

FINANCIAL STATEMENTS OF

**COMMUNITY FOUNDATION OF
GREATER PETERBOROUGH**

December 31, 2021

**COMMUNITY FOUNDATION OF
GREATER PETERBOROUGH**

FINANCIAL STATEMENTS

December 31, 2021

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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, 2021, and the statement of operations and changes in fund balances and statement of 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, 2021, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Opinion

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.

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 ASNPO, 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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INDEPENDENT AUDITOR'S REPORT, continued

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.



Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
June 16, 2022

COMMUNITY FOUNDATION OF GREATER PETERBOROUGH
STATEMENT OF FINANCIAL POSITION
As at December 31, 2021

	2021	2020
	\$	\$
ASSETS		
Current assets		
Cash	598,998	319,061
Accounts receivable	10,165	12,208
Prepaid expenses	840	840
Note receivable (Note 3)	50,000	305,000
	<u>660,003</u>	<u>637,109</u>
Other assets		
Note receivable (Note 3)	200,000	-
Investments (Note 4)	12,439,908	11,442,974
Funds held in trust (Note 5)	139,501	125,504
	<u>12,779,409</u>	<u>11,568,478</u>
	<u>13,439,412</u>	<u>12,205,587</u>
LIABILITIES AND FUND BALANCES		
Current liabilities		
Accounts payable and accrued liabilities	27,161	20,475
Deferred revenue	3,568	14,194
	<u>30,729</u>	<u>34,669</u>
Long-term liabilities		
Funds held in trust (Note 5)	139,501	125,504
	<u>170,230</u>	<u>160,173</u>
Fund balances		
Operating Fund	458,058	389,509
Restricted Fund	4,357,495	3,999,422
Endowment Fund	8,453,629	7,656,483
	<u>13,269,182</u>	<u>12,045,414</u>
	<u>13,439,412</u>	<u>12,205,587</u>

Approved on behalf of the board

_____ Director

_____ Director

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, 2021

	Operating Fund 2021 \$	Restricted Fund 2021 \$	Endowment Fund 2021 \$	Total 2021 \$	Total 2020 \$
Revenue					
Donations	61,410	686,616	203,678	951,704	1,259,689
Investment income (Note 8)	141,063	760,989	593,468	1,495,520	760,613
Grants	10,652	385,000	-	395,652	520,175
Events	21,744	-	-	21,744	76,525
Administrative fees income (expense) (Note 9)	63,948	(61,652)	-	2,296	1,527
	298,817	1,770,953	797,146	2,866,916	2,618,529
Expenses					
Wages and benefits	177,548	-	-	177,548	206,983
Professional fees	15,504	79,490	-	94,994	87,871
Office and administration	34,633	3,535	-	38,168	38,943
Fundraising	5,862	-	-	5,862	27,087
Occupancy	15,573	-	-	15,573	14,735
Program	7,038	-	-	7,038	2,681
Training and development	2,172	-	-	2,172	1,197
	258,330	83,025	-	341,355	379,497
Excess of revenue over expenses for the year, before grants paid	40,487	1,687,928	797,146	2,525,561	2,239,032
Grants paid (Note 6)	(5,000)	(1,296,793)	-	(1,301,793)	(1,532,911)
Excess of revenue over expenses for the year	35,487	391,135	797,146	1,223,768	706,121
Fund balance, beginning of year	389,509	3,999,422	7,656,483	12,045,414	11,339,293
Interfund transfers (Note 7)	33,062	(33,062)	-	-	-
Fund balance, end of year	458,058	4,357,495	8,453,629	13,269,182	12,045,414

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, 2021

	2021	2020
	\$	\$
CASH PROVIDED FROM (USED FOR)		
Operating activities		
Excess of revenue over expenses for the year	1,223,769	706,121
Adjustments for item not affecting cash:		
Unrealized gain on investments	(824,759)	(422,356)
Change in non-cash working capital items		
Accounts receivable	2,043	6,751
Prepaid expenses	-	2,105
Accounts payable and accrued liabilities	6,685	11,089
Deferred revenue	(10,626)	(9,756)
	<u>397,112</u>	<u>293,954</u>
Investing activities		
Loans receivable	55,000	-
Proceeds on disposal of investments	465,645	738,648
Purchase of investments	(637,820)	(1,008,725)
	<u>(117,175)</u>	<u>(270,077)</u>
Increase in cash	279,937	23,877
Cash, beginning of year	319,061	295,184
Cash, end of year	<u>598,998</u>	<u>319,061</u>

The accompanying notes are an integral part of these financial statements

COMMUNITY FOUNDATION OF GREATER PETERBOROUGH

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

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 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 are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

(a) *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

The Operating Fund comprises the unrestricted resources available for immediate purposes. The use of these funds is at the discretion of the Foundation's Board.

(ii) Endowment Fund

The Endowment Fund comprises externally endowed funds, which are required by the donor to be maintained by the Foundation in perpetuity, and funds endowed by Board policy, where there is no current intention of making the original donation available for grants.

(iii) Restricted Fund

The Restricted Fund comprises the resources that are to be used for specific purposes as specified by the donor or project funder.

The accompanying notes are an integral part of these financial statements

COMMUNITY FOUNDATION OF GREATER PETERBOROUGH
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2021

2. **SIGNIFICANT ACCOUNTING POLICIES, continued**

(b) *Revenue recognition*

The Foundation follows the restricted fund method of accounting for contributions. Contributions that the donor has required to be held in perpetuity are recognized as revenue in the Endowment Fund. Restricted contributions are recognized as revenue in the Restricted Fund. Unrestricted contributions are recognized as revenue in the Operating Fund.

Grants and bequests are recorded when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Other donations are recorded when received.

Investment income (loss) consisting of interest, dividends, income distributions from pooled funds, and realized and unrealized gains and losses is recorded in the statement of operations and changes in fund balances. Investment income earned on the Endowment Fund or Restricted Fund resources that must be spent on donor-restricted activities is recognized as revenue of the Restricted Fund. For permanently endowed funds, investment income subject to donor restrictions stipulating that it is to be added to the principal amount of the endowment is recognized as revenue of the Endowment Fund. Investment income earned on Operating Fund resources and any portion of investment income earned on Endowment Funds and Restricted Funds that has been designated for operations is recognized as revenue of the Operating Fund. Investment losses are allocated in a manner consistent with investment income.

(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.

(d) *Cash and cash equivalents*

Cash and cash equivalents include cash and short-term investments with maturities of three months or less from their date of acquisition, which are readily convertible into a known amount of cash, and are subject to an insignificant risk to changes in their fair value.

(e) *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.

The accompanying notes are an integral part of these financial statements

COMMUNITY FOUNDATION OF GREATER PETERBOROUGH
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2021

2. **SIGNIFICANT ACCOUNTING POLICIES, continued**

(f) *Financial instruments*

(i) *Measurement of financial instruments*

The Foundation initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

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 the statement of operations and changes in fund balances.

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

Financial liabilities measured at amortized cost include accounts payable.

Financial assets measured at fair value include investments in equity securities with a quoted market value, and other investments in mutual funds and fixed income securities with a quoted market value that the Foundation designates upon purchase to be measured at fair value.

(ii) *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 and changes in fund balances.

(g) *Management 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 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, accrued liabilities, and the impairments of assets. Actual results could differ from these and other estimates, the impact of which would be recorded in future periods.

The accompanying notes are an integral part of these financial statements

COMMUNITY FOUNDATION OF GREATER PETERBOROUGH
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2021

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(h) Measurement uncertainty

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the Foundation's environment and in the global markets due to the possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the Foundation's operations.

The duration and full financial effect of the COVID-19 pandemic is unknown at this time, as is the efficacy of the government and central bank interventions, and other mitigating measures. Any estimate of the length and severity of these developments is therefore subject to significant uncertainty, and accordingly estimates of the extent to which the COVID-19 pandemic may materially and adversely affect the Foundation's operations, financial results and condition in future periods are also subject to significant uncertainty. Therefore, uncertainty about judgments, estimates, and assumptions made by management during the preparation of the Foundation's financial statements related to potential impacts of the COVID-19 outbreak on revenue, expenses, assets, liabilities, and note disclosures could result in a material adjustment to the carrying value of the assets or liabilities affected.

The Foundation has undertaken measures to protect their employees and donors from the potential spread of COVID-19. These measures include the use of personal protective equipment, social distancing where possible, and self-quarantining after travel or suspected symptoms.

The Foundation is actively monitoring operations and mitigating its potential risk exposure by monitoring controllable costs, and reducing the number of staff onsite.

The accompanying notes are an integral part of these financial statements

COMMUNITY FOUNDATION OF GREATER PETERBOROUGH

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

3. NOTE RECEIVABLE

The Foundation had a note receivable in the amount of \$305,000 established with The Mount Community Centre that matured November 30, 2021. The note was reissued for \$250,000, with principal repayment of \$50,000 due annually on the anniversary date (November 30) and interest payable annually on July 31, at 3.5% per annum until the note's maturity date on November 30, 2026.

4. INVESTMENTS

Investments of the Foundation are managed by Richardson Wealth, 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.

	2021	2020
	\$	\$
Richardson Wealth	2,701,899	2,416,154
Jarislowsky Fraser	6,665,647	5,895,450
RBC Dominion Securities	3,072,362	3,131,370
	<hr/>	<hr/>
	12,439,908	11,442,974

5. 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 \$139,501 (2020 - \$125,504).

The accompanying notes are an integral part of these financial statements

COMMUNITY FOUNDATION OF GREATER PETERBOROUGH

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

6. GRANTS PAID

	2021	2020
	\$	\$
Grants paid from income earned on endowment fund investments	235,691	217,227
Grants paid from unrestricted resources	5,000	-
Grants paid from other restricted resources	1,061,102	1,315,684
	1,301,793	1,532,911

7. INTERFUND TRANSFERS

In accordance with the terms of certain fund agreements, the Board of Directors has approved transfers of \$33,062 from the restricted fund to the operating fund.

8. INVESTMENT INCOME

Investment income consists of the following:

	Operating Fund 2021 \$	Restricted Fund 2021 \$	Endowment Fund 2021 \$	Total 2021 \$	Total 2020 \$
Interest and dividend income	30,396	161,116	442,314	633,826	336,180
Realized gains on investments	333	1,488	35,114	36,935	2,077
Unrealized gains on investments	13,009	239,800	571,950	824,759	422,356
Total investment income	43,738	402,404	1,049,378	1,495,520	760,613
Investment income earned on endowed funds	97,325	358,585	(455,910)	-	-
	141,063	760,989	593,468	1,495,520	760,613

The accompanying notes are an integral part of these financial statements

COMMUNITY FOUNDATION OF GREATER PETERBOROUGH
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2021

9. **ADMINISTRATIVE FEES INCOME (EXPENSE)**

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 charged to managed funds and on flow-through donations.

10. **FINANCIAL INSTRUMENTS RISKS AND UNCERTAINTIES**

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

(a) *Credit risk*

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The Foundation is exposed to credit risk on its cash, investments and note receivable balances. The Foundation reduces its exposure to credit risk by diversifying its investment holdings.

(b) *Liquidity risk*

Liquidity risk is the risk that the Foundation will not be able to meet its obligations when they become due. The majority of the Foundation's assets are investments traded in active markets, which can be readily liquidated, and therefore the Foundation's liquidity risk is limited.

(c) *Market risk*

Market risk is the risk that changes in market prices, as a result of changes in foreign currency exchange rates, interest rates, and market prices of equity securities will affect the Foundation's financial instruments. The Foundation is exposed to market risk on its investments.

(i) *Currency risk*

Investments in foreign securities are exposed to currency risk due to changes in foreign exchange rates. The Foundation is exposed to currency risk on its foreign equities and fixed income security. The Foundation manages currency risk by maintaining diversified investment portfolios.

(ii) *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 Foundation is exposed to interest rate risk on its investments in fixed income securities, and on its note receivable balance. This risk is mitigated by the Foundation's investment policies.

The accompanying notes are an integral part of these financial statements

COMMUNITY FOUNDATION OF GREATER PETERBOROUGH
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2021

10. **FINANCIAL INSTRUMENTS RISKS AND UNCERTAINTIES, continued**

(iii) *Price risk*

Price risk is the risk that the fair value of equity financial instruments will fluctuate due to changes in market prices. The Foundation is exposed to price risk on its investments in equity securities. The objective of the Foundation's investment policy is to manage price risk by maintaining a diversified portfolio.

The accompanying notes are an integral part of these financial statements