



**COMMUNITY FOUNDATION OF GREATER
PETERBOROUGH**

FINANCIAL STATEMENTS

December 31, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Members of Community Foundation of Greater Peterborough

Opinion

We have audited the financial statements of Community Foundation of Greater Peterborough (the Foundation), which comprise the statement of financial position as at December 31, 2018, 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

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 opinion.

Other Matter

The financial statements of the Foundation as at and for the year ended December 31, 2017 were audited by Collins Barrow Kawartha LLP, which became Baker Tilly KDN LLP effective January 10, 2019.

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.

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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.

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
May 13, 2019

**COMMUNITY FOUNDATION OF GREATER
PETERBOROUGH**



**STATEMENT OF FINANCIAL POSITION
As at December 31, 2018**

	2018 \$	2017 \$
ASSETS		
Current assets		
Cash	174,002	213,687
Accounts receivable	6,583	6,079
Prepaid expenses	1,329	2,670
	<u>181,914</u>	<u>222,436</u>
Other assets		
Investments (note 3)	9,787,820	6,657,761
Funds held in trust (note 4)	130,713	138,815
Note receivable (note 5)	305,000	-
	<u>10,223,533</u>	<u>6,796,576</u>
	<u>10,405,447</u>	<u>7,019,012</u>
LIABILITIES AND FUND BALANCES		
Current liabilities		
Accounts payable and accrued liabilities (note 6)	22,443	12,557
Deferred revenue (note 7)	18,500	56,475
Deferred grant contributions	6,741	12,500
	<u>47,684</u>	<u>81,532</u>
Funds held in trust (note 4)	<u>130,713</u>	<u>138,815</u>
	<u>178,397</u>	<u>220,347</u>
Fund balances		
Operating	362,262	395,263
Internally restricted	50,613	69,187
Externally restricted (note 8)	9,814,175	6,334,215
	<u>10,227,050</u>	<u>6,798,665</u>
	<u>10,405,447</u>	<u>7,019,012</u>

The accompanying notes are an integral part of these financial statements

**COMMUNITY FOUNDATION OF GREATER
PETERBOROUGH**



**STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES
For the Year Ended December 31, 2018**

	Operating Fund 2018 \$	Internally Restricted Fund 2018 \$	Externally Restricted Fund 2018 \$	Total 2018 \$	Total 2017 \$
Revenue					
Donations	35,407	2,350	4,239,634	4,277,391	745,911
Investment income (note 9)	38,558	(1,026)	(136,962)	(99,430)	428,126
Events	128,752	-	-	128,752	108,815
Grants	13,759	-	-	13,759	108,250
Administrative fees	1,731	-	-	1,731	1,693
Total revenue	218,207	1,324	4,102,672	4,322,203	1,392,795
Expenses					
Wages and benefits	223,290	-	-	223,290	207,601
Professional fees	27,200	290	56,295	83,785	72,667
Fundraising	36,090	-	-	36,090	37,553
Program	12,562	-	-	12,562	24,263
Occupancy costs	14,656	-	-	14,656	14,445
Office and administration	22,228	48	600	22,876	38,660
Training and development	7,222	-	-	7,222	7,767
Total expenses	343,248	338	56,895	400,481	402,956
Excess (Deficiency) of Revenue over Expenses for the Year before the Following	(125,041)	986	4,045,777	3,921,722	989,839
Grants paid	-	(21,560)	(471,777)	(493,337)	(514,873)
Excess (Deficiency) of Revenue over Expenses for the Year	(125,041)	(20,574)	3,574,000	3,428,385	474,966
Fund transfers (note 10)	92,040	2,000	(94,040)	-	-
Fund balances - beginning of year	395,263	69,187	6,334,215	6,798,665	6,323,699
Fund balances - end of year	362,262	50,613	9,814,175	10,227,050	6,798,665

The accompanying notes are an integral part of these financial statements

**COMMUNITY FOUNDATION OF GREATER
PETERBOROUGH**



**STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2018**

	2018	2017
	\$	\$
CASH PROVIDED FROM (USED FOR):		
Operating activities		
Excess (deficiency) of revenue over expenses for the year	3,428,385	474,966
Item not affecting cash		
Realized and unrealized (gain) loss on investments	356,682	(187,901)
Changes in non-cash working capital items		
(Increase)/decrease in accounts receivable	(504)	(132)
Decrease in prepaid expenses	1,341	1,289
Increase/(decrease) in accounts payable and accrued liabilities	9,886	(5,035)
Increase/(decrease) in deferred grant contributions	(5,759)	12,500
Increase/(decrease) in deferred revenue	(37,975)	9,375
Increase in cash from operating activities	3,752,056	305,062
Investing activities		
Increase in note receivable	(305,000)	-
Purchase of investments	(4,154,400)	(916,971)
Proceeds on disposal of investments	667,659	746,013
Decrease in cash from investing activities	(3,791,741)	(170,958)
Increase (decrease) in cash	(39,685)	134,104
Cash - beginning of year	213,687	79,583
Cash - end of year	174,002	213,687

The accompanying notes are an integral part of these financial statements

1. NATURE OF OPERATIONS

Community Foundation of Greater Peterborough ("the Foundation") is a not-for-profit charitable organization providing philanthropic funds for social, cultural, educational, environmental and other community purposes, to enhance the quality of life in the Greater Peterborough region.

The Foundation, known at the time as the Peterborough Affordable Housing Foundation, was incorporated April 12, 2002 without share capital under Part II of the Canada Corporations Act. Supplementary Letters Patent amending the organization's charitable objects and changing the name to Community Foundation of Greater Peterborough were issued April 23, 2008 and continued to November 6, 2013 under the Canada Not-for-profit Corporations Act. The Foundation is registered as a charitable organization, and is designated as a public foundation pursuant to Section 149.1 of the Income Tax Act.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations. Significant aspects of the accounting policies are as follows:

(a) Revenue recognition

The Foundation uses the restricted fund method of accounting. Grants and donations are recognized in the respective fund when received or receivable if collection is reasonably assured. Investment income is recognized as revenue when earned. Event revenue is recognized as revenue when the event occurs.

(b) Fund accounting

In order to ensure observance of limitations and restrictions placed on the use of the resources available to the Foundation, the accounts are maintained in accordance with the principles of fund accounting. Under these principles, resources are classified for accounting purposes into funds that are in accordance with particular activities or objectives specified.

These funds are classified as follows:

- (i) Operating fund - includes results of day-to-day operating transactions;
- (ii) Externally Restricted Funds - includes contributions for special purposes as designated by external parties and endowment contributions; and
- (iii) Internally Restricted Funds - includes contributions for special purposes as designated by the Board of the Foundation.

(c) Tangible capital assets

Tangible capital assets are recorded at cost. The Foundation provides for amortization using the straight-line method at rates designed to amortize the cost of the tangible capital assets over their estimated useful lives. The Foundation has no significant tangible capital assets.

**NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2018**

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(d) Deferred grant contributions

Deferred grant contributions represents grants which have been collected but for which the related expenses have not been incurred. These amounts will be recognized as revenues in the fiscal year when the expenses have been incurred.

(e) Financial instruments

The Foundation initially measures its financial assets and financial liabilities at fair value.

The Foundation subsequently measures its financial assets and financial liabilities at amortized cost, except for investments quoted in an active market, which are subsequently measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash, accounts receivable and notes receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Financial assets measured at fair value include investments.

(i) Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in the statement of operations.

(f) Contributed services

The Foundation relies on many volunteers to carry out its mandate. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

(g) Management estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Key areas where management has made complex or subjective judgments (often as a result of matters that are inherently uncertain) include, among others, accounts payable and accrued liabilities, impairments of assets and grant revenues. Actual results could differ from these and other estimates, the impact of which would be recorded in future periods.

**NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2018**

3. INVESTMENTS

Investments of the Foundation are managed by Richardson GMP, Jarislowsky Fraser and RBC Dominion Securities. Investment policies for each portfolio include guidelines specifying the balance of domestic and international equities, fixed income and alternative investments designed to generate a total investment return that supports the Foundation's granting, recovers the cost of managing and administering the funds, protects the purchasing power of the capital component and establishes a reserve for potential market declines. Investments are stated at market value.

	2018	2017
	\$	\$
Richardson GMP	2,211,141	2,393,190
Jarislowsky Fraser	3,923,987	3,835,028
RBC Dominion Securities	314,782	380,043
RBC CKLFCC Fund	49,748	49,500
RBC OCF	786,675	-
RBC 2040 Fund	2,501,487	-
	9,787,820	6,657,761

4. FUNDS HELD IN TRUST

The funds held in trust are held and invested on behalf of other organizations. The funds contributed are not owned by the Foundation, but managed for these organizations.

The Foundation has a corresponding liability for the funds held in trust which offsets the asset balance in the amount of \$130,713 (2017 - \$138,815).

5. NOTES RECEIVABLE

The Foundation has a loan receivable in the amount of \$305,000 established with The Mount Community Centre. The loan receivable is unsecured with interest only payments and bears interest at 3.5% per annum until the loan's maturity date on November 30, 2021.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consists of the following:

	2018	2017
	\$	\$
Accounts payable and accrued liabilities	14,137	8,817
Payroll liabilities	8,306	3,740
	22,443	12,557

COMMUNITY FOUNDATION OF GREATER PETERBOROUGH



NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2018

7. DEFERRED REVENUE

Deferred revenue consists of sponsorships and ticket sales received in advance of the Gala.

8. EXTERNALLY RESTRICTED FUND

The Externally Restricted Fund includes endowments of \$4,103,759 (2017 - \$3,132,426).

9. INVESTMENT INCOME

Investment income consists of:

	Operating Fund 2018 \$	Internally Restricted Fund 2018 \$	Externally Restricted Fund 2018 \$	Total 2018 \$	Total 2017 \$
Dividends and interest	19,273	2,477	235,502	257,252	240,225
Realized gain on investments	-	-	44,033	44,033	44,115
Unrealized gain (loss) on investments	(16,109)	(2,989)	(381,617)	(400,715)	143,786
Transfer of philanthropic advisory service fees	35,084	(514)	(34,570)	-	-
	38,248	(1,026)	(136,652)	(99,430)	428,126

The transfers of philanthropic advisory service fees within the Statement of Operations and Changes in Fund Balances are in accordance with specific fund agreements. These transfers consist of amounts stipulated in specific fund agreements and payment of philanthropic advisory service fees on flow-through donations.

10. FUND TRANSFERS

The Board of Directors has approved transfers of \$92,040 from the externally restricted fund to the operating fund and \$2,000 from the externally restricted fund to the internally restricted fund.

11. FINANCIAL INSTRUMENTS

The Foundation is exposed to the following risks in respect of certain of the financial instruments held:

(a) Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The value of fixed income securities will generally rise if interest rates fall and conversely fall when rates rise. This risk is mitigated by the Foundation's investment policies.

(b) Market risk

The Foundation's financial instruments that are exposed to concentrations of market risk consist of investments associated with bonds and equity securities. The value of these investments is affected by market conditions and general economic outlook. The risk is mitigated by the Foundation's investment policies.

12. COMPARATIVE FIGURES

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year fund balances.