

**Stratford and Perth
County Community Foundation**

Financial Statements
For the year ended December 31, 2017

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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, 2017, 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, 2017 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 28, 2018

Stratford and Perth County Community Foundation Balance Sheet

December 31	Operating Fund	Endowment Fund	Funds for Distribution	2017	2016
Assets					
Current					
Cash	\$ 188,030	\$ -	\$ -	\$ 188,030	\$ 143,977
Accounts receivable	24,532	-	-	24,532	20,772
Prepaid expenses	1,469	-	-	1,469	3,012
Investments (Note 3)	-	4,402,721	-	4,402,721	3,455,549
Cash surrender value - life insurance (Note 4)	-	25,268	-	25,268	-
Interfund receivable (payable)	(43,159)	1,120	42,039	-	-
	\$ 170,872	\$ 4,429,109	\$ 42,039	\$ 4,642,020	\$ 3,623,310

Liabilities and Fund Balances

Current					
Accounts payable	\$ 20,489	-	-	\$ 20,489	\$ 20,368
Deferred revenue (Note 6)	7,125	-	-	7,125	11,375
Funds held in trust (Note 3)	-	254,773	-	254,773	261,265
	27,614	254,773	-	282,387	293,008
Fund balances					
Endowment funds (Note 5)	-	4,174,336	-	4,174,336	3,184,261
Funds for distribution	-	-	42,039	42,039	40,441
Unrestricted funds	143,258	-	-	143,258	105,600
	143,258	4,174,336	42,039	4,359,633	3,330,302
	\$ 170,872	\$ 4,429,109	\$ 42,039	\$ 4,642,020	\$ 3,623,310

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	2017	2016
Revenue					
Donation revenue	\$ 37,166	\$ 843,824	\$ 52,388	\$ 933,378	\$ 724,355
Municipal grant	8,000	-	-	8,000	7,500
Corporate sponsorship	100,500	-	-	100,500	106,387
Ontario Trillium Foundation (Note 11)	14,300	-	-	14,300	28,600
Event revenue	49,590	-	-	49,590	56,092
Investment income	-	227,267	125,876	353,143	183,413
Fund administration fees	81,016	(81,016)	-	-	-
	290,572	990,075	178,266	1,458,913	1,106,347
Expenditures					
Administration support	4,977	-	-	4,977	4,961
Community outreach and marketing	9,737	-	-	9,737	11,916
Computer	3,826	-	-	3,826	2,001
Event expenses	26,935	-	-	26,935	30,025
Fundraising	3,233	-	-	3,233	1,780
Granting	4,479	-	-	4,479	2,860
Insurance	2,127	-	-	2,127	2,076
Membership fees	2,796	-	-	2,796	1,474
Miscellaneous	4,381	-	-	4,381	6,713
Office, printing, and postage	6,865	-	-	6,865	5,914
Office rent	12,473	-	-	12,473	12,473
Professional fees	7,161	-	-	7,161	6,964
Salaries and benefits	153,517	-	-	153,517	150,119
Special projects	4,142	-	-	4,142	3,668
Telephone	1,625	-	-	1,625	1,571
Travel and conferences	4,640	-	-	4,640	3,103
	252,914	-	-	252,914	247,618
Grants and Distributions (Note 7)					
Arts, culture, and heritage	-	-	19,538	19,538	11,825
Children and youth	-	-	20,900	20,900	19,483
Education and literacy	-	-	41,968	41,968	15,300
Environment	-	-	3,660	3,660	8,445
Health and wellness	-	-	43,202	43,202	33,500
Recreation and sports	-	-	12,500	12,500	8,500
Seniors	-	-	3,500	3,500	10,000
Social services	-	-	31,400	31,400	13,536
	-	-	176,668	176,668	120,589
Excess of revenue over expenditures	37,658	990,075	1,598	1,029,331	738,140
Fund balance, opening	105,600	3,184,261	40,441	3,330,302	2,592,162
Fund balance, ending	\$ 143,258	\$ 4,174,336	\$ 42,039	\$ 4,359,633	\$ 3,330,302

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	2017	2016
Cash flows from operating activities					
Excess of revenue over expenditures	\$ 37,658	\$ 990,075	\$ 1,598	\$ 1,029,331	\$ 738,140
Adjustment for:					
Realized and unrealized (gains) losses	-	(263,493)	-	(263,493)	(139,472)
	37,658	726,582	1,598	765,838	598,668
Changes in non-cash working capital balances:					
Accounts receivable	(3,760)	-	-	(3,760)	9,849
Prepaid expenses	1,540	-	-	1,540	(1,603)
Interfund receivable (payable)	12,742	(11,144)	(1,598)	-	-
Accounts payable	123	-	-	123	11,699
Deferred revenue	(4,250)	-	-	(4,250)	1,250
Funds held in trust	-	(6,493)	-	(6,493)	11,487
	44,053	708,945	-	752,998	631,350
Cash flows from investing activities					
Purchase of investments	-	(818,843)	-	(818,843)	(644,810)
Proceeds on sale of investments	-	135,166	-	135,166	87,856
Increase in cash surrender value - life insurance	-	(25,268)	-	(25,268)	-
	-	(708,945)	-	(708,945)	(556,954)
Change in cash and cash equivalents during the year	44,053	-	-	44,053	74,396
Cash and cash equivalents, beginning of year	143,977	-	-	143,977	69,581
Cash and cash equivalents, end of year	\$ 188,030	\$ -	\$ -	\$ 188,030	\$ 143,977

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

Stratford and Perth County Community Foundation Notes to the Financial Statements

December 31, 2017

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, 2017

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, 2017

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, 2017

3. Investments

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

	<u>2017</u>	<u>2016</u>
Canadian equities	\$ 1,159,863	\$ 917,386
Foreign equities	2,184,428	1,615,602
Bonds	<u>1,058,430</u>	<u>922,561</u>
	<u>\$ 4,402,721</u>	<u>\$ 3,455,549</u>

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

Investments include \$254,773 which the Foundation manages for the literacy and building funds of the Stratford Public Library Foundation.

4. Donated Life Insurance Policies

The Foundation became owner of two donated life insurance policies during the 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 \$81,016 (2016 - \$60,126) 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 2018.

Stratford and Perth County Community Foundation Notes to the Financial Statements

December 31, 2017

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	\$ 4,000
Hermione Arts Production	SpringWorks Puppet Project	300
Optimism Place	Ladies of the CNR	5,000
Stratford Perth Museum	Franklin Expedition exhibit	2,000
Stratford Arts Foundation	Music for an Avon Morning	350
Playmakers! Theatre School	Stratford Lantern Parade	4,815
Stratford Perth Heritage Foundation	Spring education programming	1,900
Stratford Public Library Foundation	Preserving Personal History	1,173
		<u>19,538</u>
Children and youth		
Big Brothers Big Sisters Listowel	In-school mentor program	1,400
Camp Bimini	Cook's Cabin	10,000
Friends of the St. Marys Museum	Early Settlers	1,500
Hidden Acres Mennonite Camp Inc.	Camper subsidies	1,000
Huron-Perth Centre for Children & Youth	Building Resilient Communities	3,500
Optimism Place	Healthy Relationships LGBTQ	2,000
St. Marys Youth Centre	Water Safety & Inclusion for All	1,500
		<u>20,900</u>
Education and literacy		
St. Marys Public Library	Digital Media Lab	5,500
Stratford Chefs School	Summer Explorer Courses	2,000
North Perth Public Library	North Perth Public Library Fund	400
Stratford Public Library	Stratford Public Library Fund	24,468
Peter Donaldson Memorial Fund	Scholarship	1,500
Ian Garner Scholarship Fund	Scholarship	1,000
Alan Slater Memorial Scholarship	Scholarship	500
Neigh Scholarship	Scholarships	2,000
Peter and Lisa Hyde Family Fund	Scholarship	350
Scott Diamond Legacy Fund	Scholarship	1,000
Gordon and Elaine Steed Family Fund	Scholarships	2,250
Jean Aitcheson Nursing Fund	Scholarship	1,000
		<u>41,968</u>
Environment		
Upper Thames River Conservation Authority	Field windbreak /tree plantings	<u>3,660</u>

Stratford and Perth County Community Foundation Notes to the Financial Statements

December 31, 2017

7. Grants and Distributions (continued)

<u>Organization</u>	<u>Project</u>	<u>Amount</u>
Health and wellness		
Family Services Perth-Huron	Youth Counselling Waitlist Reduction	7,500
Milverton Agricultural Society	Accessible Bathrooms Project	2,200
Perth District Health Unit	Perth County Sunscreen Project	2,800
St. Joseph's Health Care Foundation	Parkwood Planning & Pacing App	7,500
The Local Community Food Centre	Loving Spoonfuls Expansion	5,814
Wellspring Stratford Cancer Support	10 Years of Cancer Support	300
The Local Community Food Centre	Community Garden	12,088
Stratford General Hospital Foundation	Strickland Community Fund	<u>5,000</u>
		<u>43,202</u>
Recreation and sports		
Avon Trail	Design & implement new website	3,000
Guelph to Goderich Trail Inc.	Perth Trailhead Development	3,000
Municipality of North Perth	Memorial Park Walkway, Lighting	2,900
Salvation Army Stratford	John Mavity Hockey Legacy Fund	1,000
Salvation Army North Perth	North Perth Sports for Kids Fund	<u>2,600</u>
		<u>12,500</u>
Seniors		
Royal Canadian Legion	New air conditioning unit	3,000
North Perth Community Hospice	Sid and Margaret Henery Fund	<u>500</u>
		<u>3,500</u>
Social services		
Choices for Change, Alcohol, Drug & Gambling Counselling Centre	Client & Family Engagement Strategy Implementation	7,250
Choices for Change, Alcohol, Drug & Gambling Counselling Centre	Dialectical Behaviour Training	3,450
Choices for Change, Alcohol, Drug & Gambling Counselling Centre	A.B.I. Training	1,000
Social Research and Planning Council	myPerthHuron Comm. Researcher	4,500
Stratford House of Blessing	Food Bank Flooring Project	6,500
Emily Murphy Centre Second Stage Residences	Access for All	3,000
SPCF Operating Support	TMFC Operating Fund	1,000
Elgin Missionary Church	Laverne Health Fund	700
John Howard Society	Dave Persad Fund	500
Stratford Perth Community Foundation	DesRosiers Endowment	<u>3,500</u>
		<u>31,400</u>
Total grants and distributions		<u>\$ 176,668</u>

Stratford and Perth County Community Foundation Notes to the Financial Statements

December 31, 2017

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.
