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# **The Community Foundation of Orillia and Area Financial Statements**

**For the year ended December 31, 2017**

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# BEN T. COLE

## PROFESSIONAL CORPORATION

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### INDEPENDENT AUDITOR'S REPORT

To The Members of The Community Foundation of Orillia and Area :

#### Report on the Financial Statements

I have audited the accompanying financial statements of The Community Foundation of Orillia and Area, which comprise the balance sheet as at December 31, 2017, the statement of operations and changes in fund balances and cash flows for the year then ended, and 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

My responsibility is to express an opinion on these financial statements based on my audit. Except as explained in the following paragraph, I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### Opinion

In my opinion, these financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2017 and the results of its operations and cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-For-Profit Organizations.



Ben T. Cole, CPA, CA Professional Corporation  
Authorized to practice public accounting by the Chartered Professional Accountants of Ontario.

May 15, 2018  
Orillia, Ontario

# Community Foundation of Orillia and Area

## Balance Sheet

December 31, 2017	Operating Fund	Community Managed Funds	Endowment Funds	2017	2016
<b>Assets</b>					
<b>Current</b>					
Cash	\$ 28,853	\$ -	\$ -	\$ 28,853	\$ 39,895
<b>Long Term Investments</b>					
Insurance Policy (Note 10)	-	-	45,065	45,065	45,065
Investments - CC & L (Note 4)	-	1,130,286	2,403,376	3,533,662	2,636,957
Investments - BMO (Note 4)	-	-	1,501,960	1,501,960	1,306,115
Investments - RBC (Note 4)	-	-	320,813	320,813	298,183
	-	1,130,286	4,271,214	5,401,500	4,286,320
	\$ 28,853	\$ 1,130,286	\$ 4,271,214	\$ 5,430,353	\$ 4,326,215
<b>Liabilities and Net Assets</b>					
<b>Current</b>					
Accounts Payable	\$ 5,079	\$ -	\$ -	\$ 5,079	\$ 6,481
<b>Community Managed Funds (Note 6)</b>	-	1,130,286	-	1,130,286	640,167
<b>Deferred Investment Income (Note 8)</b>	-	-	594,805	594,805	460,207
	5,079	1,130,286	594,805	1,730,170	1,106,855
<b>Net Assets</b>					
Unrestricted	23,774	-	-	23,774	33,414
Endowments - at Cost (Note 7)	-	-	3,676,409	3,676,409	3,185,946
	23,774	-	3,676,409	3,700,183	3,219,360
	\$ 28,853	\$ 1,130,286	\$ 4,271,214	\$ 5,430,353	\$ 4,326,215

# Community Foundation of Orillia and Area

## Statement of Operations and Changes in Fund Balances

December 31, 2017	Operating Fund	Community Managed Funds	Endowment Funds	2017	2016
<b>Revenue</b>					
Administration Fees	\$ 32,025	\$ -	\$ -	\$ -	\$ -
Deferred Investment Income (Note 6)	-	9,420	-	9,420	5,830
Deferred Investment Income (Note 8)	-	-	211,572	211,572	124,637
Unrestricted Donations & Other (Note 11)	35,444	-	-	35,444	76,294
<b>Total Revenue</b>	<b>67,469</b>	<b>9,420</b>	<b>211,572</b>	<b>256,436</b>	<b>206,761</b>
<b>Expenditures</b>					
<b>Fund Expenses &amp; Grants</b>					
Administration Fees - CFOA	-	3,648	28,377	-	-
Administration Fees - CC&L	-	5,772	16,673	22,444	16,981
Administration Fees - BMO	-	-	7,522	7,522	6,725
Grants to the Community (Note 11)	43,031	-	159,000	202,031	142,105
	43,031	9,420	211,572	231,997	165,811
<b>Overhead Expenses</b>					
Management Fees - CDC	25,454	-	-	25,454	25,035
Professional Fees	5,198	-	-	5,198	5,177
Insurance	-	-	-	-	3,142
Office	3,426	-	-	3,426	2,279
	34,078	-	-	34,078	35,633
<b>Total Expenses</b>	<b>77,109</b>	<b>9,420</b>	<b>211,572</b>	<b>266,075</b>	<b>201,444</b>
<b>Surplus (Deficit) For The Year</b>	<b>\$ (9,640)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (9,640)</b>	<b>\$ 5,317</b>
Fund Balance - January 1, 2017	33,414	-	3,185,946	3,219,360	2,478,078
Interfund Transfers (Note 9)	-	-	-	-	-
Endowment Contributions (Note 7)	-	-	490,463	490,463	735,965
<b>Fund Balance - December 31, 2017</b>	<b>\$ 23,774</b>	<b>\$ -</b>	<b>\$ 3,676,409</b>	<b>\$ 3,700,183</b>	<b>\$ 3,219,360</b>

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# The Community Foundation of Orillia and Area

## Cash Flow Statement

For the year ended December 31	2017	2016
<b>Operating Activities</b>		
Net Surplus (Deficit) For the Year	\$ (9,640)	\$ 5,317
<b>Add (Deduct): Non-cash items</b>		
	<u>(9,640)</u>	<u>5,317</u>
<b>Changes in non-cash working capital balances</b>		
Accounts Receivable	-	4,086
Accounts Payable	(1,402)	1,880
	<u>(11,042)</u>	<u>11,283</u>
<b>Financing Activities</b>		
Deferred Contributions - Operating	-	-
	<u>-</u>	<u>-</u>
<b>Investing Activities</b>		
Transfers From Endowment Funds	-	-
	<u>-</u>	<u>-</u>
<b>Total change in cash</b>	<b>(11,042)</b>	<b>11,283</b>
<b>Cash, beginning of year</b>	<b>39,895</b>	<b>28,612</b>
<b>Cash, end of year</b>	<b>\$ 28,853</b>	<b>\$ 39,895</b>

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# The Community Foundation of Orillia and Area

## Notes to Financial Statements

December 31, 2017

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### 1. Nature of Organization

The company was incorporated without share capital, by Letters Patent, on February 17, 1999 & designated as a Public Foundation. The mission of the Foundation is to provide for the enrichment of the quality of life throughout Orillia and area by developing and maintaining permanent endowment funds through responsible leadership and demonstration of philanthropic leadership in the community.

The company is a registered charity and, as such, is exempt from paying income taxes.

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### 2. Significant Accounting Policies

#### Basis of Accounting

The Community Foundation of Orillia and Area prepares its financial statements in accordance with Canadian Accounting Standards for Not-for-Profit Organizations, (Part III of the CPA Handbook).

#### Fund Accounting

The Operating Fund reports the administrative costs of operating the Foundation. Operating grants and unrestricted donations are recorded in this fund.

The Community Managed Funds report assets invested by the Foundation on behalf of other organizations. These funds must be returned to the donors if requested.

The Endowment Funds report assets that must be held in perpetuity for the benefit of the Community. The Funds are comprised of Twenty-Four Individual endowment funds that have been established by various community donors. The Foundation must award grants from these funds in accordance with the individual restrictions stipulated by each endowment fund.

#### Investments

Investments in equity instruments that are quoted in an active market are recorded at fair market value. Other investments that are not quoted in an active market are recorded at amortized cost.

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# The Community Foundation of Orillia and Area

## Notes to Financial Statements

December 31, 2017

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### 2. Significant Accounting Policies - Continued

#### Revenue Recognition

The organization has adopted the deferral method of accounting for contributions. Restricted contributions are recorded as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable; if the amount to be received can be reasonably estimated and collection is reasonably assured.

Endowment contributions are recognized as direct increases in net assets.

Restricted investment income is recognized initially as a deferred contribution, then as revenue in the year the related expenses are incurred. Investment losses on restricted funds are recognized as a reduction in the deferred contribution balance.

Donations, administration fees and special event revenues are recognized at the time the amounts to be received can be reasonably estimated and collection is reasonably assured.

#### Property, Plant and Equipment

The company records purchases as an expense in the year of acquisition.

#### Contributed Services

Volunteers contribute services throughout the year to assist the Foundation in carrying out its activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

#### Cash Equivalents

Cash and cash equivalents consist of bank balances and term deposits with a maturity of three months or less from the date of acquisition.

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### 3. Financial Instruments

The company has various financial instruments. Unless otherwise noted, it is management's opinion that the fair values of these financial instruments approximate their carrying values.

**Credit Risk:** The company does not provide credit to other entities.

**Interest Rate Risk:** The company is exposed to interest rate risk on the Fixed Income portion of its investment portfolio.

**Currency Risk:** The company is exposed to fluctuations in various foreign currencies on the portion of its investment portfolio that is invested in International Equities.

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# The Community Foundation of Orillia and Area

## Notes to Financial Statements

December 31, 2017

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### 4. Investments

The endowment & managed funds are invested in a variety of publicly traded shares & pooled income funds, which include fixed income, equity, alternative investments, hedge strategies and shares. All investments are recorded at fair market value, except the insurance policy.

	2017	2016
BMO Nesbitt Burns	\$ 1,501,960	\$ 1,306,115
Connor, Clark & Lunn	3,533,662	2,636,957
RBC Dominion Securities	320,813	298,183
Insurance Policy (Note 10)	45,065	45,065
	<b>\$ 5,401,500</b>	<b>\$ 4,286,320</b>

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### 5. Property, Plant and Equipment

The company's property, plant and equipment consists of computers, software and office furniture. There were no purchases in 2017.

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# The Community Foundation of Orillia and Area

## Notes to Financial Statements

December 31, 2017

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### 6. Community Managed Funds

Included in investments, (Note 4), are funds being held and invested on behalf of local organizations. The CFOA invests the funds on behalf of these organizations. The organizations can request that their funds be returned at any time.

	2017	2016
Fish & Game	\$ 79,054	\$ -
Orillia Museum of Art & History	97,610	93,931
Mariposa Folk Foundation	419,361	266,741
Cellar Singers	-	10,708
Couchiching Conservancy	263,824	106,836
Couchiching Conservancy - Heartwood	183,422	161,951
Shriners	35,034	-
Air Cadets	51,981	-
	<b>\$ 1,130,286</b>	<b>\$ 640,167</b>

### Managed Funds - Continuity

	2017	2016
Balance - Beginning of Year	\$ 640,167	\$ 400,583
Add: Investment Income	68,079	34,980
Less: Investment Administration Fees	(9,420)	(5,830)
Add: Contributions During Year	444,733	259,349
Less: Withdrawals	(13,273)	(48,915)
	<b>\$ 1,130,286</b>	<b>\$ 640,167</b>

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# The Community Foundation of Orillia and Area

## Notes to Financial Statements

December 31, 2017

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### 7. Net Assets Restricted for Endowment Purposes

The net assets restricted for endowment purposes are subject to externally imposed restrictions stipulating that the resources be maintained permanently. Investment income earned on these assets is restricted to the terms of each endowment fund. **The figures below represent the original value of the donations for each fund.**

	2016	Donations	2017
Smart & Caring Community Fund	\$ 552,946	\$ -	\$ 552,946
YMCA Skid Watson	70,000	-	70,000
They Had a Dream Administration Endowment	60,861	-	60,861
OSMH Doctor Recruitment Fund	25,125	-	25,125
Couchiching Conservancy Steward	29,536	-	29,536
Volunteer Firefighters	14,647	-	14,647
Carol Ivey Victim Services	11,806	1,850	13,656
Orillia Vocal Ensemble	11,000	-	11,000
Orillia Museum of Art & History	10,000	-	10,000
Big Brothers Big Sisters	60,814	25,000	85,814
St. Paul's Centre	111,657	18,000	129,657
Sharing Place Food Bank	10,000	10,000	20,000
Fish & Game Club	51,000	-	51,000
Ethel Patti Cox Estate Fund - Children	147,125	-	147,125
Ethel Patti Cox Estate Fund - Seniors	149,205	-	149,205
Ontario Endowment for Children	89,372	-	89,372
Casino Rama Festive Fund	18,620	-	18,620
Orillia Y's Men's Fund	45,000	-	45,000
Apprentice Bursary Fletcher	23,095	400	23,495
Tom Parish Scholarship	18,375	-	18,375
Larsen Family	-	15,015	15,015
Brian Adams	9,985	14,298	24,283
John Galt Fund	201,716	265,900	467,616
W.Scott & Jean Tudhope Endowment	1,173,983	140,000	1,313,983
Dale Family Fund	290,078	-	290,078
<b>Total - Endowment Funds</b>	<b>\$ 3,185,946</b>	<b>\$ 490,463</b>	<b>\$ 3,676,409</b>

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# The Community Foundation of Orillia and Area

## Notes to Financial Statements

December 31, 2017

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### 8. Deferred Investment Income

Deferred investment income represents unspent resources that have been externally restricted to fund future grants and administrative expenses of the Foundation's Endowment Funds.

	2017	2016
Balance - Beginning of Year	\$ 460,207	\$ 246,591
Add: Investment Income - Realized & Market Impact	346,170	345,921
Less: Recognized as Income	(211,572)	(124,637)
Less: Refunds Due to Closure of Funds	-	(7,668)
Balance - End of Year	<u>\$ 594,805</u>	<u>\$ 460,207</u>

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### 9. Interfund Transfers

There were no inter-fund transfers during 2017.

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### 10. Insurance Policy

The corporation received a donation of a life insurance policy during 2014. The policy has a death benefit of \$ 100,000. The policy has been recognized at fair market value on the date of the donation, (\$ 42,805), plus the cost of the appraisal, ( \$ 2,260), total \$ 45,065.

Subsequent transaction costs of \$ 27,226 have been recognized as an expense in 2015. This represented a payment to Manulife Insurance. No further premium payments will be necessary as the policy is considered fully paid up.

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### 11. Canada 150 Grants

Donation revenue of the Operating Fund included a \$ 20,000 grant from the Community Foundations of Canada to honor Canada's 150'th birthday. The Community Foundation of Orillia has flowed this donation to various community projects and matched the donation with \$ 15,000 from its Operating Fund and \$ 5,000 from its Community Endowment Fund.

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