

**Stratford and Perth County
Community Foundation**

Financial Statements
For the year ended December 31, 2019

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For the year ended December 31, 2019

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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, 2019, 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, 2019, 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, 2019 and 2018, current assets as at December 31, 2019 and 2018, and net assets and fund balances as at January 1 and December 31 for both the 2019 and 2018 years. Our audit opinion on the financial statements for the year ended December 31, 2019 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.

Chartered Accountants, Licensed Public Accountants

Stratford, Ontario
April 27, 2020

Stratford and Perth County Community Foundation Balance Sheet

December 31	Operating Fund	Endowment Fund	Funds for Distribution	2019	2018
Assets					
Current					
Cash and cash equivalents	\$ 160,046	\$ -	\$ -	\$ 160,046	\$ 165,459
Accounts receivable	23,410	-	-	23,410	48,680
HST recoverable	2,672	-	-	2,672	-
Prepaid expenses	8,057	-	-	8,057	1,341
Investments (Note 3)	10,000	5,023,938	-	5,033,938	4,366,067
Cash surrender value - life insurance (Note 4)	-	27,708	-	27,708	26,484
Interfund receivable (payable) (Note 5)	(25,688)	(44,873)	70,561	-	-
	\$ 178,497	\$5,006,773	\$ 70,561	\$5,255,831	\$ 4,608,031

Liabilities and Fund Balances

Current					
Accounts payable	\$ 14,083	-	-	\$ 14,083	\$ 23,484
Deferred revenue (Note 7)	9,600	-	-	9,600	13,875
Funds held in trust (Note 3)	-	226,916	-	226,916	209,989
	23,683	226,916	-	250,599	247,348
Fund balances					
Endowment funds (Note 6)	-	4,779,857	-	4,779,857	4,184,884
Funds for distribution	-	-	70,561	70,561	10,037
Unrestricted funds	154,814	-	-	154,814	165,762
	154,814	4,779,857	70,561	5,005,232	4,360,683
	\$ 178,497	\$5,006,773	\$ 70,561	\$5,255,831	\$ 4,608,031

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	2019	2018
Revenue					
Donation revenue	\$ 49,660	\$ 474,441	\$ 39,800	\$ 563,901	\$ 430,530
Municipal grant	5,000	-	-	5,000	13,000
Corporate sponsorship	80,500	-	-	80,500	101,500
Special events	44,475	-	-	44,475	36,440
Education Sessions	3,970	-	-	3,970	-
Investment income (loss)	-	218,378	215,050	433,428	(100,877)
Fund administration fees	97,846	(97,846)	-	-	-
	281,451	594,973	254,850	1,131,274	480,593
Expenditures					
Administration support	9,549	-	-	9,549	6,811
Community outreach and marketing	10,183	-	-	10,183	8,717
Fundraising	2,204	-	-	2,204	2,323
Granting program	4,715	-	-	4,715	4,331
Insurance	2,196	-	-	2,196	2,234
Interest and bank fees	1,814	-	-	1,814	1,726
Memberships and subscriptions	3,215	-	-	3,215	1,736
Office and postage	2,754	-	-	2,754	1,616
Office rent	12,473	-	-	12,473	12,473
Online donation fees	2,623	-	-	2,623	2,172
Professional fees	7,602	-	-	7,602	7,382
Salaries and benefits	181,733	-	-	181,733	147,811
Special events	27,617	-	-	27,617	24,040
Special projects/miscellaneous	2,987	-	-	2,987	1,006
Technology and equipment	9,820	-	-	9,820	13,370
Telephone	2,155	-	-	2,155	1,836
Travel and conferences	6,564	-	-	6,564	1,956
Volunteers and meetings	2,195	-	-	2,195	4,271
	292,399	-	-	292,399	245,811
Grants and Distributions (Note 8)					
Arts, culture, and heritage	-	-	11,000	11,000	16,300
Children and youth	-	-	15,600	15,600	15,900
Education and literacy	-	-	23,150	23,150	14,850
Environment	-	-	64,576	64,576	18,952
Health and wellness	-	-	16,000	16,000	77,800
Recreation and sports	-	-	11,500	11,500	7,380
Seniors	-	-	9,000	9,000	26,000
Social services	-	-	43,500	43,500	56,550
	-	-	194,326	194,326	233,732
Excess of revenue over expenditures	(10,948)	594,973	60,524	644,549	1,050
Fund balance, opening	165,762	4,184,884	10,037	4,360,683	4,359,633
Fund balance, ending	\$ 154,814	\$ 4,779,857	\$ 70,561	\$ 5,005,232	\$ 4,360,683

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	2019	2018
Cash flows from operating activities					
Excess of revenue over expenditures	\$ (10,948)	\$ 594,973	\$ 60,524	\$ 644,549	\$ 1,050
Adjustment for:					
Realized and unrealized (gains) losses	-	(354,456)	-	(354,456)	203,155
	(10,948)	240,517	60,524	290,093	204,205
Changes in non-cash working capital balances:					
Accounts receivable	18,100	-	-	18,100	(16,979)
HST recoverable	4,497	-	-	4,497	(7,169)
Prepaid expenses	(6,716)	-	-	(6,716)	128
Interfund receivable (payable) (Note 5)	3,329	57,195	(60,524)	-	-
Accounts payable	(9,400)	-	-	(9,400)	2,995
Deferred revenue	(4,275)	-	-	(4,275)	6,750
Funds held in trust	-	16,927	-	16,927	(44,784)
	(5,413)	314,639	-	309,226	145,146
Cash flows from investing activities					
Purchase of investments	-	(474,441)	-	(474,441)	(378,185)
Proceeds on sale of investments	-	161,026	-	161,026	211,684
Increase in cash surrender value - life insurance	-	(1,224)	-	(1,224)	(1,216)
	-	(314,639)	-	(314,639)	(167,717)
Change in cash and cash equivalents during the year	(5,413)	-	-	(5,413)	(22,571)
Cash and cash equivalents, beginning of year	165,459	-	-	165,459	188,030
Cash and cash equivalents, end of year	\$ 160,046	\$ -	\$ -	\$ 160,046	\$ 165,459
Represented by:					
Bank balance	\$ 160,046	\$ -	\$ -	\$ 160,046	\$ 125,459
Guaranteed investment certificates	-	-	-	-	40,000
	\$ 160,046	\$ -	\$ -	\$ 160,046	\$ 165,459

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

Stratford and Perth County Community Foundation Notes to the Financial Statements

December 31, 2019

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.

Revenue from ticket sales are recognized as the events are held. Deferred revenue may arise if funds are received in the current fiscal year that relate to activities occurring in the subsequent year.

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

Stratford and Perth County Community Foundation Notes to the Financial Statements

December 31, 2019

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.
Cash and Cash Equivalents	Cash and cash equivalents consist of bank balances and guaranteed investment certificates with a maturity period of one year or less from the date of acquisition.
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, 2019

2. Purpose of Organization

1. 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 the condition of 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.

2. To promote efficiency and effectiveness of other registered charities through the provision of central administrative services and resources to charitable groups who meet the criteria as set out in object (1) above.

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, 2019

3. Investments

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

	2019	2018
Guaranteed investment certificate (GIC)	\$ 10,000	\$ 10,000
Canadian equities	1,397,022	1,108,656
Foreign equities	2,295,653	1,997,163
Bonds	1,331,263	1,250,248
	\$ 5,033,938	\$ 4,366,067

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

Investments include \$226,916 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 is the owner of two donated life insurance policies. These policies are shown at their cash surrender value (CSV). Changes in cash surrender value are included with endowment fund investment income.

5. Interfund Loans

Interfund loans bear no interest, are unsecured, and have no terms of repayment. During the year, the following advances were made from (to) the Operating Fund:

	2019	2018
Endowment Fund	\$ 59,970	\$ (11,202)
Funds for Distribution	(63,299)	32,002
	\$ (3,329)	\$ 20,800

Stratford and Perth County Community Foundation Notes to the Financial Statements

December 31, 2019

6. 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 \$97,846 (2018 - \$92,110) is shown in the Statement of Operations and Changes in Fund Balances.

7. Deferred Revenue

Current year deferred revenue represents advance ticket sales for the Mayor's Gala event in January 2020.

Stratford and Perth County Community Foundation Notes to the Financial Statements

December 31, 2019

8. 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		
Off the Wall Stratford Artists Alliance	Setting the Scene for the Stratford Story	\$ 7,500
Kiwanis Club of Stratford	Kiwanis Festival	<u>3,500</u>
		<u>11,000</u>
Children and youth		
Big Brothers Big Sisters Listowel	In-school mentor program	2,000
Off the Wall Stratford Artists Alliance	Family Youth Bonding through Creative Arts Production Workshops	1,850
Optimist Club of Mitchell	Let's Play Together	1,500
The Stratford Arts Foundation	Children's Series Programming	1,000
Town of St. Marys	Stay Safe Youth	4,000
Camp Bimini	Gift of Camp	2,500
Municipality of West Perth	West Perth Youth Council	1,750
North Perth Community of Character	Start the Conversation Workshop	<u>1,000</u>
		<u>15,600</u>
Education and literacy		
Habitat for Humanity Heartland Ontario	Training of Staff and Volunteers at the Stratford ReStore	2,000
Stratford Public Library Foundation	Borrow the Internet	4,000
Technical Training Group (Stratford & Area)	TTG Virtual Welder	5,000
North Perth Public Library	General operations	200
Stratford Central Secondary School	Scholarships	5,750
Stratford Northwestern Secondary School	Scholarships	4,850
St. Michael Secondary School	Scholarships	350
Listowel District Secondary School	Scholarships	<u>1,000</u>
		<u>23,150</u>

Stratford and Perth County Community Foundation Notes to the Financial Statements

December 31, 2019

8. Grants and Distributions (continued)

<u>Organization</u>	<u>Project</u>	<u>Amount</u>
Environment		
Avon Trail	Website and Trail app maintenance fee	700
Avon Trail	Stihl Brush Cutter	550
Middle Maitland Restoration Fund	Middle Maitland Rejuvenation Fund	150
Milverton Public School	Milverton Public School: Bee - Friendly School Garden	2,200
Upper Thames River Conservation Authority	Tree Plantings	4,600
Middle Maitland Restoration Fund	Middle Maitland Rejuvenation Fund	50,000
Ontario Farmland Trust	Preservation of farmland	<u>6,376</u>
		<u>64,576</u>
Health and wellness		
Family Services Perth-Huron	Youth Counselling	6,950
Choices for Change Alcohol, Drug & Gambling Counselling Centre	Crossing Bridges Art, Music and Mindfulness Workshop Series	2,100
Facile Perth	Enhancing Belonging	4,000
The Local Community Food Centre	Family Sow and Grow	2,100
Wellspring Stratford Cancer Support Centre	Wellspring Nourish - Body, Mind and Soul	300
North Perth Community Hospice	General operations	50
Foundation for Education	Ontario Student Nutrition Program Huron Perth	<u>500</u>
		<u>16,000</u>
Recreation and sports		
Salvation Army Stratford	Sports bursaries	500
Salvation Army Stratford	Sports bursaries - hockey	1,000
Salvation Army North Perth	Sports and recreation bursaries	1,500
Central Perth ES	Central Perth Playground Fundraiser	500
Millbank & District Recreation Association	Replacement of existing baseball lights at Lyle Yost Memorial Ball Park	5,000
Sebringville Athletic Association	Outdoor Pavilion Reroofing	1,500
Township of Perth East	Park Play	<u>1,500</u>
		<u>11,500</u>

Stratford and Perth County Community Foundation Notes to the Financial Statements

December 31, 2019

8. Grants and Distributions (continued)

<u>Organization</u>	<u>Project</u>	<u>Amount</u>
Seniors		
Perth Elder Abuse Committee (PEACe)	How to Stay Safe Online	6,500
The Friends of the St. Marys Museum	Heritage on Wheels	<u>2,500</u>
		<u>9,000</u>
 Social services		
Stratford Perth Community Foundation	DesRosiers Endowment for the Advancement of SPCF	14,500
Stratford Perth Community Foundation	TMFC Operating Fund	23,000
Elgin Missionary Church	General operations	500
John Howard Society	General operations	500
The Emily Murphy Centre	Phases Honoring and Empowering Women (PHEW!)	<u>5,000</u>
		<u>43,500</u>
 Total grants and distributions		 <u>\$ 194,326</u>

Stratford and Perth County Community Foundation Notes to the Financial Statements

December 31, 2019

9. Commitments

The Foundation operates from a leased property. The terms of the lease are monthly charges of \$1,130 including HST until the lease expires March 31, 2020. The lease was renewed for monthly charges of \$1,356 including HST until the lease expires March 31, 2022.

The minimum annual lease commitments for the next three years are as follows:

2020	\$	15,594
2021		16,272
2022		<u>4,068</u>
	\$	<u>35,934</u>

10. 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.

11. 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.

Subsequent to year end, COVID-19 has had a significant effect on the financial markets (see note 12). The Foundation's investments in equity instruments (see Note 3) measured at fair value are reported in these financial statements at their values on December 31, 2019. The extent of any future impact on the Foundations's investments or operations as a result of COVID-19 is unknown.

Stratford and Perth County Community Foundation Notes to the Financial Statements

December 31, 2019

12. Subsequent Event

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Foundation’s financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the duration of business disruption and the related financial impact cannot be reasonably estimated at this time.
