

**ELGIN - ST. THOMAS  
COMMUNITY FOUNDATION**

**Financial Statements  
December 31, 2019**

# **ELGIN-ST. THOMAS COMMUNITY FOUNDATION**

## **Financial Statements**

**For the Year Ended December 31, 2019**

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## **INDEPENDENT AUDITORS' REPORT**

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

### **Qualified Opinion**

We have audited the financial statements of **Elgin-St. Thomas Community Foundation**, which comprise the statement of financial position as at December 31, 2019, 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, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the organization's financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### **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 and donations, revenues over expenditures, grants and distributions, and cash flows for the year ending December 31, 2019 and year ending December 31, 2018, current assets as at December 31, 2019 and December 31, 2018, and net assets as at January 1, 2019 and December 31, 2019 for the 2019 year ended, as well as January 1, 2018 and December 31, 2018, for the 2018 year ended. Our audit on the financial statements for the year ended December 31, 2018 was modified accordingly because of the possible effects of this limitation in scope.

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 organization 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 organization'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 organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization's financial reporting process.



**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 organization'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 organization'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 organization 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 14, 2020

*Graham Scott Enns LLP*

CHARTERED PROFESSIONAL ACCOUNTANTS

Licensed Public Accountants

**ELGIN-ST. THOMAS COMMUNITY FOUNDATION**

**Statement of Financial Position  
As at December 31, 2019**

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	<b>2019</b>	2018
	<u>\$</u>	<u>\$</u>
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash	12,143	11,239
Government remittances receivable	<u>1,063</u>	<u>1,198</u>
	13,206	12,437
<b>ARTIFACTS (NOTE 3)</b>	6,700	6,700
<b>INVESTMENTS (PAGE 6)</b>	<u>5,176,572</u>	<u>4,097,870</u>
	<u>5,196,478</u>	<u>4,117,007</u>
<b><u>LIABILITIES</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	9,551	9,413
Government remittances payable	<u>2,920</u>	<u>2,531</u>
	<u>12,471</u>	<u>11,944</u>
<b><u>FUND BALANCES</u></b>		
Operating Fund (Page 4)	23,030	17,346
Restricted Funds (Pages 4 and 7)	1,876,995	1,361,902
Endowment Funds (Pages 4 and 7)	<u>3,283,982</u>	<u>2,725,815</u>
	<u>5,184,007</u>	<u>4,105,063</u>
	<u>5,196,478</u>	<u>4,117,007</u>

On Behalf of the Board

\_\_\_\_\_  
Director

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Director

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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, 2019**

	Operating Fund		Restricted Funds		Endowment Funds		TOTAL	
	2019 \$	2018 \$	2019 \$	2018 \$	2019 \$	2018 \$	2019 \$	2018 \$
<b>Revenue</b>								
Investment income (loss) (Page 6)	-	-	<b>186,564</b>	(55,060)	<b>359,947</b>	(62,456)	<b>546,511</b>	(117,516)
Donations and event revenue	<b>40,889</b>	38,986	<b>583,098</b>	1,481,615	<b>304,110</b>	701,922	<b>928,097</b>	2,222,523
Administrative and service fees	<b>86,036</b>	70,159	-	-	-	-	<b>86,036</b>	70,159
	<u><b>126,925</b></u>	<u>109,145</u>	<u><b>769,662</b></u>	<u>1,426,555</u>	<u><b>664,057</b></u>	<u>639,466</u>	<u><b>1,560,644</b></u>	<u>2,175,166</u>
<b>Expenses</b>								
Administrative & other expenses (Page 13)	<b>103,541</b>	97,886	-	-	-	-	<b>103,541</b>	97,886
Administration and service fees	-	-	<b>24,904</b>	18,418	<b>61,132</b>	51,741	<b>86,036</b>	70,159
	<u><b>103,541</b></u>	<u>97,886</u>	<u><b>24,904</b></u>	<u>18,418</u>	<u><b>61,132</b></u>	<u>51,741</u>	<u><b>189,577</b></u>	<u>168,045</u>
Grants and distributions	-	-	<b>236,215</b>	323,382	<b>55,908</b>	109,647	<b>292,123</b>	433,029
Excess of revenues over expenses, grants and distributions	<b>23,384</b>	11,259	<b>508,543</b>	1,084,755	<b>547,017</b>	478,078	<b>1,078,944</b>	1,574,092
Interfund transfers (Note 4)	<b>(17,700)</b>	-	<b>6,550</b>	-	<b>11,150</b>	-	-	-
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u><b>17,346</b></u>	<u>6,087</u>	<u><b>1,361,902</b></u>	<u>277,147</u>	<u><b>2,725,815</b></u>	<u>2,247,737</u>	<u><b>4,105,063</b></u>	<u>2,530,971</u>
<b>FUND BALANCES, END OF YEAR</b>	<u><b>23,030</b></u>	<u>17,346</u>	<u><b>1,876,995</b></u>	<u>1,361,902</u>	<u><b>3,283,982</b></u>	<u>2,725,815</u>	<u><b>5,184,007</b></u>	<u>4,105,063</u>

See accompanying notes to the financial statements

# ELGIN-ST. THOMAS COMMUNITY FOUNDATION

## Statement of Cash Flow For the Year Ended December 31, 2019

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	2019	2018
	<u>\$</u>	<u>\$</u>
<b>CASH FLOWS USED IN OPERATING ACTIVITIES</b>		
Excess of revenues over expenditures, grants and distributions	1,078,944	1,574,092
Adjustments for non-cash items:		
Unrealized (gain) loss	(295,190)	259,412
Income on investments	(251,321)	(141,896)
Grants and distributions	292,123	433,029
Endowment and restricted contributions	(887,208)	(2,183,537)
Gift in kind	<u>-</u>	<u>(6,700)</u>
	<u>(62,652)</u>	<u>(65,600)</u>
Changes in non-cash working capital:		
Decrease in government remittances receivable	135	4,393
Increase in accounts payable and accrued liabilities	138	2,540
Increase in government remittances payable	<u>389</u>	<u>718</u>
	<u>662</u>	<u>7,651</u>
	<u>(61,990)</u>	<u>(57,949)</u>
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>		
Grants and distributions	(292,123)	(433,029)
Net transfer into investment accounts	(783,512)	(1,832,398)
Income earned on endowment and restricted funds	<u>251,321</u>	<u>141,896</u>
	<u>(824,314)</u>	<u>(2,123,531)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Endowment and restricted contributions	<u>887,208</u>	<u>2,183,537</u>
<b>NET CHANGE IN CASH</b>	904	2,057
<b>CASH, BEGINNING OF YEAR</b>	<u>11,239</u>	<u>9,182</u>
<b>CASH, END OF YEAR</b>	<u><u>12,143</u></u>	<u><u>11,239</u></u>

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See accompanying notes to the financial statements

# ELGIN-ST. THOMAS COMMUNITY FOUNDATION

## Schedule of Investments As at December 31, 2019

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	<b>2019</b>	2018
	<u>\$</u>	<u>\$</u>
<b>Investments consist of the following held at Fair Market Value:</b>		
Cash and cash equivalents	437,075	398,240
GIC's and fixed income products	977,712	949,124
Common stock and preferred shares - Canadian	2,544,153	1,908,456
Common stock and preferred shares - Foreign	239,391	80,228
Mutual Funds - Canadian	453,839	256,212
Mutual Funds - Foreign and other	<u>524,402</u>	<u>505,610</u>
	<u><b>5,176,572</b></u>	<u><b>4,097,870</b></u>
<b>Income earned on investments:</b>		
Dividends and distributions (net of foreign withholding taxes)	134,579	69,899
Interest	25,354	24,338
Gain on sale of investments	91,388	47,659
Unrealized gain (loss) on investments	<u>295,190</u>	<u>(259,412)</u>
	<u><b>546,511</b></u>	<u><b>(117,516)</b></u>

The above cash balances were maintained in accounts bearing interest at between 0.00% and 1.75% per annum as at December 31, 2019.

GIC's bear interest at rates between 1.96% and 2.64%, and have maturity dates ranging from January, 2020 to May, 2023.



# ELGIN-ST. THOMAS COMMUNITY FOUNDATION

## Schedule of Funds As at December 31, 2019

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	<b>2019</b>	2018
	<u>\$</u>	<u>\$</u>
<b>RESTRICTED FUNDS</b>		
Flow Through Donations	152,591	158,487
Funds Held for Other	53,874	44,393
Invested Flow-Through Funds	<u>1,670,530</u>	<u>1,159,022</u>
	<u>1,876,995</u>	<u>1,361,902</u>
<b>ENDOWMENT FUNDS</b>		
Agency Funds	139,252	121,881
Vital Community Fund	84,412	76,670
Community Funds	9,498	-
Donor Advised Funds	2,288,706	1,857,568
Donor Designated Funds	53,427	49,252
Scholarship Funds	<u>708,687</u>	<u>620,444</u>
	<u>3,283,982</u>	<u>2,725,815</u>

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See accompanying notes to the financial statements

# ELGIN-ST. THOMAS COMMUNITY FOUNDATION

## Notes to the Financial Statements For the Year Ended December 31, 2019

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### 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

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 for various purposes 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 organization's administrative and operational revenues and expenses supporting vital day to day operations.

# ELGIN-ST. THOMAS COMMUNITY FOUNDATION

## Notes to the Financial Statements For the Year Ended December 31, 2019

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### 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) Flow Through Donations- Restricted by the donor and are granted within one year of being received.
- (ii) Funds Held for Others- Registered charities or foundations entrust the Foundation with short-term management of funds.
- (iii) 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.

##### *(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) Agency funds - Funds established by charitable organizations as permanent funds to ensure an ongoing source of support for their programs and operations
- (ii) 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.
- (iii) 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.
- (iv) Donor Advised Funds - Donors recommend specific organizations or area of interest to receive funds.
- (v) 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, 2019

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Fund Accounting (Continued)

- (vi) 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.

#### Artifacts

The foundation has a collection of artifacts for display. Artifacts 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 organization initially measures its financial assets and liabilities at fair value.

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.

# ELGIN-ST. THOMAS COMMUNITY FOUNDATION

## Notes to the Financial Statements For the Year Ended December 31, 2019

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### 2. FINANCIAL INSTRUMENT RISKS

#### Risks and Concentrations

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

#### Liquidity Risk

Liquidity risk is the risk that a organization will encounter difficulty in meeting obligations associated with financial liabilities. The organization 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 organization 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 organization 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.

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

# ELGIN-ST. THOMAS COMMUNITY FOUNDATION

## Notes to the Financial Statements For the Year Ended December 31, 2019

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### 2. FINANCIAL INSTRUMENT RISKS (CONTINUED)

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

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

### 3. ARTIFACTS

During the year, artifacts consisting of art work for display with an appraised value of \$Nil were donated (2018 - \$6,700).

### 4. INTERFUND TRANSFER

During 2019 the Board approved a transfer of \$11,150 (2018 - \$Nil) from the Elgin St. Thomas Community Foundation Operating Fund to the Endowment Fund. In addition, during 2019 the Board approved a transfer of \$6,550 (2018 - \$Nil) from the Elgin St. Thomas Community Foundation Operating Fund to the Restricted Fund.

### 5. OPERATING LEASES

The minimum annual lease payments required in each of the next four years in respect of operating leases for buildings and premises as at December 31, 2019 are as follows:

	\$
2020	4,384
2021	4,384
2022	4,384
2023	365

### 6. SUBSEQUENT EVENTS

Subsequent to the year end, the organization experienced a significant decline in the fair market value of its marketable securities due to events outside of the organization's control. The impact of this decline on the organization will not be known until the marketable securities are disposed of and converted to cash. It is estimated as at April 13, 2020, the marketable securities lost approximately \$686,756 of market value. None of these marketable securities would be considered permanently impaired and as such no write down is required.

### 7. COMPARATIVE FIGURES

Certain comparative figures presented in the financial statements have been reclassified to conform to the presentation adopted in the current year.

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**ELGIN-ST. THOMAS COMMUNITY FOUNDATION**

**Schedule of Administrative and Other Expenses  
For the Year Ended December 31, 2019**

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	<b>2019</b>	2018
	<u>\$</u>	<u>\$</u>
Payroll expense	<b>55,969</b>	54,569
Fundraising and events	<b>11,720</b>	7,251
Materials and supplies	<b>9,424</b>	10,458
Professional fees	<b>6,204</b>	10,281
Printing, communications and advertising	<b>5,547</b>	2,359
Other operating costs	<b>5,443</b>	6,853
Professional development and travel	<b>4,700</b>	1,200
Occupancy costs	<b>2,391</b>	2,067
Insurance	<b>2,143</b>	1,539
Government remittances not recoverable	<u>-</u>	<u>1,309</u>
	<u><b>103,541</b></u>	<u>97,886</u>