

**ELGIN - ST. THOMAS
COMMUNITY FOUNDATION**

**Financial Statements
December 31, 2023**

ELGIN-ST. THOMAS COMMUNITY FOUNDATION

Financial Statements

For the Year Ended December 31, 2023

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of **Elgin-St. Thomas Community Foundation** :

Opinion

We have audited the financial statements of **Elgin-St. Thomas Community Foundation** , which comprise the statement of financial position as at December 31, 2023, and the statement of operations and changes in 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 Foundation's financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2023, 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.

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 qualified 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.



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INDEPENDENT AUDITORS' REPORT (CONTINUED)

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.
- 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 where 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.

St. Thomas, Ontario

April 23, 2024

Graham Scott Enns LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

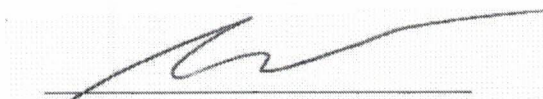
Licensed Public Accountants

ELGIN-ST. THOMAS COMMUNITY FOUNDATION

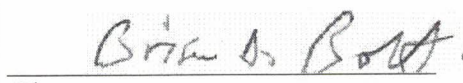
Statement of Financial Position As at December 31, 2023

| | 2023 \$ | 2022 \$ |
|--|-------------------|-------------------|
| <u>ASSETS</u> | | |
| CURRENT ASSETS | | |
| Cash | 41,760 | 69,823 |
| Government remittances receivable | <u>1,805</u> | <u>1,755</u> |
| | 43,565 | 71,578 |
| COLLECTIONS | 6,700 | 6,700 |
| INVESTMENTS (NOTE 3) | <u>10,931,313</u> | <u>11,212,982</u> |
| | <u>10,981,578</u> | <u>11,291,260</u> |
| <u>LIABILITIES</u> | | |
| CURRENT LIABILITIES | | |
| Accounts payable and accrued liabilities | 22,869 | 10,654 |
| Government remittances payable | <u>8,823</u> | <u>6,685</u> |
| | <u>31,692</u> | <u>17,339</u> |
| <u>FUND BALANCES</u> | | |
| OPERATING FUND | 50,736 | 47,153 |
| RESTRICTED FUNDS | 1,017,552 | 1,408,412 |
| ENDOWMENT FUNDS | <u>9,881,598</u> | <u>9,818,356</u> |
| | <u>10,949,886</u> | <u>11,273,921</u> |
| | <u>10,981,578</u> | <u>11,291,260</u> |

On Behalf of the Board



Director



Director

See accompanying notes to the financial statements

ELGIN-ST. THOMAS COMMUNITY FOUNDATION

Statement of Operations and Changes in Fund Balances For the Year Ended December 31, 2023

| | Operating Fund | | Restricted Funds (Note 6) | | Endowment Funds (Note 6) | | TOTAL | |
|---|----------------|----------------|------------------------------|------------------|-----------------------------|-------------------|-------------------|-------------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Revenue | | | | | | | | |
| Investment income (loss) | - | - | 21,118 | (120,989) | 144,233 | 48,201 | 165,351 | (72,788) |
| Donations and event revenue | 36,379 | 1,729 | 375,326 | 800,068 | 375,271 | 353,434 | 786,976 | 1,155,231 |
| Administrative and service fees | 156,722 | 187,537 | - | - | - | - | 156,722 | 187,537 |
| | <u>193,101</u> | <u>189,266</u> | <u>396,444</u> | <u>679,079</u> | <u>519,504</u> | <u>401,635</u> | <u>1,109,049</u> | <u>1,269,980</u> |
| Expenses | | | | | | | | |
| Administrative & other expenses (Page 12) | 189,518 | 157,923 | - | - | - | - | 189,518 | 157,923 |
| Administration and service fees | - | - | 27,864 | 74,676 | 128,858 | 112,861 | 156,722 | 187,537 |
| | <u>189,518</u> | <u>157,923</u> | <u>27,864</u> | <u>74,676</u> | <u>128,858</u> | <u>112,861</u> | <u>346,240</u> | <u>345,460</u> |
| Grants and distributions | - | - | 934,045 | 2,038,946 | 152,799 | 241,655 | 1,086,844 | 2,280,601 |
| Excess (deficiency) of revenues over expenses, grants and distributions | 3,583 | 31,343 | (565,465) | (1,434,543) | 237,847 | 47,119 | (324,035) | (1,356,081) |
| Interfund transfers (Note 4) | - | (31,344) | 174,605 | 31,344 | (174,605) | - | - | - |
| Change in fund balances | 3,583 | (1) | (390,860) | (1,403,199) | 63,242 | 47,119 | (324,035) | (1,356,081) |
| FUND BALANCES, BEGINNING OF YEAR | <u>47,153</u> | <u>47,154</u> | <u>1,408,412</u> | <u>2,171,242</u> | <u>9,818,356</u> | <u>10,411,606</u> | <u>11,273,921</u> | <u>12,630,002</u> |
| Prior period adjustment (Note 6) | - | - | - | 640,369 | - | (640,369) | - | - |
| FUND BALANCES, BEGINNING OF YEAR AS RESTATED | <u>47,153</u> | <u>47,154</u> | <u>1,408,412</u> | <u>2,811,611</u> | <u>9,818,356</u> | <u>9,771,237</u> | <u>11,273,921</u> | <u>12,630,002</u> |
| FUND BALANCES, END OF YEAR | <u>50,736</u> | <u>47,153</u> | <u>1,017,552</u> | <u>1,408,412</u> | <u>9,881,598</u> | <u>9,818,356</u> | <u>10,949,886</u> | <u>11,273,921</u> |

See accompanying notes to the financial statements

ELGIN-ST. THOMAS COMMUNITY FOUNDATION

Statement of Cash Flow For the Year Ended December 31, 2023

| | 2023 <u>\$</u> | 2022 <u>\$</u> |
|---|-------------------|-------------------|
| CASH FLOWS USED IN OPERATING ACTIVITIES | | |
| Excess (deficiency) of revenues over expenditures, grants and distributions | (324,035) | (1,356,081) |
| Adjustments for non-cash items: | | |
| Unrealized loss | <u>106,190</u> | <u>863,099</u> |
| | <u>(217,845)</u> | <u>(492,982)</u> |
| Changes in non-cash working capital: | | |
| Accounts receivables | - | 27,500 |
| Government remittances receivable | (50) | 273 |
| Accounts payable and accrued liabilities | 12,215 | 1,067 |
| Government remittances payable | <u>2,138</u> | <u>1,240</u> |
| | <u>14,303</u> | <u>30,080</u> |
| | <u>(203,542)</u> | <u>(462,902)</u> |
| CASH FLOWS USED IN INVESTING ACTIVITIES | | |
| Net transfer into investment accounts | <u>175,479</u> | <u>478,626</u> |
| | <u>175,479</u> | <u>478,626</u> |
| NET CHANGE IN CASH | (28,063) | 15,724 |
| CASH, BEGINNING OF YEAR | <u>69,823</u> | <u>54,099</u> |
| CASH, END OF YEAR | <u>41,760</u> | <u>69,823</u> |

See accompanying notes to the financial statements

ELGIN-ST. THOMAS COMMUNITY FOUNDATION

Notes to the Financial Statements For the Year Ended December 31, 2023

NATURE OF THE FOUNDATION

Elgin-St. Thomas Community Foundation is a corporation without share capital, incorporated by letters patent dated December 11, 2003. The Foundation is a registered charity under the Canadian Income Tax Act and is exempt from income tax.

Vision:

Every member of the community has an equal opportunity to live a meaningful life.

Mission:

Be the bridge between local donors and the needs of our local communities.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Accounting Estimates

The preparation of these financial statements in conformity 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, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the current period. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known. There are no significant accounting estimates in these financial statements and as such no further disclosures were made.

Fund Accounting

In order to ensure observance of the limitations and restrictions placed on the use of the resources available to the Foundation, the accounts are maintained in accordance with the restricted fund method of accounting for contributions. Under this method, resources are classified for accounting and reporting purposes into funds that are in accordance with specified activities or objectives. The Foundation uses the following fund groups:

(a) Operating Fund

The Operating Fund accounts for the Foundation's administrative and operational revenues and expenses supporting vital day to day operations. Net expenditures of the Operating Fund are financed primarily by donor contributions directed to general operations and from interfund administrative and service fees.

ELGIN-ST. THOMAS COMMUNITY FOUNDATION

Notes to the Financial Statements For the Year Ended December 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounting (Continued)

(b) Restricted Funds

The Restricted Funds comprises the resources that are to be used for specific purposes as specified by the donor or project funder. Included in Restricted Funds are the following:

- (i) ESCF Operations Stability Fund - Ongoing support of ESCF operations and administrative support of programs.
- (ii) Flow Through Donations - Restricted by the donor and are granted within one year of being received.
- (iii) Funds Held for Others - Registered charities or foundations entrust the Foundation with short-term management of funds.
- (iv) Invested Flow-Through Funds - Similar to donor advised or donor designated funds with the exception that both fund capital and earned income may be granted. Invested Flow-Through Funds may continue granting until all fund capital and earned income has been depleted.
- (v) Scholarship Funds - Donors specify the criteria, educational institution and/or particular course of study of the recipient student. Once criteria are established and publicized, students apply for scholarships. Typically, donor advisors recommend grants to qualified donees, usually students or educational institutions.

(c) Endowment Funds

The purpose of the Endowment Funds is to allow for the creation and long-term management of funds, the income from which will be used or applied for the long term benefit of citizens of the County of Elgin. Endowment Funds constitute either funds to be maintained in perpetuity or funds required to be held for at least ten years. Endowment Funds can be of the following designations:

- (i) Community Funds - Funds established by donors for the purpose of supporting charitable activities in a particular community or geographic area. Donors may set up funds within a community fund to direct grants to qualified donees within that community.
 - (ii) Donor Advised Funds - Donors recommend specific organizations or area of interest to receive funds.
 - (iii) Donor Designated Funds - Donors specify the area of interest or charitable activity they wish to support.
-

ELGIN-ST. THOMAS COMMUNITY FOUNDATION

Notes to the Financial Statements For the Year Ended December 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounting (Continued)

- (iv) Great EST Needs Fund (previously named Vital Community Fund) - Unrestricted funds established to provide the organization the flexibility to direct grants where they have the greatest potential to contribute to our community's well-being.
- (v) Scholarship Funds - Donors specify the criteria, educational institution and/or particular course of study of the recipient student. Once criteria are established and publicized, students apply for scholarships. Typically, donor advisors recommend grants to qualified donees, usually students or educational institutions.

Revenue Recognition

Donations are recorded as revenue when received. Grants and event revenue are recorded as revenue in the time period when the related expenditure occurs. Investment income (loss) is recorded as revenue when earned. Other revenues are recorded as revenue when receivable. Endowment contributions are recorded as revenue in the applicable endowment fund when received.

Donations in-kind are recorded at fair market value when a fair monetary value can be established and the donation is considered significant in value.

Contributed Services and Materials

Volunteers contribute an indeterminable number of hours per year. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Contributed materials or services which would otherwise have been purchased in the normal course of operations are recorded in these financial statements.

Collections

The foundation has a collection of artifacts for display. Collections are recorded at their appraised value at the time they are donated, where such value can be reasonably determined, and are not amortized.

Financial Instruments

Measurement of financial instruments

The Foundation initially measures its financial assets and liabilities at fair value.

The Foundation subsequently measures all its financial assets and financial 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 net income.

ELGIN-ST. THOMAS COMMUNITY FOUNDATION

Notes to the Financial Statements For the Year Ended December 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Instruments (continued)

Financial liabilities measured at amortized cost include accounts payable.

Financial assets measured at fair value include cash, short-term investments and long-term investments as they are quoted in an active market.

Investment management fees

The Foundation presents investment management fees netted against investment income on the statement of operations and changes in fund balances. Investment management fees for the year were \$97,930 (2022 - \$45,278).

2. FINANCIAL INSTRUMENT RISKS

Risks and Concentrations

The Foundation is exposed to various risks through its financial instruments. The following analysis provides a measure of the Foundation's risk exposure and concentrations at the balance sheet date.

Liquidity Risk

Liquidity risk is the risk that a Foundation will encounter difficulty in meeting obligations associated with financial liabilities. The Foundation is exposed to this risk mainly in respect of its accounts payable and accrued liabilities and government remittances payable.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Foundation does not have any significant exposure to any individual supporter.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Foundation is subject to market risk and foreign currency risk with respect to its investment portfolio due to fluctuations in the market value of the underlying securities. To manage these risks, the Foundation has designed its investment portfolio to optimize return within a balanced investment portfolio.

Foreign Currency Risk

The Foundation's investments include stocks and mutual funds which are invested outside of Canada. Investment income is generated from these funds. The risk from foreign currency fluctuations is mitigated through the implementation of an investment policy.

ELGIN-ST. THOMAS COMMUNITY FOUNDATION

Notes to the Financial Statements For the Year Ended December 31, 2023

2. FINANCIAL INSTRUMENT RISKS (CONTINUED)

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. The Foundation is exposed to interest rate risk on its fixed and floating interest rate financial instruments.

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 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 is exposed to other price risk through its investments in quoted shares.

No financial liabilities of the Foundation were in default during the period.

The Foundation was not subject to any covenants during the period.

There have been no changes to the assessed levels of these risks in the year.

3. INVESTMENTS

| | 2023 | 2022 |
|---|--------------------------|--------------------------|
| | <u>\$</u> | <u>\$</u> |
| Investments consist of the following held at Fair Market Value: | | |
| Cash and cash equivalents | 1,824,427 | 3,794,072 |
| GIC's and fixed income products | 3,804,097 | 934,290 |
| Common stock and preferred shares - Canadian | 2,129,074 | 2,182,402 |
| Common stock and preferred shares - Foreign | 1,709,102 | 2,875,994 |
| Mutual Funds - Canadian | 183,306 | 231,374 |
| Mutual Funds - Foreign and other | <u>1,281,307</u> | <u>1,194,850</u> |
| | <u>10,931,313</u> | <u>11,212,982</u> |

The above cash balances were maintained in accounts bearing interest at between 0.00% and 5.27% per annum as at December 31, 2023.

GIC's bear interest at rates between 1.46% and 5.56%, and have maturity dates ranging from January 2024 to December 2028.

ELGIN-ST. THOMAS COMMUNITY FOUNDATION

Notes to the Financial Statements For the Year Ended December 31, 2023

4. INTERFUND TRANSFER

During 2023 the Board approved a transfer of \$nil (2022 - \$31,344) from the Elgin St. Thomas Community Foundation Operating Fund to Restricted Funds. In addition, during the year there were donor requested transfers of \$174,605 (2022 - \$52,891) from the Endowment Funds to the Restricted Funds.

5. OPERATING LEASES

The minimum annual lease payments required in each of the next five years in respect of operating leases for buildings and premises as at December 31, 2023 are as follows:

| | <u>\$</u> |
|------|-----------|
| 2024 | 11,323 |
| 2025 | 11,323 |
| 2026 | 11,842 |
| 2027 | 11,889 |
| 2028 | 991 |

6. PRIOR PERIOD ADJUSTMENT

During the year, it was identified that a fund which was previously identified as an Endowment Fund is not required to be held in perpetuity and as such has been reclassified as a Restricted Fund. As a result, the balances of the funds have been restated as follows:

| | |
|--|------------------|
| | 2022 |
| | <u>\$</u> |
| Adjustments to the Statement of Operations and | |
| Changes in Fund Balances - Endowment Funds: | |
| Decrease in opening fund balance | <u>(640,369)</u> |
| Decrease in investment loss | <u>(92,755)</u> |
| Decrease in administration and service fees | <u>(8,974)</u> |
| Decrease in grants and distributions | <u>(70,000)</u> |
| Adjustments to the Statement of Operations and | |
| Changes in Fund Balances - Restricted Funds: | |
| Increase in opening fund balance | <u>640,369</u> |
| Increase in investment loss | <u>92,755</u> |
| Increase in administration and service fees | <u>8,974</u> |
| Increase in grants and distributions | <u>70,000</u> |

ELGIN-ST. THOMAS COMMUNITY FOUNDATION

Schedule of Administrative and Other Expenses For the Year Ended December 31, 2023

| | 2023 | 2022 |
|--|----------------|----------------|
| | <u>\$</u> | <u>\$</u> |
| Payroll expense | 119,505 | 106,081 |
| Materials and supplies | 20,619 | 17,242 |
| Fundraising and events | 14,473 | 4,416 |
| Occupancy costs | 10,673 | 6,778 |
| Professional fees | 9,329 | 7,654 |
| Other operating costs | 5,123 | 5,529 |
| Printing, communications and advertising | 4,081 | 4,422 |
| Professional development and travel | 3,392 | 3,545 |
| Insurance | <u>2,323</u> | <u>2,256</u> |
| | <u>189,518</u> | <u>157,923</u> |
