

ELGIN - ST. THOMAS COMMUNITY FOUNDATION

**Financial Statements
For the Year Ended December 31, 2016**

PAGE

Table of Contents

1

Independent Auditor's Report

2

Balance Sheet

3

Statement of Operations and Changes in Fund Balances

4

Statement of Cash Flow

5

Schedule of Investments

6

Schedule of Endowment Funds

7 - 10

Notes to the Financial Statements

11

Schedule of Administrative and Other Expenses

ELGIN-ST. THOMAS COMMUNITY FOUNDATION

Financial Statements

For the Year Ended December 31, 2016

Table of Contents	PAGE
Independent Auditors' Report	1
Balance Sheet	2
Statement of Operations and Changes in Fund Balances	3
Statement of Cash Flow	4
Schedule of Investments	5
Schedule of Endowment Funds	6
Notes to the Financial Statements	7 - 10
Schedule of Administrative and Other Expenses	11



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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, 2016 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 corporation derives a portion of revenue from donations the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary to donations, revenues, cash, excess of revenue and expenditures and fund balances.

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, 2016, 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 21, 2017

Graham Scott Enns LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

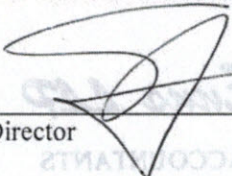
ELGIN-ST. THOMAS COMMUNITY FOUNDATION

Balance Sheet

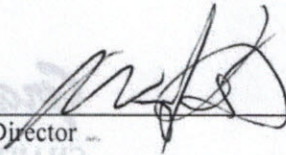
As at December 31, 2016

	<u>2016</u>	<u>2015</u>
	\$	\$
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	8,268	1,563
Accounts receivable	-	1,465
HST receivable	4,945	2,318
Donations in kind inventory on hand (Note 2)	350	350
Prepaid expenses	-	773
	<u>13,563</u>	<u>6,469</u>
INVESTMENTS (PAGE 5)	<u>2,237,721</u>	<u>2,121,172</u>
	<u>2,251,284</u>	<u>2,127,641</u>
<u>LIABILITIES</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	4,142	4,757
Government remittances payable	6,173	658
	<u>10,315</u>	<u>5,415</u>
<u>FUND BALANCES</u>		
Endowment Funds (Pages 3 and 6)	2,093,217	2,009,412
Flow Through and Managed Restricted Funds (Page 3)	144,654	113,228
Operating Funds		
Unrestricted Net Assets (Page 3)	3,098	(414)
	<u>2,240,969</u>	<u>2,122,226</u>
	<u>2,251,284</u>	<u>2,127,641</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, 2016**

	Operating Fund Unrestricted Net Assets		Flow-Through and Managed Funds (restricted)		Endowment Funds		TOTAL
	2016	2015	2016	2015	2016	2015	
	\$	\$	\$	\$	\$	\$	\$
Revenue							
Investment income (Page 5)	-	-	6,950	(1,788)	148,479	24,115	155,429
Donations and event revenue	30,715	30,417	31,185	139,893	58,207	618,764	789,074
Administrative and service fees	42,711	29,954	-	-	-	-	42,711
Other	413	162	-	-	-	750	413
	<u>73,839</u>	<u>60,533</u>	<u>38,135</u>	<u>138,105</u>	<u>206,686</u>	<u>643,629</u>	<u>842,267</u>
Expenses							
Administrative & other expenses (Page 10)	85,327	61,909	-	-	-	-	85,327
Administration and service fees	-	-	2,382	714	40,329	29,240	42,711
	<u>85,327</u>	<u>61,909</u>	<u>2,382</u>	<u>714</u>	<u>40,329</u>	<u>29,240</u>	<u>91,863</u>
Grants and distributions							
	-	-	54,327	62,873	17,552	56,878	71,879
Excess (deficiency) of revenues over expenses, grants and distributions	(11,488)	(1,376)	(18,574)	74,518	148,805	557,511	630,653
Interfund transfers (Note 4)	15,000	-	50,000	-	(65,000)	-	-
FUND BALANCES, BEGINNING OF YEAR	<u>(414)</u>	<u>962</u>	<u>113,228</u>	<u>38,710</u>	<u>2,009,412</u>	<u>1,451,901</u>	<u>1,491,573</u>
FUND BALANCES, END 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>2,122,226</u>

See accompanying notes to the financial statements

ELGIN-ST. THOMAS COMMUNITY FOUNDATION

Unaudited Statement of Cash Flow For the Year Ended December 31, 2016

	2016	2015
	<u>\$</u>	<u>\$</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net earnings for the year	118,743	630,653
Adjustments for non-cash items:		
Unrealized Gain (losses)	(85,843)	21,527
Income on investments	(69,586)	(43,854)
Grants and distributions	71,879	119,751
Endowment and flow-through contributions	<u>(89,392)</u>	<u>(758,657)</u>
	<u>(54,199)</u>	<u>(30,580)</u>
Changes in non-cash working capital:		
Decrease (increase) in accounts receivables	1,465	(1,465)
(Increase) decrease in HST receivable	(2,627)	26
Decrease (increase) in prepaids	773	1,165
(Decrease) increase in accounts payable and accrued liabilities	(615)	233
Increase (decrease) in government remittances payable	<u>5,515</u>	<u>(137)</u>
	<u>4,511</u>	<u>(178)</u>
	<u>(49,688)</u>	<u>(30,758)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Grants and distributions	(71,879)	(119,751)
Net transfer into investment accounts	(30,706)	(653,088)
Income earned on endowment and managed funds	<u>69,586</u>	<u>43,854</u>
	<u>(32,999)</u>	<u>(728,985)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Endowment and flow-through contributions	<u>89,392</u>	<u>758,657</u>
	<u>89,392</u>	<u>758,657</u>
NET CHANGE IN CASH	6,705	(1,086)
CASH, BEGINNING OF YEAR	<u>1,563</u>	<u>2,649</u>
CASH, END OF YEAR	<u><u>8,268</u></u>	<u><u>1,563</u></u>

See accompanying notes to the financial statements

ELGIN-ST. THOMAS COMMUNITY FOUNDATION

Schedule of Investments As at December 31, 2016

	2016	2015
	<u>\$</u>	<u>\$</u>
Investments consist of the following:		
Cash and cash equivalents	88,421	48,158
GIC's and fixed income products	874,298	681,236
Common stock and preferred shares	687,339	673,504
Mutual Funds - Canadian	280,767	332,496
Mutual Funds - Foreign and other	<u>306,896</u>	<u>385,778</u>
	<u>2,237,721</u>	<u>2,121,172</u>
Income earned on investments:		
Dividends and distributions (net of foreign withholding taxes)	48,473	33,194
Interest	13,438	13,564
Gain (loss) on sale of investments	7,675	(2,904)
Unrealized gain (loss) on investments	<u>85,843</u>	<u>(21,527)</u>
	<u>155,429</u>	<u>22,327</u>

The above cash balances were maintained in accounts bearing interest at between 0.125% and 1.2% per annum as at December 31, 2016.

GIC's bear interest at rates between 1.76% and 2.85%, and have maturity dates ranging from January, 2017 to September, 2021.

ELGIN-ST. THOMAS COMMUNITY FOUNDATION

Schedule of Endowment Funds

As at December 31, 2016

	2016	2015
	<u>\$</u>	<u>\$</u>
Agency Funds	130,514	138,828
Community Fund	83,732	82,090
Donor Advised Funds	1,755,698	1,670,160
Donor Designated Funds	91,347	86,609
Field of Interest Funds	<u>31,926</u>	<u>31,725</u>
	<u>2,093,217</u>	<u>2,009,412</u>

See accompanying notes to the financial statements

ELGIN-ST. THOMAS COMMUNITY FOUNDATION

Notes to the Financial Statements For the Year Ended December 31, 2016

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, 2016

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, 2016

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. IN-KIND DONATION ARTICLES

The organization receives donations of certain art, prints and other collectibles for which it issues tax receipts. These articles are generally donated or sold at special events. Since the articles are held only for the current year, they are classified as inventory and are recorded at fair value. There were no sales in 2016, leaving a balance of \$350 in inventory.

3. 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.

ELGIN-ST. THOMAS COMMUNITY FOUNDATION

Schedule of Administrative and Other Expenses For the Year Ended December 31, 2016

4. INTERFUND TRANSFER

During 2016 the Board approved a transfer of \$15,000 from the Elgin St. Thomas Community Foundation Endowment Fund to the Operating Fund. At December 31, 2016 the fund balance was \$33,848 (2015 - \$46,340).

In addition, during 2016, a donor directed a reallocation of \$50,000 from their Endowment Fund to their Flow-Through Fund to properly reflect the intention of the bequest received in December, 2015.

ELGIN-ST. THOMAS COMMUNITY FOUNDATION

Schedule of Administrative and Other Expenses
For the Year Ended December 31, 2016

	2016	2015
	<u>\$</u>	<u>\$</u>
Payroll expense	55,685	33,574
Fundraising and events	11,994	11,678
Professional fees	5,395	5,375
Printing, communications and advertising	4,639	3,884
Other operating costs	2,910	2,500
Materials and supplies	2,766	1,286
Occupancy costs	1,800	1,800
Professional development and travel	<u>138</u>	<u>1,812</u>
	<u>85,327</u>	<u>61,909</u>