
The Community Foundation of Orillia and Area
Financial Statements
For the year ended December 31, 2019

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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 (the Foundation), which comprise the statement of financial position as at December 31, 2019, and the statement of operations and changes in fund balances & 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, 2019, 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 Foundation 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 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

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 financial statements is included in Appendix 1 of this Auditor's Report. This description, which is located on the final page of these financial statements, 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
June 8, 2020

Community Foundation of Orillia and Area

Statement of Financial Position

December 31, 2019	Operating Fund	Managed Funds	Endowment Funds	2019	2018
Assets					
Current					
Cash and Cash Equivalents	\$ 34,158	\$ -	\$ -	\$ 34,158	\$ 124,902
HST Rebate Receivable	-	-	-	-	5,134
	<u>34,158</u>	<u>-</u>	<u>-</u>	<u>34,158</u>	<u>130,036</u>
Long Term Investments					
Insurance Policy (Note 10)	-	-	45,065	45,065	45,065
Investments (Note 4)	-	2,010,606	6,160,783	8,171,389	5,992,101
	<u>-</u>	<u>2,010,606</u>	<u>6,205,848</u>	<u>8,216,454</u>	<u>6,037,166</u>
	<u>\$ 34,158</u>	<u>\$ 2,010,606</u>	<u>\$ 6,205,848</u>	<u>\$ 8,250,612</u>	<u>\$ 6,167,202</u>
Liabilities and Net Assets					
Current					
Accounts Payable & Accrued Liabilities	\$ 5,652	\$ -	\$ -	\$ 5,652	\$ 5,425
Deferred Contribution	-	-	-	-	100,000
	<u>5,652</u>	<u>-</u>	<u>-</u>	<u>5,652</u>	<u>105,425</u>
Managed Funds (Note 6)	-	2,010,606	-	2,010,606	1,610,203
Deferred Investment Income (Note 8)	-	-	730,082	730,082	195,711
	<u>5,652</u>	<u>2,010,606</u>	<u>730,082</u>	<u>2,746,340</u>	<u>1,911,339</u>
Net Assets					
Unrestricted	28,506	-	-	28,506	24,611
Endowments - at Cost (Note 7)	-	-	5,475,766	5,475,766	4,231,252
	<u>28,506</u>	<u>-</u>	<u>5,475,766</u>	<u>5,504,272</u>	<u>4,255,863</u>
	<u>\$ 34,158</u>	<u>\$ 2,010,606</u>	<u>\$ 6,205,848</u>	<u>\$ 8,250,612</u>	<u>\$ 6,167,202</u>

Community Foundation of Orillia and Area

Statement of Operations and Changes in Fund Balances

For the Year Ended December 31, 2019	Operating Fund	Managed Funds	Endowment Funds	2019	2018
Revenue					
Administration Fees	\$ 31,888	\$ -	\$ -	\$ -	\$ -
HST Rebate	5,906	-	-	5,906	5,134
Investment Administration Fees (Note 6)	-	19,466	-	19,466	15,660
Investment Income (Note 8)	104	-	166,711	166,815	267,305
Unrestricted Donations	134,917	-	-	134,917	9,300
Total Revenue	172,815	19,466	166,711	327,104	297,399
Expenditures					
Fund Expenses & Grants					
Administration Fees - CFOA	-	5,353	26,535	-	-
Investment Management Fees	-	14,113	31,676	45,789	37,725
Grants to the Community	130,800	-	108,500	239,300	221,300
	130,800	19,466	166,711	285,089	259,025
Overhead Expenses					
Management Fees - CDC	26,917	-	-	26,917	25,853
Professional Fees	5,650	-	-	5,650	5,424
Insurance	1,593	-	-	1,593	1,593
Administrative	3,960	-	-	3,960	4,667
	38,120	-	-	38,120	37,537
Total Expenses	168,920	19,466	166,711	323,209	296,562
Surplus (Deficit) For The Year	\$ 3,895	\$ -	\$ -	\$ 3,895	\$ 837
Fund Balance - Beginning of Year	24,611	-	4,231,252	4,255,863	3,700,183
Interfund Transfers (Note 9)	-	-	-	-	-
Endowment Contributions (Note 7)	-	-	1,244,514	1,244,514	554,843
Fund Balance - End of Year	\$ 28,506	\$ -	\$ 5,475,766	\$ 5,504,272	\$ 4,255,863

The Community Foundation of Orillia and Area

Statement of Cash Flows

For the year ended December 31	2019	2018
Operating Activities		
Net Surplus (Deficit) For the Year	\$ 3,895	\$ 837
Add (Deduct): Non-cash items		
	<u>3,895</u>	<u>837</u>
Changes in non-cash working capital balances		
Accounts Receivable	5,134	(5,134)
Accounts Payable and Accrued Liabilities	227	346
	<u>9,256</u>	<u>(3,951)</u>
Financing Activities		
Deferred Contributions - Operating	<u>(100,000)</u>	<u>100,000</u>
Total change in cash	(90,744)	96,049
Cash, beginning of year	124,902	28,853
Cash, end of year	\$ 34,158	\$ 124,902

The Community Foundation of Orillia and Area

Notes to Financial Statements

December 31, 2019

1. Nature of Organization

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

Property, Plant and Equipment

The Foundation 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.

The Community Foundation of Orillia and Area

Notes to Financial Statements

December 31, 2019

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 of the Endowment Fund.

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 and administration fees collected from endowment funds are recognized at the time the amounts to be received can be reasonably estimated and collection is reasonably assured.

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

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently measured at fair value. The Foundation has elected to carry bonds at fair value. Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method. Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Foundation determines if there is a significant adverse change in the expected amount of timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Foundation expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

The Community Foundation of Orillia and Area

Notes to Financial Statements

December 31, 2019

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.

	2019	2018
BMO Nesbitt Burns	\$ 1,982,006	\$ 1,352,579
Connor, Clark & Lunn	5,554,804	4,228,258
RBC Dominion Securities	634,579	411,264
	\$ 8,171,389	\$ 5,992,101

5. Property, Plant and Equipment

The Foundation does not own any property, plant and equipment and there were no purchases in 2019 or 2018.

The Community Foundation of Orillia and Area

Notes to Financial Statements

December 31, 2019

6. 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.

	2019	2018
Fish & Game Conservation Club	\$ 148,086	\$ 145,216
Fish & Game Conservation Club - Building	22,175	-
Orillia Museum of Art & History	104,788	93,412
Mariposa Folk Foundation	734,413	554,131
St. Paul's United Church	137,871	57,484
Couchiching Conservancy	517,468	455,054
Couchiching Conservancy - Heartwood	227,899	200,410
Shriners	38,133	34,345
Air Cadets	79,773	70,151
	<u>\$ 2,010,606</u>	<u>\$ 1,610,203</u>

Managed Funds - Continuity

	2019	2018
Balance - Beginning of Year	\$ 1,610,203	\$ 1,130,286
Add: Investment Income & Market Impact	246,412	(22,739)
Less: Investment Administration Fees	(19,465)	(15,660)
Add: Contributions During Year	275,706	520,666
Less: Withdrawals	(102,250)	(2,350)
	<u>\$ 2,010,606</u>	<u>\$ 1,610,203</u>

The Community Foundation of Orillia and Area

Notes to Financial Statements

December 31, 2019

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 accumulated amount of the contributions for each fund.**

	2018	Contributions	2019
Smart & Caring Community Fund	\$ 552,946	\$ 1,000	\$ 553,946
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 Stewardship	29,536	-	29,536
Volunteer Firefighters	14,647	-	14,647
Carol Ivey Victim Services	14,256	-	14,256
Orillia Vocal Ensemble	11,150	2,720	13,870
Orillia Museum of Art & History	10,000	3,520	13,520
Big Brothers Big Sisters	86,973	-	86,973
St. Paul's Centre	129,657	-	129,657
Sharing Place Food Bank	20,000	-	20,000
Fish & Game Club	54,000	3,000	57,000
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	844,990	599,800	1,444,790
W.Scott & Jean Tudhope Endowment	1,353,983	431,271	1,785,254
Dale Family Fund	419,638	163,377	583,015
Jim & Ruth Watt	3,000	4,000	7,000
Stephen Leacock Associates	-	22,000	22,000
Orillia Youth Centre	-	13,826	13,826
Total - Endowment Funds	\$ 4,231,252	\$ 1,244,514	\$ 5,475,766

The Community Foundation of Orillia and Area

Notes to Financial Statements

December 31, 2019

8. Deferred Investment Income

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

	2019	2018
Balance - Beginning of Year	\$ 195,711	\$ 594,805
Add: Investment Income	701,082	(131,789)
Less: Recognized as Income	(166,711)	(267,305)
Balance - End of Year	<u>\$ 730,082</u>	<u>\$ 195,711</u>

9. Interfund Transfers

There were no inter-fund transfers during 2019 or 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.

No further premium payments will be necessary as the policy is considered fully paid up.

11. Subsequent Event

Subsequent to the year-end, the outbreak of the Coronavirus disease, (Covid-19), has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruptions to businesses globally resulting in an economic slowdown. The duration and impact of the Covid-19 outbreak is unknown at this time, as is the efficacy of the government and central bank monetary and fiscal interventions designed to stabilize economic conditions. As a result, it is not possible to reliably estimate the length and severity of these developments nor the impact on the financial position and financial results of the Foundation in future years.

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Appendix 1 - Auditor's Responsibilities

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 company'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, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the company 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.
- I 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 I identify during my audit.