

**ELGIN - ST. THOMAS  
COMMUNITY FOUNDATION**

**Financial Statements  
December 31, 2018**

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

## **Financial Statements**

**For the Year Ended December 31, 2018**

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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, 2018, 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, 2018, 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, 2018 and year ending December 31, 2017, current assets as at December 31, 2018 and December 31, 2017, and net assets as at January 1, 2018 and December 31, 2018 for the 2018 year ended, as well as January 1, 2017 and December 31, 2017, for the 2017 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.

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 23, 2019

*Graham Scott Enns LLP*

CHARTERED PROFESSIONAL ACCOUNTANTS

Licensed Public Accountants

# ELGIN-ST. THOMAS COMMUNITY FOUNDATION

## Statement of Financial Position As at December 31, 2018

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	<u>2018</u>	2017
	<u>\$</u>	<u>\$</u>
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash	11,239	9,182
Government remittances receivable	<u>1,198</u>	<u>5,591</u>
	12,437	14,773
<b>ARTIFACTS (NOTE 3)</b>	6,700	-
<b>INVESTMENTS (PAGE 6)</b>	<u>4,097,870</u>	<u>2,524,885</u>
	<u>4,117,007</u>	<u>2,539,658</u>
<b><u>LIABILITIES</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	9,413	6,874
Government remittances payable	<u>2,531</u>	<u>1,813</u>
	<u>11,944</u>	<u>8,687</u>
<b><u>FUND BALANCES</u></b>		
Operating Fund (Page 4)	17,346	6,087
Restricted Funds (Pages 4 and 7)	1,361,902	277,147
Endowment Funds (Pages 4 and 7)	<u>2,725,815</u>	<u>2,247,737</u>
	<u>4,105,063</u>	<u>2,530,971</u>
	<u>4,117,007</u>	<u>2,539,658</u>

On Behalf of the Board

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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, 2018**

	Operating Fund		Restricted Funds		Endowment Funds		TOTAL	
	2018 \$	2017 \$	2018 \$	2017 \$	2018 \$	2017 \$	2018 \$	2017 \$
<b>Revenue</b>								
Investment (loss) income (Page 6)	-	-	<b>(55,060)</b>	7,940	<b>(62,456)</b>	132,793	<b>(117,516)</b>	140,733
Donations and event revenue	<b>38,986</b>	19,333	<b>1,481,615</b>	250,735	<b>701,922</b>	155,129	<b>2,222,523</b>	425,197
Administrative and service fees	<b>70,159</b>	52,085	-	-	-	-	<b>70,159</b>	52,085
	<u><b>109,145</b></u>	<u>71,418</u>	<u><b>1,426,555</b></u>	<u>258,675</u>	<u><b>639,466</b></u>	<u>287,922</u>	<u><b>2,175,166</b></u>	<u>618,015</u>
<b>Expenses</b>								
Administrative & other expenses (Page 12)	<b>97,886</b>	60,429	-	-	-	-	<b>97,886</b>	60,429
Administration and service fees	-	-	<b>18,418</b>	7,103	<b>51,741</b>	44,982	<b>70,159</b>	52,085
	<u><b>97,886</b></u>	<u>60,429</u>	<u><b>18,418</b></u>	<u>7,103</u>	<u><b>51,741</b></u>	<u>44,982</u>	<u><b>168,045</b></u>	<u>112,514</u>
Grants and distributions	-	-	<u><b>323,382</b></u>	119,079	<u><b>109,647</b></u>	96,420	<u><b>433,029</b></u>	<u>215,499</u>
Excess (deficiency) of revenues over expenses, grants and distributions	<b>11,259</b>	10,989	<b>1,084,755</b>	132,493	<b>478,078</b>	146,520	<b>1,574,092</b>	290,002
Interfund transfers (Note 4)	-	(8,000)	-	-	-	8,000	-	-
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u><b>6,087</b></u>	<u>3,098</u>	<u><b>277,147</b></u>	<u>144,654</u>	<u><b>2,247,737</b></u>	<u>2,093,217</u>	<u><b>2,530,971</b></u>	<u>2,240,969</u>
<b>FUND BALANCES, END OF YEAR</b>	<u><u><b>17,346</b></u></u>	<u><u>6,087</u></u>	<u><u><b>1,361,902</b></u></u>	<u><u>277,147</u></u>	<u><u><b>2,725,815</b></u></u>	<u><u>2,247,737</u></u>	<u><u><b>4,105,063</b></u></u>	<u><u>2,530,971</u></u>

See accompanying notes to the financial statements

# ELGIN-ST. THOMAS COMMUNITY FOUNDATION

## Statement of Cash Flow For the Year Ended December 31, 2018

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	2018	2017
	<u>\$</u>	<u>\$</u>
<b>CASH FLOWS USED IN OPERATING ACTIVITIES</b>		
Excess of revenues over expenditures, grants and distributions	1,574,092	290,002
Adjustments for non-cash items:		
Unrealized loss (gain)	259,412	(55,798)
Income on investments	(141,896)	(84,935)
Grants and distributions	433,029	215,499
Endowment and restricted contributions	(2,183,537)	(405,864)
Gift in kind	<u>(6,700)</u>	<u>-</u>
	<u>(65,600)</u>	<u>(41,096)</u>
Changes in non-cash working capital:		
Decrease (increase) in government remittances receivable	4,393	(646)
Decrease in inventory	-	350
Increase in accounts payable and accrued liabilities	2,540	2,731
Increase (decrease) in government remittances payable	<u>718</u>	<u>(4,360)</u>
	<u>7,651</u>	<u>(1,925)</u>
	<u>(57,949)</u>	<u>(43,021)</u>
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>		
Grants and distributions	(433,029)	(215,499)
Net transfer into investment accounts	(1,832,398)	(231,365)
Income earned on endowment and restricted funds	<u>141,896</u>	<u>84,935</u>
	<u>(2,123,531)</u>	<u>(361,929)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Endowment and restricted contributions	<u>2,183,537</u>	<u>405,864</u>
<b>NET CHANGE IN CASH</b>	2,057	914
<b>CASH, BEGINNING OF YEAR</b>	<u>9,182</u>	<u>8,268</u>
<b>CASH, END OF YEAR</b>	<u><u>11,239</u></u>	<u><u>9,182</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, 2018

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	2018	2017
	<u>\$</u>	<u>\$</u>
<b>Investments consist of the following held at Fair Market Value:</b>		
Cash and cash equivalents	398,240	115,071
GIC's and fixed income products	949,124	1,000,029
Common stock and preferred shares - Canadian	1,908,456	793,323
Common stock and preferred shares - Foreign	80,228	-
Mutual Funds - Canadian	256,212	104,775
Mutual Funds - Foreign and other	<u>505,610</u>	<u>511,687</u>
	<u>4,097,870</u>	<u>2,524,885</u>
<b>Income earned on investments:</b>		
Dividends and distributions (net of foreign withholding taxes)	69,899	28,907
Interest	24,338	21,457
Gain on sale of investments	47,659	34,571
Unrealized (loss) gain on investments	<u>(259,412)</u>	<u>55,798</u>
	<u>(117,516)</u>	<u>140,733</u>

The above cash balances were maintained in accounts bearing interest at between 0.00% and 1.80% per annum as at December 31, 2018.

GIC's bear interest at rates between 1.70% and 2.67%, and have maturity dates ranging from January, 2019 to September, 2022.

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See accompanying notes to the financial statements



# ELGIN-ST. THOMAS COMMUNITY FOUNDATION

## Schedule of Funds As at December 31, 2018

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	<b>2018</b>	2017
	<u>\$</u>	<u>\$</u>
<b>RESTRICTED FUNDS</b>		
Flow Through Donations	<b>158,487</b>	97,916
Funds Held for Other	<b>44,393</b>	179,231
Invested Flow-Through Funds	<b><u>1,159,022</u></b>	<u>-</u>
	<b><u>1,361,902</u></b>	<u>277,147</u>
<b>ENDOWMENT FUNDS</b>		
Agency Funds	<b>121,881</b>	132,589
Community Fund	<b>76,670</b>	83,681
Donor Advised Funds	<b>2,416,259</b>	1,911,712
Donor Designated Funds	<b>81,918</b>	87,549
Field of Interest Funds	<b><u>29,087</u></b>	<u>32,206</u>
	<b><u>2,725,815</u></b>	<u>2,247,737</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, 2018

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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, 2018

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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) Community Fund - Unrestricted funds established to respond to the changing needs of our community.
  - (iii) Donor Advised Funds - Donors recommend specific organizations or area of interest to receive funds.
  - (iv) Donor Designated Funds - Donors specify the area of interest or charitable activity they wish to support.
  - (v) Field of Interest Funds - Donors focus giving in a certain area.
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# ELGIN-ST. THOMAS COMMUNITY FOUNDATION

## Notes to the Financial Statements For the Year Ended December 31, 2018

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

#### 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 (loss) 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.

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, 2018

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### 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. ARTIFACTS

During the year, artifacts consisting of art work for display with an appraised value of \$6,700 were donated (2017 - \$Nil).

### 4. INTERFUND TRANSFER

During 2018 the Board approved a transfer of \$Nil (2017 - \$8,000) from the Elgin St. Thomas Community Foundation Operating Fund to the Endowment Fund.

### 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, 2018 are as follows:

	<u>\$</u>
2019	4,384
2020	4,384
2021	4,384
2022	4,384
2023	365

**ELGIN-ST. THOMAS COMMUNITY FOUNDATION**

**Schedule of Administrative and Other Expenses  
For the Year Ended December 31, 2018**

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	<b>2018</b>	2017
	<u>\$</u>	<u>\$</u>
Payroll expense	<b>54,569</b>	30,662
Materials and supplies	<b>10,458</b>	2,855
Professional fees	<b>10,281</b>	8,240
Fundraising and events	<b>7,251</b>	4,079
Other operating costs	<b>6,853</b>	2,800
Printing, communications and advertising	<b>2,359</b>	3,952
Occupancy costs	<b>2,067</b>	1,886
Insurance	<b>1,539</b>	1,512
Government remittances not recoverable	<b>1,309</b>	1,832
Professional development and travel	<u><b>1,200</b></u>	<u>2,611</u>
	<u><b>97,886</b></u>	<u>60,429</u>