
The Community Foundation of Orillia and Area
Financial Statements
For the year ended December 31, 2018

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

I have audited the accompanying financial statements of The Community Foundation of Orillia and Area, which comprise the balance sheet as at December 31, 2018, and the statements of reserve fund, general fund & cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Community Foundation of Orillia and Area as at December 31, 2018, and its results of operations and cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-For-Profit Organizations.

Basis For Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Company in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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.

A further description of the auditor's responsibilities for the audit of the financial statements is located at the Chartered Professional Accountants of Canada website at: www.cpacanada.ca. This description forms part of my auditor's report.

Ben Cole

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

Orillia, Ontario
May 22, 2019

Community Foundation of Orillia and Area

Balance Sheet

December 31, 2018	Operating Fund	Community Managed Funds	Endowment Funds	2018	2017
Assets					
Current					
Cash	\$ 124,902	\$ -	\$ -	\$ 124,902	\$ 28,853
HST Rebate Receivable - 2017	5,134	-	-	5,134	-
	<u>130,036</u>	<u>-</u>	<u>-</u>	<u>130,036</u>	<u>28,853</u>
Long Term Investments					
Insurance Policy (Note 10)	-	-	45,065	45,065	45,065
Investments - CC & L (Note 4)	-	1,610,203	2,618,055	4,228,258	3,533,662
Investments - BMO (Note 4)	-	-	1,352,579	1,352,579	1,501,960
Investments - RBC (Note 4)	-	-	411,264	411,264	320,813
	<u>-</u>	<u>1,610,203</u>	<u>4,426,963</u>	<u>6,037,166</u>	<u>5,401,500</u>
	<u>\$ 130,036</u>	<u>\$ 1,610,203</u>	<u>\$ 4,426,963</u>	<u>\$ 6,167,202</u>	<u>\$ 5,430,353</u>
Liabilities and Net Assets					
Current					
Accounts Payable	\$ 5,425	\$ -	\$ -	\$ 5,425	\$ 5,079
Deferred Contribution (Note 11)	100,000	-	-	100,000	-
	<u>105,425</u>	<u>-</u>	<u>-</u>	<u>105,425</u>	<u>5,079</u>
Community Managed Funds (Note 6)	-	1,610,203	-	1,610,203	1,130,286
Deferred Investment Income (Note 8)	-	-	195,711	195,711	594,805
	<u>105,425</u>	<u>1,610,203</u>	<u>195,711</u>	<u>1,911,339</u>	<u>1,730,170</u>
Net Assets					
Unrestricted	24,611	-	-	24,611	23,774
Endowments - at Cost (Note 7)	-	-	4,231,252	4,231,252	3,676,409
	<u>24,611</u>	<u>-</u>	<u>4,231,252</u>	<u>4,255,863</u>	<u>3,700,183</u>
	<u>\$ 130,036</u>	<u>\$ 1,610,203</u>	<u>\$ 4,426,963</u>	<u>\$ 6,167,202</u>	<u>\$ 5,430,353</u>

Community Foundation of Orillia and Area

Statement of Operations and Changes in Fund Balances

December 31, 2018	Operating Fund	Community Managed Funds	Endowment Funds	2018	2017
Revenue					
Administration Fees	\$ 29,240	\$ -	\$ -	\$ -	\$ -
HST Rebate	5,134	-	-	5,134	4,507
Deferred Investment Income (Note 6)	-	15,660	-	15,660	9,420
Deferred Investment Income (Note 8)	-	-	267,305	267,305	211,572
Unrestricted Donations	9,300	-	-	9,300	30,937
Total Revenue	43,674	15,660	267,305	297,399	256,436
Expenditures					
Fund Expenses & Grants					
Administration Fees - CFOA	-	5,260	23,979	-	-
Administration Fees - CC&L	-	10,400	19,159	29,558	22,444
Administration Fees - BMO	-	-	8,167	8,167	7,522
Administration Fees - RBC	-	-	-	-	-
Grants to the Community	5,300	-	216,000	221,300	202,031
	5,300	15,660	267,305	259,025	231,997
Overhead Expenses					
Management Fees - CDC	25,853	-	-	25,853	25,454
Professional Fees	5,424	-	-	5,424	5,198
Insurance	1,593	-	-	1,593	-
Office	4,667	-	-	4,667	3,427
	37,537	-	-	37,537	34,079
Total Expenses	42,837	15,660	267,305	296,562	266,076
Surplus (Deficit) For The Year	\$ 837	\$ -	\$ -	\$ 837	\$ (9,640)
Fund Balance - January 1, 2018	23,774	-	3,676,409	3,700,183	3,219,360
Interfund Transfers (Note 9)	-	-	-	-	-
Endowment Contributions (Note 7)	-	-	554,843	554,843	490,463
Fund Balance - December 31, 2018	\$ 24,611	\$ -	\$ 4,231,252	\$ 4,255,863	\$ 3,700,183

The Community Foundation of Orillia and Area

Cash Flow Statement

For the year ended December 31	2018	2017
Operating Activities		
Net Surplus (Deficit) For the Year	\$ 837	\$ (9,640)
Add (Deduct): Non-cash items		
	837	(9,640)
Changes in non-cash working capital balances		
Accounts Receivable	(5,134)	-
Accounts Payable	346	(1,402)
	(3,951)	(11,042)
Financing Activities		
Deferred Contributions - Operating	100,000	-
Total change in cash	96,049	(11,042)
Cash, beginning of year	28,853	39,895
Cash, end of year	\$ 124,902	\$ 28,853

The Community Foundation of Orillia and Area

Notes to Financial Statements

December 31, 2018

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.

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 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.

The Community Foundation of Orillia and Area

Notes to Financial Statements

December 31, 2018

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.

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.

The Community Foundation of Orillia and Area

Notes to Financial Statements

December 31, 2018

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.

	2018	2017
BMO Nesbitt Burns	\$ 1,352,579	\$ 1,501,960
Connor, Clark & Lunn	4,228,258	3,533,662
RBC Dominion Securities	411,264	320,813
Insurance Policy (Note 10)	45,065	45,065
	<u>\$ 6,037,166</u>	<u>\$ 5,401,500</u>

5. Property, Plant and Equipment

The company's property, plant and equipment consists of computers, software and office furniture. There were no purchases in 2018.

The Community Foundation of Orillia and Area

Notes to Financial Statements

December 31, 2018

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.

	2018	2017
Fish & Game	\$ 145,216	\$ 79,054
Orillia Museum of Art & History	93,412	97,610
Mariposa Folk Foundation	554,131	419,361
St. Paul's United Church	57,484	-
Couchiching Conservancy	455,054	263,824
Couchiching Conservancy - Heartwood	200,410	183,422
Shriners	34,345	35,034
Air Cadets	70,151	51,981
	<u>\$ 1,610,203</u>	<u>\$ 1,130,286</u>

Managed Funds - Continuity

	2018	2017
Balance - Beginning of Year	\$ 1,130,286	\$ 640,167
Add: Investment Income & Market Impact	(22,739)	68,079
Less: Investment Administration Fees	(15,660)	(9,420)
Add: Contributions During Year	520,666	444,733
Less: Withdrawals	(2,350)	(13,273)
	<u>\$ 1,610,203</u>	<u>\$ 1,130,286</u>

The Community Foundation of Orillia and Area

Notes to Financial Statements

December 31, 2018

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.**

	2017	Donations	2018
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	13,656	600	14,256
Orillia Vocal Ensemble	11,000	150	11,150
Orillia Museum of Art & History	10,000	-	10,000
Big Brothers Big Sisters	85,814	1,159	86,973
St. Paul's Centre	129,657	-	129,657
Sharing Place Food Bank	20,000	-	20,000
Fish & Game Club	51,000	3,000	54,000
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	23,495	-	23,495
Tom Parish Scholarship	18,375	-	18,375
Larsen Family	15,015	-	15,015
Brian Adams	24,283	-	24,283
John Galt Fund	467,616	377,374	844,990
W.Scott & Jean Tudhope Endowment	1,313,983	40,000	1,353,983
Dale Family Fund	290,078	129,560	419,638
Jim & Ruth Watt	-	3,000	3,000
Total - Endowment Funds	\$ 3,676,409	\$ 554,843	\$ 4,231,252

The Community Foundation of Orillia and Area

Notes to Financial Statements

December 31, 2018

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.

	2018	2017
Balance - Beginning of Year	\$ 594,805	\$ 460,207
Add: Investment Income - Realized & Market Impact	(131,789)	346,170
Less: Recognized as Income	(267,305)	(211,572)
Balance - End of Year	<u>\$ 195,711</u>	<u>\$ 594,805</u>

9. Interfund Transfers

There were no inter-fund transfers during 2018.

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.

11. Deferred Contribution

In December of 2018, the Operating Fund of the Foundation received a \$ 100,000 donation. The donation was restricted for the purpose of funding Grants to the Community in the 2019 fiscal year. Grants were approved and disbursed to local charities in March of 2019. Accordingly, the revenue and related grant expense will be recorded on the Foundation's 2019 financial statements.
