

**Stratford and Perth
County Community Foundation**

Financial Statements
For the year ended August 31, 2013

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For the year ended August 31, 2013

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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 August 31, 2013, 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 August 31, 2013 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Comparative Information

Without modifying our opinion, we draw attention to Note 2 to the financial statements which describes that Stratford & Perth County Community Foundation adopted Canadian accounting standards for not for profit organizations on September 1, 2012, with a transition date of September 1, 2011. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statement of financial position as at August 31, 2012, and the statements of operations, changes in fund balances, and cash flows for the year ended and related disclosures. We were not engaged to report on the restated comparative information, and as such, it is unaudited.

BDO Canada LLP

Chartered Accountants, Licensed Public Accountants

Stratford, Ontario
December 6, 2013

Stratford and Perth County Community Foundation Balance Sheet

August 31	Operating Fund	Endowment Fund	Funds for Distribution	Total 2013	August 30 2012 (unaudited)	September 1 2011 (unaudited)
Assets						
Current						
Cash	\$ 23,759	\$ -	\$ 2,353	\$ 26,112	\$ 21,089	\$ 47,809
Accounts receivable	16,271	-	-	16,271	11,500	3,575
HST recoverable	5,329	-	-	5,329	5,732	3,933
Prepaid expenses	797	-	-	797	852	2,012
Investments (Note 5)	-	1,581,347	-	1,581,347	1,341,381	1,124,069
Interfund receivable (payable)	(6,903)	(71,955)	78,858	-	-	-
	\$ 39,253	\$ 1,509,392	\$ 81,211	\$ 1,629,856	\$ 1,380,554	\$ 1,181,398

Liabilities and Fund Balances

Current						
Accounts payable	\$ 7,636	-	-	\$ 7,636	\$ 4,918	\$ 8,311
Deferred revenue (Note 6)	-	-	-	-	-	6,971
Grants payable	-	-	8,500	8,500	6,000	25,200
Funds held in trust (Note 5)	-	72,582	-	72,582	65,309	-
	7,636	72,582	8,500	88,718	76,227	40,482

Fund balances

Endowment funds (Note 7):						
Contributed capital	-	1,436,810	-	1,436,810	1,249,717	1,112,889
Reinvested earnings (deficit)	-	-	-	-	-	(11,685)
Funds for distribution	-	-	72,711	72,711	26,098	7,328
Unrestricted funds	31,617	-	-	31,617	28,512	32,384
	31,617	1,436,810	72,711	1,541,138	1,304,327	1,140,916
	\$ 39,253	\$ 1,509,392	\$ 81,211	\$ 1,629,856	\$ 1,380,554	\$ 1,181,398

On behalf of the Board:



Director



Director

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

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

For the year ended August 31	Operating Fund	Endowment Fund	Funds for Distribution	Total 2013	Total 2012 (unaudited)
Revenue					
Donation revenue	\$ 23,017	\$ 175,604	\$ 9,500	\$ 208,121	\$ 163,043
Municipal grants	5,000	-	-	5,000	5,000
Corporate sponsor revenue	68,226	-	-	68,226	69,500
Event revenue	31,090	-	-	31,090	29,261
Raffle revenue	3,940	-	-	3,940	3,230
Ontario Trillium Foundation	-	-	-	-	6,971
Investment income	-	61,053	79,952	141,005	70,433
Fees: Fund administration	29,564	(29,564)	-	-	-
Fees: Flow through gifts	150	-	11	161	204
	160,987	207,093	89,463	457,543	347,642
Expenditures					
Administration support	4,716	-	-	4,716	5,351
Community outreach and marketing	12,889	-	-	12,889	11,631
Computer expenses	1,866	-	-	1,866	4,969
Event expenses	17,101	-	-	17,101	18,452
Fundraising expense	2,612	-	-	2,612	529
Granting expense	1,409	-	-	1,409	744
Insurance	1,796	-	-	1,796	1,894
Membership fees	1,019	-	-	1,019	773
Miscellaneous	3,519	-	-	3,519	2,208
Office, printing and postage	3,817	-	-	3,817	5,593
Office rent	12,473	-	-	12,473	12,473
Professional fees	7,886	-	-	7,886	5,938
Salaries and benefits	99,586	-	-	99,586	79,734
Special projects	3,079	-	-	3,079	5,408
Telephone	1,685	-	-	1,685	1,122
Travel and conferences	2,429	-	-	2,429	2,812
	177,882	-	-	177,882	159,631
Grants and Distributions (Note 8)					
Arts and culture	-	-	9,000	9,000	4,900
Health	-	-	300	300	2,000
Education and literacy	-	-	7,500	7,500	1,500
Environment	-	-	4,800	4,800	1,500
Social welfare	-	-	-	-	700
Recreation and sports	-	-	2,500	2,500	7,200
Families and Children	-	-	10,700	10,700	-
Children and youth	-	-	5,200	5,200	2,300
Scholarships	-	-	2,850	2,850	-
Senior	-	-	-	-	4,500
	-	-	42,850	42,850	24,600
Excess of revenue over expenditures	(16,895)	207,093	46,613	236,811	163,411
Fund balance, opening	28,512	1,249,717	26,098	1,304,327	1,140,916
Interfund transfers	20,000	(20,000)	-	-	-
Fund balance, ending	\$ 31,617	\$ 1,436,810	\$ 72,711	\$ 1,541,138	\$ 1,304,327

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 August 31	Operating Fund	Endowment Fund	Funds for Distribution	Total 2013	Total 2012 (unaudited)
Cash flows from operating activities					
Excess of revenue over expenditures	\$ (16,895)	\$ 207,093	\$ 46,613	\$ 236,811	\$ 163,411
Adjustment for:					
Realized and unrealized (gains) losses	-	(128,463)	-	(128,463)	(25,820)
Interfund transfers	20,000	(20,000)	-	-	-
	3,105	58,630	46,613	108,348	137,591
Changes in non-cash working capital balances:					
Accounts receivable	(4,771)	-	-	(4,771)	(7,925)
HST recoverable	403	-	-	403	(1,799)
Prepaid expenses	54	-	-	54	1,160
Interfund receivable (payable)	1,161	45,599	(46,760)	-	-
Accounts payable	2,718	-	-	2,718	(3,393)
Funds in trust	-	7,272	-	7,272	65,309
Deferred revenue	-	-	-	-	(6,971)
Grants payable	-	-	2,500	2,500	(19,200)
	2,670	111,501	2,353	116,524	164,772
Cash flows from investing activities					
Purchase of investments	-	(165,851)	-	(165,851)	(196,477)
Proceeds on sale of investments	-	54,350	-	54,350	70,294
	-	(111,501)	-	(111,501)	(126,183)
Change in cash and cash equivalents during the year	2,670	-	2,353	5,023	(26,720)
Cash and cash equivalents, beginning of year	21,089	-	-	21,089	47,809
Cash and cash equivalents, end of year	\$ 23,759	\$ -	\$ 2,353	\$ 26,112	\$ 21,089

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

Stratford and Perth County Community Foundation

Notes to the Financial Statements

August 31, 2013

1. Significant Accounting Policies

Basis of Accounting

These financial statements were prepared in accordance with the 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

August 31, 2013

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

August 31, 2013

2. Change in Financial Reporting Framework

Effective September 1, 2012, the Foundation adopted Canadian accounting standards for not-for-profit organizations (ASNPO), excluding the application of the transitional provisions of Section 1501, First Time Adoption by Not-for-Profit Organizations. These are the Foundation's first financial statements prepared using ASNPO and the adoption has been applied retrospectively to the comparative information in these financial statements. The organization issued financial statements for the year ended August 31, 2012 using pre-changeover Canadian generally accepted accounting principles. The adoption of ASNPO resulted in no adjustments to the previously reported assets, liabilities, fund balances, excess of revenue over expenditures and cash flows of the Foundation.

The Foundation has made the election that all equity securities are to be measured at fair value subsequent to initial recognition, with gains and losses reported in the statement of operations and changes in fund balances.

3. 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

August 31, 2013

4. 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.

5. Investments

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

	2013	2012 (unaudited)
Short-term investments	\$ -	\$ 303,505
Equity securities	1,076,654	562,461
Bonds & Mutual funds	504,693	475,415
	<u>\$ 1,581,347</u>	<u>\$ 1,341,381</u>

During the year the Foundation has pooled their investment funds with other Community Foundations to improve the returns on investments.

Investments include \$72,582 which the Foundation manages for the literacy and building funds of the Stratford Public Library Foundation.

6. Deferred Revenue

In 2011, the Foundation received funding of \$13,200 from the Ontario Trillium Foundation, \$6,971 of this amount was deferred in 2011, and was recognized as revenue in 2012 against approved expenses.

Stratford and Perth County Community Foundation Notes to the Financial Statements

August 31, 2013

7. Endowment Fund Balance

The Endowment Fund's reinvested earnings represent the cumulative difference between the market value of its investments and the capital contributions made by donors. This balance is comprised of 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 annual administration fee of \$29,564 (2012 - \$12,023) is shown in the Statement of Operations and Changes in Fund Balances.

Stratford and Perth County Community Foundation Notes to the Financial Statements

August 31, 2013

8. Grants and Distributions

Grants and distributions made during the year were as follows:

<u>Organization</u>	<u>Project</u>	<u>Amount</u>
Avon Maitland District School Board	Scholarship to Stratford Central Secondary School	\$ 500
University of Waterloo	Scholarship (Ray Walter Fund)	2,000
St. Michaels Catholic Secondary School	Scholarship (Hyde Fund)	350
Milverton Agriculture Society	Green the Property Project	2,500
United Way Perth Huron - Avonova	Project CLICK!	3,500
Rotary Club of Festival City Stratford Foundation	Stratford Splash Pad	5,000
North Perth Community Hospice	Staff & Volunteer Training	300
Architectural Conservancy of Ontario-Stratford Perth	Website Development	800
Perth County Historical Foundation	The Fryfogel Arboretum	1,200
Town of St. Marys-St. Marys Community Players	Town Hall Balcony Restoration	4,000
Maitland Valley Conservation Authority	Naturalization of Storm Water Management Ponds in Listowel	1,100
House of Blessing	Sports & Recreation Registration & Equipment Fees	2,500
Junior Achievement of London & District	Cents for Financial Sense	1,000
Foundation for Education - Listowel Central Public School	Education for the Future	3,000
Foundation for Education - Mitchell District High School	Greenhouse Project	2,000
United Way Perth Huron - Local Community Food Centre	Afterschool Food Nutrition Program	3,000
Stratford Perth Family YMCA	The Living Room Youth Workshops	1,200
Upper Thames River Conservation Authority	Windbreak Tree Planting/Soil Erosion Prevention	1,200
Foundation for Education - Stratford Central Secondary School	Peter Donaldson Memorial Fund	1,500
To be determined	Laughton Family Fund	<u>1,000</u>
Community grants		<u>37,650</u>

Stratford and Perth County Community Foundation Notes to the Financial Statements

August 31, 2013

Directed gifts:		
Stratford Summer Music	2013 Pocket Guide	3,000
Victim Services of Perth County	Computer System	<u>2,200</u>
		<u>5,200</u>
Total grants and distributions		<u>\$ 42,850</u>

9. Commitments

The Foundation has an operating lease for its premises at \$13,560 annually until March 31, 2015.

10. Use of Estimates

The preparation of financial statements in conformity 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.

11. Comparative Information

Certain comparative figures for the previous year have been restated to conform to the current year's presentation format.