

FINANCIAL STATEMENTS

**THE THUNDER BAY  
FOUNDATION**

December 31, 1998

**ideas**  
**solutions**  
**results**

 **ERNST & YOUNG**

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# The Thunder Bay Foundation

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December 31, 1998

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## AUDITORS' REPORT

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To the Board of Trustees of  
**The Thunder Bay Foundation**

We have audited the balance sheet of **The Thunder Bay Foundation** as at December 31, 1998 and the statement of operations and fund balances for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 1998 and the results of its operations and the changes in its capital for the year then ended in accordance with generally accepted accounting principles.

*Ernst + Young LLP*

Thunder Bay, Canada,  
February 5, 1999.

Chartered Accountants

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**The Thunder Bay Foundation**  
(Incorporated by Specific Act of the Province of Ontario)

**BALANCE SHEET**

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As at December 31

	1998 \$	1997 \$
<b>ASSETS</b>		
Cash and interest-bearing bank accounts	170,733	205,231
Accrued interest receivable	25,694	17,360
Accrued G.S.T. receivable	580	566
Marketable securities, at cost [market value \$2,959,634; \$2,870,079 in 1997]	2,848,014	2,648,941
	<b>3,045,021</b>	<b>2,872,098</b>
<b>LIABILITIES AND FUND BALANCES</b>		
Accounts payable	14,266	9,585
Commitments for grants and scholarships	30,250	17,250
<b>Total liabilities</b>	<b>44,516</b>	<b>26,835</b>
<b>Fund balances [note 2]</b>		
Externally restricted	278,628	282,573
Internally restricted	213,239	203,319
Unrestricted	2,508,638	2,359,371
<b>Total fund balances</b>	<b>3,000,505</b>	<b>2,845,263</b>
	<b>3,045,021</b>	<b>2,872,098</b>

*See accompanying notes*

On behalf of the Board:

Trustee

Trustee



The Thunder Bay Foundation

STATEMENT OF OPERATIONS AND FUND BALANCES

Year ended December 31

	Unrestricted Funds		Internally Restricted Funds		Externally Restricted Funds			
	1997	1997	Helen L. Dewar Scholarship Fund	1997	Robert Kerr Dewar M.D., Scholarship Fund	Joshua Dyke Family Scholarship Fund	1998 Total	1997 Total
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenue</b>								
Interest income - mortgages	—	1,067	—	91	—	—	—	132
- other	105,761	95,042	8,691	8,114	4,398	7,617	12,015	11,717
Dividend income	13,628	13,310	1,119	1,136	567	981	1,548	1,641
Capital gains (losses) on sale of securities	55,763	(1,618)	4,583	(138)	2,319	4,016	6,335	(200)
<b>Total income [note 3]</b>	<b>175,152</b>	<b>107,801</b>	<b>14,393</b>	<b>9,203</b>	<b>7,284</b>	<b>12,614</b>	<b>19,898</b>	<b>13,290</b>
<b>Expenses</b>								
Office and miscellaneous	7,541	7,174	815	649	412	652	1,064	902
Professional fees	5,373	10,054	581	910	294	465	759	1,264
Promotions and publications	772	773	83	70	42	67	109	97
Salaries and benefits	27,699	21,099	2,994	1,909	1,515	2,396	3,911	2,654
<b>Total expense [note 3]</b>	<b>41,385</b>	<b>39,100</b>	<b>4,473</b>	<b>3,538</b>	<b>2,263</b>	<b>3,580</b>	<b>5,843</b>	<b>4,917</b>
<b>Net earnings before the following</b>	<b>133,767</b>	<b>68,701</b>	<b>9,920</b>	<b>5,665</b>	<b>5,021</b>	<b>9,034</b>	<b>14,055</b>	<b>8,373</b>
<b>Deduct</b>								
<b>Grants, scholarships and bursaries [schedule]</b>								
Children's and youth services	2,550	1,700	—	—	—	—	—	—
Alleviation of human suffering	26,450	13,100	—	—	—	—	—	—
Advancement of social work, education and cultural purposes	11,000	21,200	—	—	—	—	—	—
Scholarships awarded	32,000	16,500	—	—	—	18,000	18,000	12,500
<b>Total grants, scholarships and bursaries</b>	<b>72,000</b>	<b>52,500</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>18,000</b>	<b>18,000</b>	<b>12,500</b>
<b>Excess (shortfall) of revenue over expenses</b>	<b>61,767</b>	<b>16,201</b>	<b>9,920</b>	<b>5,665</b>	<b>5,021</b>	<b>(8,966)</b>	<b>(3,945)</b>	<b>(4,127)</b>
Fund balance, beginning of year	2,359,371	2,195,407	203,319	197,654	102,892	179,681	282,573	286,700
Capital receipts [note 4]	87,500	147,763	—	—	—	—	—	—
<b>Fund balance, end of year [note 2]</b>	<b>2,508,638</b>	<b>2,359,371</b>	<b>213,239</b>	<b>203,319</b>	<b>107,913</b>	<b>170,715</b>	<b>278,628</b>	<b>282,573</b>

See accompanying notes

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**The Thunder Bay Foundation**

**NOTES TO FINANCIAL STATEMENTS**

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December 31, 1998

**GENERAL**

The Thunder Bay Foundation is incorporated by Specific Act of the Province of Ontario without share capital and is a registered charity under the Income Tax Act. The objects of the Foundation are to receive, maintain, manage, control and use donations for charitable purposes, to promote educational advancement and scientific and medical research for the increase of human knowledge in the alleviation of human suffering, and to provide for such other charitable purposes relating to welfare and cultural matters as may appear to contribute to the mental, moral, cultural and physical improvement of the inhabitants of the District of Thunder Bay.

**1. SIGNIFICANT ACCOUNTING POLICIES**

The financial statements have been prepared by management in accordance with generally accepted accounting principles.

**Revenue recognition**

The Foundation follows the restricted fund method of accounting for contributions.

Restricted contributions are recognized as revenue of the appropriate restricted fund in the year received or receivable if the amount can be reasonably estimated and collection can be reasonably assured.

Unrestricted contributions are recognized as revenue of the general fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income earned is recognized in the appropriate fund when earned.

**Fund accounting**

In order to ensure observance of limitations and restrictions placed on funds administered by the Foundation, the accounts of the Foundation are maintained in accordance with the principle of "fund accounting". Under these principles, resources for various purposes are classified for accounting purposes into funds whose transactions are grouped together and treated in accordance with the particular activities or objectives specified.



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**The Thunder Bay Foundation**

**NOTES TO FINANCIAL STATEMENTS**

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December 31, 1998

- [a] The general fund is used to account for donation revenues received without external restrictions. Accumulated funds are to be expended for administrative and operational costs and for charitable purposes.
- [b] The Helen L. Dewar Scholarship Fund was established by the Board of Trustees of The Thunder Bay Foundation as recognition of funds received from the Estate of Helen L. Dewar. It is the intention of the Trustees to maintain the fund's capital account at \$200,000. The fund is to be used for awarding five scholarships annually to any high school graduates of Thunder Bay, formerly known as the City of Port Arthur, Geraldton, Nipigon-Red Rock, Manitouwadge, Marathon or Terrace Bay, conditional on attendance at a Canadian university.
- [c] The Robert Kerr Dewar M. D., Scholarship Fund was established upon receipt of \$45,000. The initial funds are to be maintained as a separate trust fund. The income generated from the fund is to be used to award medical scholarships.
- [d] The Joshua Dyke Family Scholarship Trust Fund was established from the Estate of Edyth Dyke. The capital is to be maintained at \$200,000. The fund is to be used for awarding five scholarships annually to any high school or collegiate graduates of Thunder Bay, formerly known as Fort William, and is conditional on attendance at a Canadian university.

**Investment valuation**

Investments are valued at the lower of cost and market determined on an aggregate basis. Cost includes any discounts or premiums arising on the purchase of investments.

When there has been an other than temporary decline in the value of a security, the investment is written down to recognize the loss. Any losses in value of prior years are not reversed if there is a subsequent increase in value.



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The Thunder Bay Foundation

NOTES TO FINANCIAL STATEMENTS

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December 31, 1998

2. FUND BALANCES

	General \$	Helen L. Dewar Scholarship Fund \$	Robert Kerr Dewar M. D., Scholarship Fund \$	Joshua Dyke Family Scholarship Fund \$	1998 \$	1997 \$
<b>Externally restricted</b>						
Capital	—	—	45,000	200,000	245,000	245,000
Surplus (deficit)	—	—	62,913	(29,285)	33,628	37,573
	—	—	107,913	170,715	278,628	282,573
<b>Internally restricted</b>						
Capital	—	160,519	—	—	160,519	160,519
Surplus	—	52,720	—	—	52,720	42,800
	—	213,239	—	—	213,239	203,319
<b>Unrestricted</b>						
Capital	2,206,651	—	—	—	2,206,651	2,119,151
Surplus	301,987	—	—	—	301,987	240,220
	2,508,638	—	—	—	2,508,638	2,359,371
	2,508,638	213,239	107,913	170,715	3,000,505	2,845,263

3. INCOME AND EXPENSE ALLOCATIONS

Income and expenses of the Foundation are allocated between the General Fund, Helen L. Dewar Scholarship Fund, Robert Kerr Dewar, M. D. Scholarship Fund and Joshua Dyke Family Scholarship Trust Fund based on proportionate capital and surplus of each fund at the year-end.



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**The Thunder Bay Foundation**

**NOTES TO FINANCIAL STATEMENTS**

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December 31, 1998

**4. CAPITAL RECEIPTS**

Donated capital receipts consist of the following:

	1998 \$	1997 \$
Mr. Joseph Vezeau	2,500	2,500
Estate of Mrs. Ruth Black	85,000	34,665
Estate of Dr. J. D. McIntosh	—	110,598
	<u>87,500</u>	<u>147,763</u>

**5. COMMITMENTS**

The Thunder Bay Foundation has pledged \$5,000 to the Confederation College and \$5,000 to the Lakehead University. Both pledges have not been accrued in the financial statements and must be paid not later than March 31, 1999.

**6. CONTINGENCY**

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the entity, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

**7. COMPARATIVE FIGURES**

Certain of the 1997 comparative figures have been reclassified to conform to the current year's presentation.



**SCHEDULE OF GRANTS, SCHOLARSHIPS  
AND BURSARIES**

Year ended December 31

	1998 \$
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<b>CHILDREN AND YOUTH'S SERVICES</b>	
Hagi's Kids' Connection	1,100
Thunder Bay Boys and Girls Club	1,450
	2,550
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<b>ALLEVIATION OF HUMAN SUFFERING</b>	
Persons United for Self-Help	1,000
Canadian Hearing Society	1,000
St. Andrew's Dew Drop Inn	1,700
Salvation Army Christmas Appeal	1,250
Via Vitae Community Palliative Care	1,300
Wesway	1,650
MS Society	1,650
The Lung Association	1,300
Thunder Bay Christmas Cheer Fund	850
Canadian Red Cross	1,100
George Jeffrey Treatment Centre	1,200
Thunder Bay Regional Hospital Foundation	7,500
St. Joseph's Foundation	3,650
Hagi's Independent Services for Thunder Bay	1,300
	26,450
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<b>Total grants (carried forward)</b>	<b>29,000</b>

**SCHEDULE OF GRANTS, SCHOLARSHIPS  
AND BURSARIES**

Year ended December 31

	1998 \$
<b>Total grants (brought forward)</b>	<b>29,000</b>
<b>ADVANCEMENT OF SOCIAL WORK, EDUCATION AND CULTURAL PURPOSES</b>	
United Way of Thunder Bay	2,100
Thunder Bay Symphony Orchestra	1,550
Thunder Bay Emergency Shelter	1,300
Thunder Bay Drug Awareness	1,000
Churchill Collegiate	1,700
Thunder Bay Art Gallery	1,000
N. W. Ontario Regional Science Fair	1,000
Lakehead Social Planning Council	1,350
	<b>11,000</b>
Scholarships and bursaries paid from General Fund	32,000
Scholarships paid from Joshua Dyke Family Scholarship Trust Fund	18,000
<b>Total scholarships and bursaries</b>	<b>50,000</b>
<b>Total grants, scholarships and bursaries</b>	<b>90,000</b>

