

**Stratford and Perth
County Community Foundation**

Financial Statements
For the year ended December 31, 2016

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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, 2016, the statements of operations and changes in fund balances, and cash flows for the year 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, 2016 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.

Chartered Professional Accountants, Licensed Public Accountants

Stratford, Ontario
March 29, 2017

Stratford and Perth County Community Foundation Balance Sheet

December 31	Operating Fund	Endowment Fund	Funds for Distribution	2016	2015
Assets					
Current					
Cash	\$ 143,977	\$ -	\$ -	\$ 143,977	\$ 69,581
Accounts receivable	16,575	-	-	16,575	22,249
HST recoverable	4,197	-	-	4,197	8,372
Prepaid expenses	3,012	-	-	3,012	1,411
Investments (Note 3)	-	3,455,549	-	3,455,549	2,759,122
Interfund receivable (payable)	(30,418)	(10,023)	40,441	-	-
	\$ 137,343	\$ 3,445,526	\$ 40,441	\$ 3,623,310	\$ 2,860,735

Liabilities and Fund Balances

Current					
Accounts payable	\$ 20,368	-	-	\$ 20,368	\$ 8,670
Deferred revenue (Note 5)	11,375	-	-	11,375	10,125
Funds held in trust (Note 3)	-	261,265	-	261,265	249,778
	31,743	261,265	-	293,008	268,573
Fund balances					
Endowment funds (Note 5)	-	3,184,261	-	3,184,261	2,534,156
Funds for distribution	-	-	40,441	40,441	(11,059)
Unrestricted funds	105,600	-	-	105,600	69,065
	105,600	3,184,261	40,441	3,330,302	2,592,162
	\$ 137,343	\$ 3,445,526	\$ 40,441	\$ 3,623,310	\$ 2,860,735

On behalf of the Board:

_____ Director

_____ Director

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

For the year ended	Operating Fund	Endowment Fund	Funds for Distribution	2016	2015
Revenue					
Donation revenue	\$ 25,448	\$ 644,810	\$ 54,097	\$ 724,355	\$ 540,449
Municipal grant	7,500	-	-	7,500	5,000
Corporate sponsorship	106,387	-	-	106,387	68,250
Ontario Trillium Foundation (Note 10)	28,600	-	-	28,600	49,200
Event revenue	56,092	-	-	56,092	54,440
Investment income	-	65,421	117,992	183,413	75,020
Fund administration fees	60,126	(60,126)	-	-	-
	284,153	650,105	172,089	1,106,347	792,359
Expenditures					
Administration support	4,961	-	-	4,961	8,332
Community outreach and marketing	11,916	-	-	11,916	6,754
Computer	2,001	-	-	2,001	2,650
Event expenses	30,025	-	-	30,025	19,084
Fundraising	1,780	-	-	1,780	1,851
Granting	2,860	-	-	2,860	4,158
Insurance	2,076	-	-	2,076	1,746
Membership fees	1,474	-	-	1,474	1,108
Miscellaneous	6,713	-	-	6,713	6,289
Office, printing, and postage	5,914	-	-	5,914	11,855
Office rent	12,473	-	-	12,473	12,473
Professional fees	6,964	-	-	6,964	5,456
Salaries and benefits	150,119	-	-	150,119	146,449
Special projects	3,668	-	-	3,668	3,439
Telephone	1,571	-	-	1,571	1,556
Travel and conferences	3,103	-	-	3,103	2,404
	247,618	-	-	247,618	235,604
Grants and Distributions (Note 6)					
Arts, culture, and heritage	-	-	11,825	11,825	24,400
Children and youth	-	-	19,483	19,483	12,200
Education and literacy	-	-	15,300	15,300	23,350
Environment	-	-	8,445	8,445	10,758
Health and wellness	-	-	33,500	33,500	34,300
Recreation and sports	-	-	8,500	8,500	22,100
Seniors	-	-	10,000	10,000	2,000
Social services	-	-	13,536	13,536	15,200
	-	-	120,589	120,589	144,308
Excess of revenue over expenditures	36,535	650,105	51,500	738,140	412,447
Fund balance, opening	69,065	2,534,156	(11,059)	2,592,162	2,179,715
Fund balance, ending	\$ 105,600	\$ 3,184,261	\$ 40,441	\$ 3,330,302	\$ 2,592,162

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

Stratford and Perth County Community Foundation Statement of Cash Flows

For the year ended	Operating Fund	Endowment Fund	Funds for Distribution	2016	2015
Cash flows from operating activities					
Excess of revenue over expenditures	\$ 36,535	\$ 650,105	\$ 51,500	\$ 738,140	\$ 412,447
Adjustment for:					
Realized and unrealized (gains) losses	-	(139,472)	-	(139,472)	(20,576)
	36,535	510,633	51,500	598,668	391,871
Changes in non-cash working capital balances:					
Accounts receivable	5,674	-	-	5,674	(16,105)
HST recoverable	4,175	-	-	4,175	3,562
Prepaid expenses	(1,603)	-	-	(1,603)	5,955
Interfund receivable (payable)	16,666	34,834	(51,500)	-	-
Accounts payable	11,699	-	-	11,699	(12,197)
Funds held in trust	-	11,487	-	11,487	(9,920)
Deferred revenue	1,250	-	-	1,250	1,125
Grants payable	-	-	-	-	(500)
	74,396	556,954	-	631,350	363,791
Cash flows from investing activities					
Purchase of investments	-	(644,810)	-	(644,810)	(441,614)
Proceeds on sale of investments	-	87,856	-	87,856	115,723
	-	(556,954)	-	(556,954)	(325,891)
Change in cash and cash equivalents during the year					
	74,396	-	-	74,396	37,900
Cash and cash equivalents, beginning of year					
	69,581	-	-	69,581	31,681
Cash and cash equivalents, end of year					
	\$ 143,977	\$ -	\$ -	\$ 143,977	\$ 69,581

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

Stratford and Perth County Community Foundation Notes to the Financial Statements

December 31, 2016

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 from an interfund administrative charge.

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 by 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.

Investment income includes interest, dividends, and realized and unrealized gains (losses).

Stratford and Perth County Community Foundation Notes to the Financial Statements

December 31, 2016

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, 2016

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.

Stratford and Perth County Community Foundation Notes to the Financial Statements

December 31, 2016

3. Investments

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

	<u>2016</u>	<u>2015</u>
Canadian equities	\$ 917,386	\$ 626,625
Foreign equities	1,615,602	1,344,288
Bonds	<u>922,561</u>	<u>788,209</u>
	<u>\$ 3,455,549</u>	<u>\$ 2,759,122</u>

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

Investments include \$261,265 which the Foundation manages for the literacy and building funds of the Stratford Public Library Foundation.

4. 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 of \$60,126 (December 31, 2015 - \$56,250) is shown in the Statement of Operations and Changes in Fund Balances.

5. Deferred Revenue

Deferred revenue represents advance ticket sales for the Mayor's Gala event in January 2017.

Stratford and Perth County Community Foundation Notes to the Financial Statements

December 31, 2016

6. Grants and Distributions

Grants and distributions made during the year were as follows:

<u>Organization</u>	<u>Project</u>	<u>Amount</u>
Arts, culture, and heritage		
Stratford Perth Museum	Heritage Trails Project	\$ 4,500
St. Marys Community Players	Replace theatre auditorium chairs	2,325
Stratford International Children's Theatre Festival	14th World Festival of Children's Theatre	<u>5,000</u>
		<u>11,825</u>
Children and youth		
Big Brothers Big Sisters Listowel	In-school mentor program	4,850
Hidden Acres Mennonite Camp	Hidden Acres camper subsidies	1,750
Little Falls Public School	Forest School program	6,000
North Perth Community of Character	Community of Character initiative	2,500
Stratford/Perth Shelterlink	Enabling socialization & learning	1,683
Stratford-Perth Family YMCA	YC rejuvenation phase 3	1,200
University of Waterloo - Stratford campus	Code-A-Character	<u>1,500</u>
		<u>19,483</u>
Education and literacy		
Interdisciplinary Arts Production	Theatre & Arts Festival education	250
Holy Name of Mary, Huron Perth district	Outdoor play & learning space	3,200
Junior Achievement	Financial literacy skills	1,300
St. Marys Public Library	Maker programming at the library	2,000
North Perth Public Library	Designated grant	600
Peter Donaldson Memorial Fund	Scholarships	1,500
Ian Garner Scholarship Fund	Scholarship	1,000
Alan Slater Memorial Scholarship	Scholarship	500
Peter and Lisa Hyde Family Fund	Scholarships	700
Scott Diamond Legacy Fund	Scholarship	1,000
Gord and Elaine Steed Family Fund	Scholarships	2,250
Jean Aitcheson Nursing Scholarship	Scholarship	<u>1,000</u>
		<u>15,300</u>
Environment		
Maitland Valley Conservation Authority	Maitland Headwaters Restoration	4,800
Upper Thames Conservation Authority	Trail Enhancement Project	1,000
Upper Thames Conservation Authority	Windbreak / tree plantings	<u>2,645</u>
		<u>8,445</u>

Stratford and Perth County Community Foundation Notes to the Financial Statements

December 31, 2016

6. Grants and Distributions (continued)

<u>Organization</u>	<u>Project</u>	<u>Amount</u>
Health and wellness		
McIntosh Sports Performance & Rehab	Baseline concussion testing	8,000
Leading Mentally Healthy Schools Team	Herons Care Wellness Space	5,000
Stratford Cross Country Ski Trail	Cross country ski trail	1,000
Stratford Police Services	Road to Mental Readiness Training	2,000
United Way Perth-Huron	Crossing Bridges	10,000
Wellspring Stratford Cancer Support	Cook create compose your health	2,000
North Perth Community Hospice	Designated grant	500
Stratford General Hospital Foundation	Designated grant	5,000
		<u>33,500</u>
Recreation and sports		
House of Blessing	Designated grant	2,500
Salvation Army Stratford	Designated grant	1,000
Salvation Army North Perth	Designated grant	3,000
Rotary Club - Skate Stratford	All Wheels Park	2,000
		<u>8,500</u>
Seniors		
Thamesview United Church	Thamesview Community Access	<u>10,000</u>
Social services		
Stratford House of Blessing	Food Bank - Protein Project	2,000
Stratford House of Blessing	Strategic Planning Project	8,000
Emily Murphy Centre	Women's Services Promotion	1,500
SPCF Operating Support	Designated grant	625
Stratford Perth Community Foundation	Designated grant	1,411
		<u>13,536</u>
Total grants and distributions		<u>\$ 120,589</u>

Stratford and Perth County Community Foundation Notes to the Financial Statements

December 31, 2016

7. Commitments

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

8. 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.

9. 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 investments. Fluctuations in financial markets will impact the fair values of these financial instruments.

10. Ontario Trillium Foundation Revenue

The Foundation was awarded Trillium funding for \$92,100 to be received over 36 months commencing in 2015. The proceeds are to be used for operational activities. Revenue is recognized as the funds are received provided that the related operational activities have occurred.
