

**ELGIN - ST. THOMAS
COMMUNITY FOUNDATION**

**Financial Statements
December 31, 2017**

ELGIN-ST. THOMAS COMMUNITY FOUNDATION

Financial Statements

For the Year Ended December 31, 2017

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Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of Elgin-St. Thomas Community Foundation, which comprise the balance sheet as at December 31, 2017 as well as the statements of operations and changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the organization derives revenue from donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenses, current assets and fund balances for the period ending December 31, 2017 and year ending December 31, 2016, current assets as at December 31, 2017 and December 31, 2016, and net assets as at January 1, 2017 and January 1, 2016 for the 2017 period ended as well as January 1, 2016 and January 1, 2015 for the 2016 year ended. Our audit on the financial statements for the year ended December 31, 2017 was modified accordingly because of the possible effects of this limitation in scope.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Elgin-St. Thomas Community Foundation as at December 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations

St. Thomas, Ontario

April 16, 2018

Graham Scott Enns LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Licensed Public Accountants

ELGIN-ST. THOMAS COMMUNITY FOUNDATION

Balance Sheet As at December 31, 2017

	2017	2016
	<u>\$</u>	<u>\$</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	9,182	8,268
Government remittances receivable	5,591	4,945
Donations in kind inventory on hand	<u>-</u>	<u>350</u>
	14,773	13,563
INVESTMENTS (PAGE 5)	<u>2,524,885</u>	<u>2,237,721</u>
	<u>2,539,658</u>	<u>2,251,284</u>
<u>LIABILITIES</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	6,874	4,142
Government remittances payable	<u>1,813</u>	<u>6,173</u>
	<u>8,687</u>	<u>10,315</u>
<u>FUND BALANCES</u>		
Endowment Funds (Pages 3 and 6)	2,247,737	2,093,217
Flow Through and Managed Restricted Funds (Page 3)	277,147	144,654
Operating Funds		
Unrestricted Net Assets (Page 3)	<u>6,087</u>	<u>3,098</u>
	<u>2,530,971</u>	<u>2,240,969</u>
	<u>2,539,658</u>	<u>2,251,284</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, 2017**

	Operating Fund Unrestricted Net Assets		Flow-Through and Managed Funds (restricted)		Endowment Funds		TOTAL	
	2017 \$	2016 \$	2017 \$	2016 \$	2017 \$	2016 \$	2017 \$	2016 \$
Revenue								
Investment income (Page 5)	-	-	7,940	6,950	132,793	148,479	140,733	155,429
Donations and event revenue	19,333	16,128	250,735	31,185	155,129	58,207	425,197	105,520
Administrative and service fees	<u>52,085</u>	<u>42,711</u>	-	-	-	-	<u>52,085</u>	<u>42,711</u>
	<u>71,418</u>	<u>58,839</u>	<u>258,675</u>	<u>38,135</u>	<u>287,922</u>	<u>206,686</u>	<u>618,015</u>	<u>303,660</u>
Expenses								
Administrative & other expenses (Page 11)	60,429	85,327	-	-	-	-	60,429	85,327
Administration and service fees	-	-	7,103	2,382	44,982	40,329	52,085	42,711
	<u>60,429</u>	<u>85,327</u>	<u>7,103</u>	<u>2,382</u>	<u>44,982</u>	<u>40,329</u>	<u>112,514</u>	<u>128,038</u>
Grants and distributions	-	-	<u>119,079</u>	<u>54,327</u>	<u>96,420</u>	<u>2,552</u>	<u>215,499</u>	<u>56,879</u>
Excess (deficiency) of revenues over expenses, grants and distributions	10,989	(26,488)	132,493	(18,574)	146,520	163,805	290,002	118,743
Interfund transfers (Note 3)	(8,000)	30,000	-	50,000	8,000	(80,000)	-	-
FUND BALANCES, BEGINNING OF YEAR	<u>3,098</u>	<u>(414)</u>	<u>144,654</u>	<u>113,228</u>	<u>2,093,217</u>	<u>2,009,412</u>	<u>2,240,969</u>	<u>2,122,226</u>
FUND BALANCES, END OF YEAR	<u>6,087</u>	<u>3,098</u>	<u>277,147</u>	<u>144,654</u>	<u>2,247,737</u>	<u>2,093,217</u>	<u>2,530,971</u>	<u>2,240,969</u>

See accompanying notes to the financial statements

ELGIN-ST. THOMAS COMMUNITY FOUNDATION

Unaudited Statement of Cash Flow For the Year Ended December 31, 2017

	2017	2016
	<u>\$</u>	<u>\$</u>
CASH FLOWS USED IN OPERATING ACTIVITIES		
Net earnings for the year	290,002	118,743
Adjustments for non-cash items:		
Unrealized gain	(55,798)	(85,843)
Income on investments	(84,935)	(69,586)
Grants and distributions	215,499	56,879
Endowment and flow-through contributions	<u>(405,864)</u>	<u>(89,392)</u>
	<u>(41,096)</u>	<u>(69,199)</u>
Changes in non-cash working capital:		
Decrease in accounts receivables	-	1,465
Increase in government remittances receivable	(646)	(2,627)
Decrease in inventory	350	-
Decrease in prepaids	-	773
Increase (decrease) in accounts payable and accrued liabilities	2,731	(615)
(Decrease) increase in government remittances payable	<u>(4,360)</u>	<u>5,515</u>
	<u>(1,925)</u>	<u>4,511</u>
	<u>(43,021)</u>	<u>(64,688)</u>
CASH FLOWS USED IN INVESTING ACTIVITIES		
Grants and distributions	(215,499)	(56,879)
Net transfer into investment accounts	(231,365)	(30,706)
Income earned on endowment and managed funds	<u>84,935</u>	<u>69,586</u>
	<u>(361,929)</u>	<u>(17,999)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Endowment and flow-through contributions	<u>405,864</u>	<u>89,392</u>
NET CHANGE IN CASH	914	6,705
CASH, BEGINNING OF YEAR	<u>8,268</u>	<u>1,563</u>
CASH, END OF YEAR	<u>9,182</u>	<u>8,268</u>

See accompanying notes to the financial statements

ELGIN-ST. THOMAS COMMUNITY FOUNDATION

Schedule of Investments As at December 31, 2017

	2017	2016
	<u>\$</u>	<u>\$</u>
Investments consist of the following:		
Cash and cash equivalents	115,071	88,421
GIC's and fixed income products	1,000,029	874,298
Common stock and preferred shares	793,323	687,339
Mutual Funds - Canadian	104,775	280,767
Mutual Funds - Foreign and other	<u>511,687</u>	<u>306,896</u>
	<u>2,524,885</u>	<u>2,237,721</u>
Income earned on investments:		
Dividends and distributions (net of foreign withholding taxes)	54,200	48,473
Interest	21,457	13,438
Gain on sale of investments	9,278	7,675
Unrealized gain on investments	<u>55,798</u>	<u>85,843</u>
	<u>140,733</u>	<u>155,429</u>

The above cash balances were maintained in accounts bearing interest at between 0.125% and 1.2% per annum as at December 31, 2017.

GIC's bear interest at rates between 1.76% and 2.85%, and have maturity dates ranging from January, 2018 to September, 2022.

See accompanying notes to the financial statements

ELGIN-ST. THOMAS COMMUNITY FOUNDATION

**Schedule of Endowment Funds
As at December 31, 2017**

	2017	2016
	<u>\$</u>	<u>\$</u>
Agency Funds	132,589	130,514
Community Fund	83,681	83,732
Donor Advised Funds	1,911,712	1,755,698
Donor Designated Funds	87,549	91,347
Field of Interest Funds	<u>32,206</u>	<u>31,926</u>
	<u>2,247,737</u>	<u>2,093,217</u>

See accompanying notes to the financial statements

ELGIN-ST. THOMAS COMMUNITY FOUNDATION

Notes to the Financial Statements For the Year Ended December 31, 2017

NATURE OF THE ORGANIZATION

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:

Vibrant, healthy and resilient communities across Elgin County.

Mission:

With the partnership of caring local people, we invest in community based solutions that create meaningful and lasting impacts.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

In the opinion of management, the financial statements have been prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below:

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

Revenue Recognition

The Foundation follows the deferral method of accounting for contributions.

Operating Fund donations are recorded as revenue when received. Grants are recorded as revenue in the time period when the related expenditure occurs. Investment income 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.

Operating Fund

The unrestricted portion of the operating fund represents the unrestricted net assets of the Elgin-St. Thomas Community Foundation supporting vital day to day operations including ongoing operating and program costs.

ELGIN-ST. THOMAS COMMUNITY FOUNDATION

Notes to the Financial Statements For the Year Ended December 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 can be of the following designations:

- Agency funds - funds established by charitable organizations as permanent funds to ensure an ongoing source of support for their programs and operations
- Community Fund - unrestricted funds respond to the changing needs of our community.
- Donor advised funds - donors recommend specific organizations or area of interest to receive funds.
- Donor designated funds - donors specify the area of interest or charitable activity they wish to support.
- Field of interest funds - donors focus giving in a certain area.

Flow Through Donations

Flow Through Donations are restricted by the donor and are granted within one year of being received.

Funds Held for Others

Registered charities or foundations entrust the Foundation with short-term management of funds.

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.

Financial Instruments

Measurement of financial instruments

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

ELGIN-ST. THOMAS COMMUNITY FOUNDATION

Notes to the Financial Statements For the Year Ended December 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Instruments (Continued)

The organization 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.

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.

2. FINANCIAL INSTRUMENTS

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.

Credit risk

The Foundation does not have any significant exposure to any individual supporter.

Fair value

The carrying value of accounts receivable, prepaid expenses and accounts payable and accrued liabilities approximate the fair value due to the near-term maturity of these instrument.

3. INTERFUND TRANSFER

During 2017 the Board approved a transfer of \$8,000 from the Elgin St. Thomas Community Foundation Operating Fund to the Endowment Fund.

ELGIN-ST. THOMAS COMMUNITY FOUNDATION

Notes to the Financial Statements For the Year Ended December 31, 2017

4. 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, 2017 are as follows:

	<u>\$</u>
2018	2,382
2019	2,599
2020	2,599
2021	2,599
2022	2,599

ELGIN-ST. THOMAS COMMUNITY FOUNDATION

**Schedule of Administrative and Other Expenses
For the Year Ended December 31, 2017**

	2017	2016
	<u>\$</u>	<u>\$</u>
Payroll expense	30,662	55,685
Professional fees	8,240	5,395
Other operating costs	2,800	1,268
Fundraising and events	4,079	11,994
Printing, communications and advertising	3,952	4,639
Materials and supplies	2,855	2,766
Professional development and travel	2,611	138
Occupancy costs	1,886	1,800
Government remittances not recoverable	1,832	-
Insurance	<u>1,512</u>	<u>1,642</u>
	<u>60,429</u>	<u>85,327</u>