

**Stratford and Perth
County Community Foundation**

Financial Statements
For the year ended December 31, 2018

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For the year ended December 31, 2018

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Independent Auditor's Report

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

Qualified Opinion

We have audited the accompanying financial statements of Stratford and Perth County Community Foundation (the Foundation), which comprise the balance sheet as at December 31, 2018, the statements of operations and changes in fund balances and 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 possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the balance sheet of the Foundation as at December 31, 2018, and its results of operations 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 Foundation derives revenue from donations and fundraising activities, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, verification of these revenues was limited to amounts recorded in the records of the Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to donation revenue, fundraising revenue, net revenue, and cash flow from operations for the years ended December 31, 2018 and 2017, current assets as at December 31, 2018 and 2017, and net assets and fund balances as at January 1 and December 31 for both the 2018 and 2017 years. Our audit opinion 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 Foundation 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 audit opinion.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

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 Foundation'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 Foundation'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 Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Stratford, Ontario
June 5, 2019

Stratford and Perth County Community Foundation Balance Sheet

December 31	Operating Fund	Endowment Fund	Funds for Distribution	2018	2017
Assets					
Current					
Cash and cash equivalents	\$ 165,459	\$ -	\$ -	\$ 165,459	\$ 188,030
Accounts receivable	41,511	-	-	41,511	24,532
HST recoverable	7,169	-	-	7,169	-
Prepaid expenses	1,341	-	-	1,341	1,469
Investments (Note 3)	10,000	4,356,067	-	4,366,067	4,402,721
Cash surrender value - life insurance (Note 4)	-	26,484	-	26,484	25,268
Interfund receivable (payable)	(22,359)	12,322	10,037	-	-
	\$ 203,121	\$ 4,394,873	\$ 10,037	\$ 4,608,031	\$ 4,642,020

Liabilities and Fund Balances

Current					
Accounts payable	\$ 23,484	-	-	\$ 23,484	\$ 20,489
Deferred revenue (Note 6)	13,875	-	-	13,875	7,125
Funds held in trust (Note 3)	-	209,989	-	209,989	254,773
	37,359	209,989	-	247,348	282,387
Fund balances					
Endowment funds (Note 5)	-	4,184,884	-	4,184,884	4,174,336
Funds for distribution	-	-	10,037	10,037	42,039
Unrestricted funds	165,762	-	-	165,762	143,258
	165,762	4,184,884	10,037	4,360,683	4,359,633
	\$ 203,121	\$ 4,394,873	\$ 10,037	\$ 4,608,031	\$ 4,642,020

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	2018	2017
Revenue					
Donation revenue	\$ 25,265	\$ 368,185	\$ 37,080	\$ 430,530	\$ 933,378
Municipal grant	13,000	-	-	13,000	8,000
Corporate sponsorship	101,500	-	-	101,500	100,500
Ontario Trillium Foundation (Note 11)	-	-	-	-	14,300
Event revenue	36,440	-	-	36,440	49,590
Investment income (loss)	-	(265,527)	164,650	(100,877)	353,145
Fund administration fees	92,110	(92,110)	-	-	-
	268,315	10,548	201,730	480,593	1,458,913
Expenditures					
Administration support	6,811	-	-	6,811	4,977
Board and committee meeting expenses	3,390	-	-	3,390	1,429
Community outreach and marketing	8,717	-	-	8,717	9,737
Computer	4,962	-	-	4,962	3,826
Event expenses	25,046	-	-	25,046	26,935
Fundraising	3,204	-	-	3,204	3,233
Granting	4,331	-	-	4,331	4,479
Insurance	2,234	-	-	2,234	2,127
Interest and bank charges	1,726	-	-	1,726	994
Membership fees	1,472	-	-	1,472	2,796
Office, printing, and postage	5,903	-	-	5,903	6,865
Office rent	12,473	-	-	12,473	12,473
Online donation expenses	2,172	-	-	2,172	1,958
Professional fees	7,382	-	-	7,382	7,161
Salaries and benefits	147,811	-	-	147,811	153,517
Special projects	4,385	-	-	4,385	4,142
Telephone	1,836	-	-	1,836	1,625
Travel and conferences	1,956	-	-	1,956	4,640
	245,811	-	-	245,811	252,914
Grants and Distributions (Note 7)					
Arts, culture, and heritage	-	-	16,300	16,300	19,538
Children and youth	-	-	15,900	15,900	20,900
Education and literacy	-	-	14,850	14,850	41,968
Environment	-	-	18,952	18,952	3,660
Health and wellness	-	-	77,800	77,800	43,202
Recreation and sports	-	-	7,380	7,380	12,500
Seniors	-	-	26,000	26,000	3,500
Social services	-	-	56,550	56,550	31,400
	-	-	233,732	233,732	176,668
Excess of revenue over expenditures	22,504	10,548	(32,002)	1,050	1,029,331
Fund balance, opening	143,258	4,174,336	42,039	4,359,633	3,330,302
Fund balance, ending	\$ 165,762	\$ 4,184,884	\$ 10,037	\$ 4,360,683	\$ 4,359,633

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	2018	2017
Cash flows from operating activities					
Excess of revenue over expenditures	\$ 22,504	\$ 10,548	\$ (32,002)	\$ 1,050	\$ 1,029,331
Adjustment for:					
Realized and unrealized (gains) losses	-	203,155	-	203,155	(263,493)
	22,504	213,703	(32,002)	204,205	765,838
Changes in non-cash working capital balances:					
Accounts receivable	(16,979)	-	-	(16,979)	(3,760)
HST recoverable	(7,169)	-	-	(7,169)	-
Prepaid expenses	128	-	-	128	1,540
Interfund receivable (payable)	(20,800)	(11,202)	32,002	-	-
Accounts payable	2,995	-	-	2,995	123
Deferred revenue	6,750	-	-	6,750	(4,250)
Funds held in trust	-	(44,784)	-	(44,784)	(6,493)
	(12,571)	157,717	-	145,146	752,998
Cash flows from investing activities					
Purchase of investments	(10,000)	(368,185)	-	(378,185)	(818,843)
Proceeds on sale of investments	-	211,684	-	211,684	135,166
Increase in cash surrender value - life insurance	-	(1,216)	-	(1,216)	(25,268)
	(10,000)	(157,717)	-	(167,717)	(708,945)
Change in cash and cash equivalents during the year	(22,571)	-	-	(22,571)	44,053
Cash and cash equivalents, beginning of year	188,030	-	-	188,030	143,977
Cash and cash equivalents, end of year	\$ 165,459	\$ -	\$ -	\$ 165,459	\$ 188,030

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

Stratford and Perth County Community Foundation Notes to the Financial Statements

December 31, 2018

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, 2018

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, 2018

3. Investments

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

	<u>2018</u>	<u>2017</u>
Guaranteed investment certificate (GIC)	\$ 10,000	\$ -
Canadian equities	1,108,656	1,159,863
Foreign equities	1,997,163	2,184,428
Bonds	1,250,248	1,058,430
	<u>\$ 4,366,067</u>	<u>\$ 4,402,721</u>

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

Investments include \$209,989 which the Foundation manages for the literacy and building funds of the Stratford Public Library Foundation.

The GIC has annual interest rates ranging from 1.80% - 2.55% and matures January 18, 2023.

4. Donated Life Insurance Policies

The Foundation became owner of two donated life insurance policies during the prior year. These policies are shown at their cash surrender value (CSV). Changes in cash surrender value are included with endowment fund investment income.

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 of \$92,110 (2017 - \$81,016) is shown in the Statement of Operations and Changes in Fund Balances.

6. Deferred Revenue

Current year deferred revenue represents advance ticket sales for the Mayor's Gala event in January 2019.

Stratford and Perth County Community Foundation Notes to the Financial Statements

December 31, 2018

7. 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		
Gallery Stratford	Creating Together program	\$ 5,000
Friends of the St. Marys Museum	Art, Ink Imagination Exhibit	5,000
Hermione Presents Interdisciplinary Arts Production Inc.	SpringWorks Puppets - Mini Fest Pilot Project	2,300
Stratford Perth Museum	Steed Gazebo Animation Project	2,000
Playmakers! Theatre School	Stratford Lantern Parade	<u>2,000</u>
		<u>16,300</u>
Children and youth		
Big Brothers Big Sisters Listowel	In-school mentor program	1,400
EatFit Project (Foundation for Education)	EatFit Project Mentorship Camp - Cape Dorset, Nunavut	3,000
Stratford-Perth Family YMCA	Mitchell Youth Centre	500
Stratford-Perth Family YMCA	Youth Engagement & Program Enhancement - the Creative Process	2,200
Stratford-Perth Humane Society	Humane Education School Visits	1,000
Town of St. Marys	Healthy Relationships LGBTQ	3,300
St. Marys Youth Centre	Learning Healthy Cooking and Meal Preparation	<u>4,500</u>
		<u>15,900</u>
Education and literacy		
Junior Achievement	Dollars with Sense & Economics for Success/Developing Financial Literacy Skills	1,400
North Perth Public Library	North Perth Public Library Fund	500
Stratford Public Library	Stratford Public Library Foundation Building Fund	2,500
Peter Donaldson Memorial Fund	Scholarship	1,500
Ian Garner Scholarship Fund	Scholarship	1,000
Alan Slater Memorial Scholarship	Scholarship	1,000
Neigh Scholarship	Scholarships	2,000
Peter and Lisa Hyde Family Fund	Scholarships	700
Scott Diamond Legacy Fund	Scholarship	1,000
Gordon and Elaine Steed Family Fund	Scholarships	2,250
Jean Aitcheson Nursing Fund	Scholarship	<u>1,000</u>
		<u>14,850</u>

Stratford and Perth County Community Foundation Notes to the Financial Statements

December 31, 2018

7. Grants and Distributions (continued)

<u>Organization</u>	<u>Project</u>	<u>Amount</u>
Environment		
Upper Thames River Conservation Authority	Tree Planting & Addressing Invasive Species	3,202
Guelph to Goderich Trail Inc.	Perth Harvest Pathway - Trail Grading & Surface Improvement	6,000
Maitland Valley Conservation Authority	Middle Maitland Headwater Restoration - McIntosh Community Planting	5,000
The Local Community Food Centre	Compost Education Program	2,050
The Local Community Food Centre	Loving Spoonfuls Program - Gardening Component	2,700
		<u>18,952</u>
Health and wellness		
Family Services Perth-Huron	Family Counselling Project	2,800
Choices for Change Alcohol, Drug & Gambling Counselling Centre	Family Counselling Program Development	2,500
Family Services Perth-Huron	Brain Injury Counselling	8,620
Hidden Acres Mennonite Camp Inc.	Camp Subsidies	500
Huron-Perth Centre for Children & Youth	Building Resilient Communities	6,100
St. Joseph's Health Care Foundation	Launching the Parkwood Planning & Pacing App: Phase 3	17,600
Wellspring Stratford Cancer Support Centre	Aquafit, Art Therapy and Acoustics	7,680
Stratford General Hospital Foundation	Strickland Community Fund	7,000
Canadian Diabetes Association	Melanson Family Fund	10,000
Stratford General Hospital Foundation	Melanson Family Fund	15,000
		<u>77,800</u>
Recreation and sports		
Salvation Army Stratford	Stratford Sports for Kids Fund	1,000
Salvation Army Stratford - Hockey Bursary Program	John Mavity Hockey Legacy Fund	1,000
Salvation Army North Perth	North Perth Sports for Kids Fund	5,380
		<u>7,380</u>

Stratford and Perth County Community Foundation Notes to the Financial Statements

December 31, 2018

7. Grants and Distributions (continued)

<u>Organization</u>	<u>Project</u>	<u>Amount</u>
Seniors		
Listowel Royal Canadian Legion	North Perth Smart and Caring Community Fund	21,500
North Perth Community Hospice	Sid and Margaret Henery Fund	500
ONE CARE Home and Community Support Services	Supporting Meals on Wheels	<u>4,000</u>
		<u>26,000</u>
Social services		
Choices for Change, Alcohol, Drug & Gambling Counselling Centre	Client & Family Engagement Strategy Phase 2 - Execution	3,250
Choices for Change, Alcohol, Drug & Gambling Counselling Centre	Addiction Recovery & Physical Fitness Program Development	3,000
The Local Community Food Centre	Community Access Outreach Market	2,500
Autism Society Ontario - Huron Perth Chapter	Independent Facilitation and Planning for Young Adults with Autism Spectrum Disorders	5,350
United Way Perth Huron	PFS Bridging Counselling	2,050
Stratford House of Blessing	Food Flow Project	2,100
Emily Murphy Centre Second Stage Residences	Emily Murphy Centre Re-Branding	6,000
SPCF Operating Support	TMFC Operating Fund	1,500
Elgin Missionary Church	Laverne Health Fund	700
John Howard Society	Dave Persad Fund	600
Canadian Red Cross Society	Melanson Family Fund	15,000
The Local Community Food Centre	Melanson Family Fund	10,000
Stratford Perth Community Foundation	DesRosiers Endowment	<u>4,500</u>
		<u>56,550</u>
 Total grants and distributions		 <u>\$ 233,732</u>

Stratford and Perth County Community Foundation Notes to the Financial Statements

December 31, 2018

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.

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

11. 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.

12. Comparative Information

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