

**Stratford and Perth
County Community Foundation**

Financial Statements
For the period ended December 31, 2014

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Independent Auditors' Report

To the Board of Directors and Members of Stratford and Perth County Community Foundation

We have audited the accompanying financial statements of Stratford and Perth County Community Foundation, which comprise the balance sheet as at December 31, 2014, the statements of operations and changes in fund balances, and cash flows for the period then ended, 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 about whether the financial statements are free from 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 Foundation derives revenue from donations and fundraising, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to amounts recorded in the records of the Foundation, and we were not able to determine whether any adjustments might be necessary to donation revenue, net revenue, assets 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 Stratford and Perth County Community Foundation as at December 31, 2014 and the results of its operations and its cash flows for the period then ended in accordance with Canadian accounting standards for not-for-profit organizations.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Stratford, Ontario
March 25, 2015

Stratford and Perth County Community Foundation Balance Sheet

December 31	Operating Fund	Endowment Fund	Funds for Distribution	December 2014	August 2014
Assets					
Current					
Cash	\$ 31,681	\$ -	\$ -	\$ 31,681	\$ 30,231
Accounts receivable	6,144	-	-	6,144	13,968
HST recoverable	11,934	-	-	11,934	9,773
Prepaid expenses	7,368	-	-	7,368	1,830
Investments (Note 4)	-	2,412,656	-	2,412,656	2,081,572
Interfund receivable (payable)	(11,661)	(79,186)	90,847	-	-
	\$ 45,466	\$ 2,333,470	\$ 90,847	\$ 2,469,783	\$ 2,137,374

Liabilities and Fund Balances

Current					
Accounts payable	\$ 20,871	-	-	\$ 20,871	\$ 14,674
Deferred revenue (Note 6)	9,000	-	-	9,000	-
Funds held in trust (Note 4)	-	259,699	-	259,699	83,294
Grants payable	-	-	500	500	500
	29,871	259,699	500	290,070	98,468
Fund balances					
Endowment funds (Note 5)	-	2,073,771	-	2,073,771	1,920,016
Funds for distribution	-	-	90,347	90,347	94,548
Unrestricted funds	15,595	-	-	15,595	24,342
	15,595	2,073,771	90,347	2,179,713	2,038,906
	\$ 45,466	\$ 2,333,470	\$ 90,847	\$ 2,469,783	\$ 2,137,374

On behalf of the Board:


 _____ Director


 _____ Director

Stratford and Perth County Community Foundation Statement of Operations and Changes in Fund Balances

For the period ended	Operating Fund	Endowment Fund	Funds for Distribution	December 2014	August 2014
Revenue					
Donation revenue	\$ 14,140	\$ 194,433	\$ 4,750	\$ 213,323	\$ 481,885
Municipal grants	-	-	-	-	5,000
Corporate sponsor revenue	27,000	-	-	27,000	77,000
Event revenue	1,455	-	-	1,455	36,510
Raffle revenue	50	-	-	50	3,800
Investment income	-	(29,147)	-	(29,147)	248,160
Fees: Fund administration	11,531	(11,531)	-	-	-
Fees: Flow through gifts	100	-	-	100	246
	54,276	153,755	4,750	212,781	852,601
Expenditures					
Administration support	5,556	-	-	5,556	16,337
Community outreach and marketing	4,778	-	-	4,778	18,917
Computer expenses	1,347	-	-	1,347	3,619
Event expenses	96	-	-	96	22,497
Fundraising expense	509	-	-	509	5,643
Granting expense	-	-	-	-	4,184
Insurance	834	-	-	834	1,808
Leasehold improvements	-	-	-	-	9,968
Membership fees	-	-	-	-	794
Miscellaneous	5,295	-	-	5,295	7,372
Office, printing and postage	1,046	-	-	1,046	5,599
Office rent	4,158	-	-	4,158	12,473
Professional fees	6,500	-	-	6,500	7,016
Salaries and benefits	31,755	-	-	31,755	109,362
Special projects	621	-	-	621	5,819
Telephone	392	-	-	392	1,596
Travel and conferences	136	-	-	136	2,629
	63,023	-	-	63,023	235,633
Grants and Distributions (Note 7)					
Arts, culture, and heritage	-	-	-	-	29,700
Children and youth	-	-	-	-	10,000
Education and literacy	-	-	5,950	5,950	15,700
Environment and agriculture	-	-	-	-	9,300
Health	-	-	-	-	22,500
Recreation and sports	-	-	-	-	12,000
Seniors	-	-	-	-	4,500
Social services	-	-	3,000	3,000	15,500
	-	-	8,950	8,950	119,200
Excess of revenue over expenditures	(8,747)	153,755	(4,200)	140,808	497,768
Fund balance, opening	24,342	1,920,016	94,547	2,038,906	1,541,138
Fund balance, ending	\$ 15,595	\$ 2,073,771	\$ 90,347	\$ 2,179,713	\$ 2,038,906

The accompanying notes are an integral part of these financial statements.

Stratford and Perth County Community Foundation Statement of Cash Flows

For the period ended	Operating Fund	Endowment Fund	Funds for Distribution	December 2014	August 2014
Cash flows from operating activities					
Excess of revenue over expenditures	\$ (8,747)	\$ 153,755	\$ (4,200)	\$ 140,808	\$ 497,768
Adjustment for:					
Realized and unrealized (gains) losses	-	43,697	-	43,697	(223,265)
Interfund transfers	-	-	-	-	-
	(8,747)	197,452	(4,200)	184,505	274,503
Changes in non-cash working capital balances:					
Accounts receivable	7,824	-	-	7,824	2,303
HST recoverable	(2,161)	-	-	(2,161)	(4,444)
Prepaid expenses	(5,538)	-	-	(5,538)	(1,033)
Interfund receivable (payable)	(5,125)	925	4,200	-	-
Accounts payable	6,197	-	-	6,197	7,039
Funds in trust	-	176,405	-	176,405	10,712
Deferred revenue	9,000	-	-	9,000	-
Grants payable	-	-	-	-	(8,000)
	1,450	374,782	-	376,232	281,080
Cash flows from investing activities					
Purchase of investments	-	(379,432)	-	(379,432)	(383,573)
Proceeds on sale of investments	-	4,650	-	4,650	106,612
	-	(374,782)	-	(374,782)	(276,961)
Change in cash and cash equivalents during the year	1,450	-	-	1,450	4,119
Cash and cash equivalents, beginning of year	30,231	-	-	30,231	26,112
Cash and cash equivalents, end of year	\$ 31,681	\$ -	\$ -	\$ 31,681	\$ 30,231

The accompanying notes are an integral part of these financial statements.

Stratford and Perth County Community Foundation

Notes to the Financial Statements

December 31, 2014

1. Significant Accounting Policies

Basis of Accounting

These financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Fund Accounting

For financial reporting purposes, the Foundation employs the following three funds:

Operating Fund

This fund accounts for the Foundation's administrative and operational revenues and expenses. Net expenditures of this fund are financed primarily by donor contributions directed to general operations, fundraising events and unrestricted investment income earned on endowment funds. The distribution of income for granting purposes is determined by the Board of Directors each year according to the most pressing needs of the community.

Endowment Fund

This fund reports amounts that are required to be maintained by the Foundation on a permanent basis, including investment income needed to preserve the purchasing power of the endowed capital.

Funds for Distribution

This fund represents amounts, including unendowed contributions and restricted investment income on endowment funds, that are available to be used for purposes specified by donors. Donors may specify the charitable organization(s) to receive grants or may identify the particular area of interest to be supported for these funds.

Revenue Recognition

The Foundation follows the restricted method of accounting for contributions. All donations and bequests are recorded as revenue only as received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Stratford and Perth County Community Foundation

Notes to the Financial Statements

December 31, 2014

1. Significant Accounting Policies (continued)

Contributed Services	Volunteers contribute many hours per year to assist the Foundation in carrying out its fundraising and granting activities. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.
In-kind Contributions	Throughout the year, the Foundation receives in-kind contributions. Significant contributions are recorded in the financial statements at their fair market value at the date of the contribution.
Capital Assets	In common with many not-for-profit organizations, capital assets are not required to be recorded on the balance sheet. Expenditures for capital assets are recorded in the Statement of Operations and Changes in Fund Balances and disclosed separately in the notes to the financial statements.
Financial Instruments	The Foundation recognizes and measures financial assets and financial liabilities on the balance sheet when it becomes a party to the contractual provisions of a financial instrument. Financial Instruments are recorded at fair value when acquired or issued. In subsequent periods, the organization's financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired.
Foreign Currency Translation	Foreign currency transactions are translated at the rates of exchange in effect at the dates of the transaction. Resulting foreign currency denominated monetary assets and liabilities are translated at the rates of exchange in effect at the balance sheet date. Gains and losses on translation of monetary assets and liabilities are included in the determination of net revenue for the current year.

Stratford and Perth County Community Foundation Notes to the Financial Statements

December 31, 2014

2. Purpose of Organization

The purpose of the organization is to receive and maintain funds, to apply all or part of the principal and income therefrom, from time to time, for giving grants to qualified donees who meet charitable purposes, and more particularly:

- (a) to advance education at the primary, secondary and post-secondary levels;
- (b) to promote and advance social welfare and health programs and activities that contribute to the development of healthy communities;
- (c) to relieve poverty;
- (d) to preserve and protect the environment through hands on projects, as well as, through courses and seminars directed at educating the public;
- (e) to advance the arts through the presentation of performances and exhibitions of an artistic nature, instructional seminars and workshops related to the arts;
- (f) to prevent and address problems of delinquency and substance abuse amongst youth;
- (g) to relieve loneliness and isolation, and provide health services to, the elderly.

The Foundation is a registered charity and is classified as a public foundation under Section 149.1(1) of the Income Tax Act. As such, it is exempt from income taxes and may issue donation receipts for income tax purposes. The Foundation must meet certain requirements to maintain its status as a public foundation registered under the Act. In the opinion of the Board of Directors, these requirements have been met.

3. Change of Yearend and Comparative Figures

During 2014, the Foundation changed its fiscal year-end to December 31 from August 31. As such, these financial statements reflect activities for a four month period and the comparative column is for a 12 month period.

Stratford and Perth County Community Foundation Notes to the Financial Statements

December 31, 2014

4. Investments

Investments, which are carried at market value, are comprised of:

	<u>December 31, 2014</u>	<u>August 31, 2014</u>
Equity securities	\$ 1,715,509	\$ 1,492,725
Bonds	697,147	588,847
	<u>\$ 2,412,656</u>	<u>\$ 2,081,572</u>

The Foundation has pooled its investment funds with other Community Foundations to improve the returns on investments.

Investments include \$259,699 which the Foundation manages for the literacy and building funds of the Stratford Public Library Foundation.

5. Endowment Fund Balance

The Endowment Fund's balance is comprised of contributed capital and the cumulative realized and unrealized investment income, reduced by the annual administration fees charged to cover the Foundation's costs of managing the endowment funds. The administration fee for four months of \$11,531 (12 month period ending August 31, 2014 - \$39,108) is shown in the Statement of Operations and Changes in Fund Balances.

6. Deferred Revenue

Deferred revenue represents advance ticket sales for the Mayor's Gala event in January 2015.

Stratford and Perth County Community Foundation Notes to the Financial Statements

December 31, 2014

7. Grants and Distributions

Grants and distributions made during the period were as follows:

<u>Organization</u>	<u>Project</u>	<u>Amount</u>
Education and literacy		
Gord and Elaine Steed Fund	Scholarship	750
Ian Garner Scholarship Fund	Scholarship	500
Peter and Lisa Hyde Family Fund	Scholarship	350
Peter Donaldson Memorial Fund	Scholarships	1,500
Ray Walter Memorial Scholarship Fund	Scholarship	2,000
Scott Diamond Legacy Fund	Scholarship	500
St. Michaels Catholic Secondary School	Scholarship	350
		<u>5,950</u>
Social services		
Salvation Army - North Perth	Provide support for those in need	<u>3,000</u>
Total grants and distributions		<u>\$ 8,950</u>

8. Commitments

The Foundation has an operating lease for its premises at \$13,560 annually until March 31, 2020.

9. Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates as additional information becomes available.

Stratford and Perth County Community Foundation Notes to the Financial Statements

December 31, 2014

10. Financial Instruments

Unless otherwise noted, it is management's opinion that the Foundation is not exposed to significant credit risks arising from its financial instruments, and the carrying amounts of instruments reported at cost approximate their fair values.

The Foundation is exposed to market, interest and currency risks with respect to its equity investments. Fluctuations in these rates will impact the fair values of these financial instruments.

11. Subsequent Event

The Foundation has been awarded Trillium funding for \$92,100 to be received over 36 months commencing in 2015. The proceeds will be used for operational activities.
