBOURS FOUNDATION, INC.

STATEMENT OF INCOME, EXPENSES AND SURPLUS

YEAR ENDED JUNE 30, 2020

	<u>2020</u>	<u>2019</u>
<u>OPERATING FUND</u>		
INCOME		
Administration of capital fund	\$ 9,803	\$ 7,333
Interest and grants	<u>-</u>	<u>4,327</u>
	<u>9,803</u>	<u>11,660</u>
EXPENSES		
Advertising	372	465
Automotive	1,200	1,200
Bank charges	48	121
Capital costs	-	196
Conferences/regional meeting	-	1,440
Memberships	600	600
Office	1,315	1,596
Professional fees	1,790	1,540
Salaries	1,516	1,708
Telephone/website	<u>1,014</u>	<u>1,050</u>
	<u>7,855</u>	<u>9,916</u>
OPERATING SURPLUS FOR THE YEAR	1,948	1,744
OPERATING SURPLUS AT BEGINNING OF YEAR	<u>14,752</u>	<u>13,008</u>
OPERATING SURPLUS AT END OF YEAR	<u>\$ 16,700</u>	<u>\$ 14,752</u>
<u>CAPITAL FUND</u>		
BANK AND INVESTMENTS AT BEGINNING OF YEAR	\$ 1,059,857	\$ 1,016,489
Capital donations	23,423	45,740
Gifts: Flow Thru	119,946	105,104
Investment income earned	23,461	35,175
Grants paid	(114,044)	(139,651)
Grants approved	(38,226)	-
YIP grant paid	<u>-</u>	<u>(3,000)</u>
BANK AND INVESTMENTS AT END OF YEAR	<u>\$ 1,074,417</u>	<u>\$ 1,059,857</u>

See accompanying notes.

NORTHERN NEIGHBOURS FOUNDATION, INC.

STATEMENT OF CASH FLOW

YEAR ENDED JUNE 30, 2020

	<u>2020</u>	<u>2019</u>
FUNDS PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Cash receipts from customers	\$ 9,803	\$ 11,660
Cash paid to suppliers and employees	(7,855)	(9,917)
Interest received	23,461	35,175
Other cash received	143,369	150,844
Grants paid/received(approved)	<u>(152,270)</u>	<u>(139,651)</u>
Funds provided by operating activities	<u>16,508</u>	<u>48,111</u>
INCREASE IN FUNDS	16,508	48,111
Cash and cash equivalents at beginning of year	<u>1,075,509</u>	<u>1,027,398</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,092,017</u>	<u>\$ 1,075,509</u>

Cash and cash equivalents consist of cash on hand and balances with banks, and investments in money market instruments. Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:

Bank	\$ 68,778	\$ 63,038
Short-term investments	<u>1,023,239</u>	<u>1,012,471</u>
	<u>\$ 1,092,017</u>	<u>\$ 1,075,509</u>

See accompanying notes.

NORTHERN NEIGHBOURS FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

1. NATURE OF ORGANIZATION

The foundation was incorporated November 10, 1994 as a community foundation whereby Capital Fund Donations are held in perpetuity, with the interest from these funds being donated for community endeavours in Flin Flon, Creighton, Denare Beach, Cranberry Portage, Snow Lake and Sherridon.

2. SIGNIFICANT ACCOUNTING POLICIES

The organization follows Canadian accounting standards for not-for-profit organizations including the following:

REVENUE

Donations in kind of tangible assets are recorded as revenue at their fair market value in which in most instances will be either the acquisition cost to the donor or an appraised value.

INCOME TAXES

The Northern Neighbours Foundation, Inc. is a registered charity under the Income Tax Act and as such is exempt from the payment of income taxes.

CAPITAL ASSETS

The organization follows the policy of capitalizing capital assets as acquired. Capital asset additions during the year are also expensed in the statement of income, expenses and surplus.

AMORTIZATION

Capital assets are not amortized which is a departure from Canadian generally accepted accounting principles. Amortization has not been provided in these financial statements.

FINANCIAL INSTRUMENTS

i. The organization initially measures its financial assets and liabilities at fair value adjusted by, in the use of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The organization subsequently measures its financial assets and liabilities at 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 the statements of operations in the period incurred. Financial assets measured at amortized cost include cash and term deposits and financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

ii. Impairment - At the end of each reporting period Northern Neighbours Foundation, Inc. assesses whether there are any indications that a financial asset measured at amortized cost may be impaired. Objective evidence of impairment includes observable data that come to the attention of the organization, including but not limited to significant financial difficulty of the issuer; a breach of contract such as a default or delinquency in interest or principal payments or bankruptcy or other financial reorganization proceedings.

NORTHERN NEIGHBOURS FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

When there is an indication of impairment, the organization determines whether a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset.

When the organization identifies a significant adverse change in the expected timing or amount of future cash flows from financial assets, it reduces the carrying amount of the asset to the highest of:

- i) the present value of the cash flow expected to be generated by holding the asset discounted using a current market rate of interest appropriate to the asset,
- ii) the amount that could be realized by selling the asset at the statement of financial position date,
- iii) the amount the organization expects to realize by exercising its rights to any collateral held to secure repayment of the asset net of all necessary to exercise those rights.

The carrying amount of the asset is reduced directly or through the use of an allowance amount. The amount of the reduction is recognized as an impairment loss in the statement of operations.

When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent of the improvement directly or by adjusting the allowance account. The amount of the reversal is recognized in the statements of operations in the period the reversal occurs.

MANAGEMENT ESTIMATES

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles 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 revenues and expenses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

3. FINANCIAL INSTRUMENTS

The organization's financial instruments consist of cash, term deposits and accrued liabilities.

Fair value of financial instruments

The fair value of cash, term deposits and accrued liabilities approximate their carrying value due to their nature or capacity for prompt liquidation.

Currency, interest rate and market risk

The organization is exposed to currency risk, interest rate risk, and market risk. Currency risk refers to the risk that the fair value of a financial instrument will fluctuate due to changes in foreign exchange rates. The organization is not exposed to currency risk as it does not conduct in or hold any foreign currency. Interest rate risk refers to the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The organization does not hold any interest bearing liabilities. Lastly, market risk refers to the risk that the fair value of a financial instrument will fluctuate because of changes in market prices whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The organization is not exposed to market risk because the term deposits held are guaranteed.

NORTHERN NEIGHBOURS FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss or if there is a concentration of transactions carried out with the same party. The organization is currently not in any position where related parties are involved or any other such instances where they are exposed to credit risk.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting a demand for cash or fund its obligations as they come due or liquidate assets in a timely manner at a reasonable price. At this time, the organization has more than adequate current assets to cover its current liabilities, therefore liquidity risk is minimal.

Other price risk

Other price risk includes the risk that future cash flows associated with a monetary financial instrument will fluctuate in amount. Given the organization's financial instruments are primarily short term in nature, other price risk is low.