

**THE GUELPH COMMUNITY
FOUNDATION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

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Chartered
Professional
Accountants

INDEPENDENT AUDITOR'S REPORT

To the members of: The Guelph Community Foundation

We have audited the accompanying financial statements of The Guelph Community Foundation, which comprise the statement of financial position as at December 31, 2016 and the statements of operations and changes in net assets 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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we 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.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of The Guelph Community Foundation as at December 31, 2016 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.

A handwritten signature in black ink that reads 'RLB LLP'.

Guelph, Ontario
April 27, 2017

Chartered Professional Accountants
Licensed Public Accountants

THE GUELPH COMMUNITY FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2016

	Operating Fund	Endowed Fund	Non-Endowed Fund	2016	2015
ASSETS					
CURRENT					
Cash and cash equivalents	\$ 4,281	\$ 230,923	\$ 507,709	\$ 742,913	\$ 1,025,085
HST recoverable	5,657	0	0	5,657	6,655
Prepaid expenses	5,686	0	0	5,686	1,832
Interfund loans (note 2)	<u>468,842</u>	<u>(711,330)</u>	<u>242,488</u>	<u>0</u>	<u>0</u>
	484,466	(480,407)	750,197	754,256	1,033,572
INVESTMENTS (note 3)	0	9,781,667	0	9,781,667	9,068,883
FUNDS HELD FOR OTHERS (note 4)	0	3,469,840	0	3,469,840	3,220,347
CAPITAL (note 5)	<u>8,851</u>	<u>0</u>	<u>0</u>	<u>8,851</u>	<u>2,571</u>
	<u>\$ 493,317</u>	<u>\$ 12,771,100</u>	<u>\$ 750,197</u>	<u>\$ 14,014,614</u>	<u>\$ 13,325,373</u>
LIABILITIES					
CURRENT					
Accounts payable and accrued liabilities	\$ 8,002	\$ 0	\$ 0	\$ 8,002	\$ 8,743
Government remittances payable	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,176</u>
	8,002	0	0	8,002	11,919
FUNDS HELD FOR OTHERS (note 4)	<u>0</u>	<u>3,469,840</u>	<u>0</u>	<u>3,469,840</u>	<u>3,220,347</u>
Total Liabilities	<u>8,002</u>	<u>3,469,840</u>	<u>0</u>	<u>3,477,842</u>	<u>3,232,266</u>
NET ASSETS					
RESTRICTED	0	9,301,260	750,197	10,051,457	9,427,230
UNRESTRICTED	<u>485,315</u>	<u>0</u>	<u>0</u>	<u>485,315</u>	<u>665,877</u>
	<u>485,315</u>	<u>9,301,260</u>	<u>750,197</u>	<u>10,536,772</u>	<u>10,093,107</u>
	<u>\$ 493,317</u>	<u>\$ 12,771,100</u>	<u>\$ 750,197</u>	<u>\$ 14,014,614</u>	<u>\$ 13,325,373</u>

APPROVED ON BEHALF OF THE BOARD

Chris Jansen

Director

Jason P. [Signature]

Director

see accompanying notes

THE GUELPH COMMUNITY FOUNDATION
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Operating Fund	Endowed Fund	Non-Endowed Fund	2016	2015
REVENUE					
Donations	\$ 10,445	\$ 433,344	\$ 363,099	\$ 806,888	\$ 5,571,190
Grants	5,575	0	0	5,575	0
Fundraising and sponsorships	4,160	0	0	4,160	82,675
HST rebate	1,651	0	0	1,651	1,641
Interest and dividends	4,177	243,893	7,809	255,879	253,189
Realized gain on sale of investments	682	236,700	10,597	247,979	232,936
	<u>26,690</u>	<u>913,937</u>	<u>381,505</u>	<u>1,322,132</u>	<u>6,141,631</u>
GRANTS PAID OUT	<u>0</u>	<u>184,403</u>	<u>484,168</u>	<u>668,571</u>	<u>4,648,544</u>
	<u>26,690</u>	<u>729,534</u>	<u>(102,663)</u>	<u>653,561</u>	<u>1,493,087</u>
EXPENDITURES					
Amortization	5,068	0	0	5,068	1,286
Bank charges and interest	154	0	0	154	716
Dues and fees	5,891	0	0	5,891	4,941
Fundraising	1,067	0	0	1,067	37,031
Insurance	2,041	1,961	0	4,002	3,980
Office	12,525	0	0	12,525	15,328
Printing and marketing	18,852	0	0	18,852	10,779
Professional & investment management fees	25,796	65,455	2,939	94,190	105,653
Professional development and travel	3,248	0	0	3,248	12,363
Rent	24,991	0	0	24,991	29,226
Repairs and maintenance	4,666	0	0	4,666	7,220
Salaries	160,689	0	0	160,689	136,028
Utilities	3,613	0	0	3,613	2,665
Administration fee	(181,349)	131,817	13,953	(35,579)	(33,033)
	<u>87,252</u>	<u>199,233</u>	<u>16,892</u>	<u>303,377</u>	<u>334,183</u>
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENDITURES BEFORE THE FOLLOWING	(60,562)	530,301	(119,555)	350,184	1,158,904
UNREALIZED APPRECIATION (DEPRECIATION) OF INVESTMENTS	<u>0</u>	<u>86,962</u>	<u>6,519</u>	<u>93,481</u>	<u>(263,263)</u>
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENDITURES	(60,562)	617,263	(113,036)	443,665	895,641
NET ASSETS, beginning of year	665,877	8,578,944	848,286	10,093,107	9,197,466
INTERFUND TRANSFERS (note 7)	<u>(120,000)</u>	<u>105,053</u>	<u>14,947</u>	<u>0</u>	<u>0</u>
NET ASSETS, end of year	<u>\$ 485,315</u>	<u>\$ 9,301,260</u>	<u>\$ 750,197</u>	<u>\$ 10,536,772</u>	<u>\$ 10,093,107</u>

see accompanying notes

THE GUELPH COMMUNITY FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Operating Fund	Endowed Fund	Non-Endowed Fund	2016	2015
CASH AND CASH EQUIVALENTS PROVIDED BY (USED IN) OPERATING, ENDOWED, AND NON-ENDOWED FUND ACTIVITIES					
(Deficiency) excess of revenue over expenditures for the year	\$ (60,562)	\$ 617,263	\$ (113,036)	\$ 443,665	\$ 895,641
Items not requiring an outlay of cash					
Amortization	5,068	0	0	5,068	1,286
Interfund transfers	(120,000)	105,053	14,947	0	0
Unrealized depreciation (appreciation) of investments	<u>0</u>	<u>(86,962)</u>	<u>(6,519)</u>	<u>(93,481)</u>	<u>263,263</u>
	(175,494)	635,354	(104,608)	355,252	1,160,190
Changes in non-cash working capital items					
Decrease (increase) in HST recoverable	998	0	0	998	(1,096)
(Increase) decrease in prepaid expenses	(3,854)	0	0	(3,854)	1,445
(Increase) decrease in due to and from funds	154,974	95,174	(250,148)	0	0
(Decrease) in accounts payable and accrued liabilities	(741)	0	0	(741)	(14,308)
(Decrease) increase in government remittances payable	<u>(3,176)</u>	<u>0</u>	<u>0</u>	<u>(3,176)</u>	<u>1,118</u>
	<u>(27,293)</u>	<u>730,528</u>	<u>(354,756)</u>	<u>348,479</u>	<u>1,147,349</u>
CASH AND CASH EQUIVALENTS PROVIDED BY (USED IN) INVESTING ACTIVITIES					
Purchase of capital assets	(11,348)	0	0	(11,348)	(3,857)
Purchase of investments, net of sales	0	(691,777)	72,474	(619,303)	(636,554)
Funds held for others - asset	0	(249,493)	0	(249,493)	(219,685)
Funds held for others - liability	0	249,493	0	249,493	219,685
	<u>(11,348)</u>	<u>(691,777)</u>	<u>72,474</u>	<u>(630,651)</u>	<u>(640,411)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(38,641)	38,751	(282,282)	(282,172)	506,938
CASH AND CASH EQUIVALENTS, beginning of year	<u>42,922</u>	<u>192,172</u>	<u>789,991</u>	<u>1,025,085</u>	<u>518,147</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 4,281</u>	<u>\$ 230,923</u>	<u>\$ 507,709</u>	<u>\$ 742,913</u>	<u>\$ 1,025,085</u>

see accompanying notes

**THE GUELPH COMMUNITY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

NATURE OF BUSINESS

The Guelph Community Foundation (the "Foundation") is a public foundation incorporated as a corporation without share capital under the Canada Corporations Act on July 9, 1999. The Foundation exists to help improve the quality of life in Guelph and area by building and managing permanent endowment funds for community betterment. Charitable endeavours in areas such as health, education, arts and culture, recreation, the environment, and social services, are supported by distributing, via grants, the income earned on the permanent endowment funds. The Foundation is a registered charity under the Income Tax Act (Canada) and, accordingly, is exempt from income taxes, provided certain requirements of the Income Tax Act (Canada) are met.

1. SUMMARY OF ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and are in accordance with Canadian generally accepted accounting principles.

(a) BASIS OF ACCOUNTING

The Foundation follows the restricted fund method of accounting for contributions.

Operating Fund

The Operating Fund reports resources available for the Foundation's general operating activities.

Endowed Fund

The Endowed Fund reports resources that are to be held as endowments including unexpended investment income which is restricted for specific purposes. To support the policy of preserving the capital of the permanent endowment funds, while complying with the disbursement quota requirements of the Income Tax Act (Canada), the Foundation endeavours to provide a minimum of 3.5% of the market value of the funds as grants in any given year. Where granting at that level would have the effect of eroding the capital of the permanent endowed funds, the Foundation may choose to grant a lesser amount in order to minimize or alleviate the erosion of capital. In so doing, it may have to utilize some of the disbursement excess carried forward from prior years in order to comply with the disbursement quota legislation.

Non-Endowed Fund

The Non-Endowed Fund reports resources that are not to be held as endowments and are, therefore, disbursed as grants on a current basis. These are flow through funds and funds for charitable distribution through which donors provide support for charitable organizations.

(b) REVENUE RECOGNITION

Contributions are recognized as revenue of the appropriate fund in the year received or receivable if the amount can be reasonably estimated and collection is reasonably assured. All other revenue, including investment income, is recognized in the year received.

**THE GUELPH COMMUNITY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) DEFERRED GIFTS

The Foundation is designated the beneficiary of certain estates. The amount of these planned gifts is not readily determinable and has not been included in these financial statements.

(d) INVESTMENTS

Investments are recorded at fair value. Fair value is determined by the closing sale price on the recognized stock exchange on which the investments are listed or principally traded.

(e) CAPITAL ASSETS

Computer and office equipment is amortized on a straight line basis over three years.

(f) CONTRIBUTED SERVICES

During the year, a number of organizations donate services to the Foundation and a number of volunteers contribute a significant amount of their time. Because of the difficulty in determining the fair value, contributed services are not recorded in the financial statements.

(g) DONATIONS IN KIND

Donated materials, which would otherwise be paid for by the Foundation, are recorded at fair value when provided.

THE GUELPH COMMUNITY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

1. SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(h) FINANCIAL INSTRUMENTS

Measurement of financial instruments

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

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

Financial assets measured at amortized cost include cash and cash equivalents.

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

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

Transaction costs

For financial instruments subsequently measured at fair value, the Foundation recognizes transaction costs directly attributable to their origination, issuance or assumption in net income in the period incurred. When a financial instrument is measured at amortized cost, transaction costs are included in the initial measurement of the instrument.

(i) CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist principally of funds held in financial institutions.

(j) USE OF ESTIMATES

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 revenue and expense during the year. Actual results could differ from those estimates. Estimates are reviewed on a regular basis and, as adjustments become necessary, they are reported in income in the periods in which they become known.

2. INTERFUND LOANS

Interfund loans are the result of transferring money between the funds within the Foundation. They are non-interest bearing and are due on demand.

**THE GUELPH COMMUNITY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

3. INVESTMENTS

Investments at year end are comprised of the following:

	2016	2015
<u>Endowed fund investments</u>		
Cash and cash equivalents	\$ 205,913	\$ 220,261
Portfolio investments	9,542,872	8,751,157
Life insurance policies (CSV)	<u>32,882</u>	<u>31,510</u>
	<u>9,781,667</u>	<u>9,002,928</u>
 <u>Non-Endowed fund investments</u>		
Cash and cash equivalents	0	3,736
Portfolio investments	<u>0</u>	<u>62,219</u>
	<u>0</u>	<u>65,955</u>
	<u>\$ 9,781,667</u>	<u>\$ 9,068,883</u>

The Foundation is the owner and beneficiary of two life insurance policies. The cash surrender value (CSV) of these life insurance policies is included in the above investments.

The Foundation maintains a policy governing the investment of capital funds. The policy addresses investment grade and concentration as well as asset mix and other issues. The following long term asset mix policy has been established in order to provide a benchmark for long term return requirements which are consistent with the fund objectives.

	Minimum	Maximum
Cash and money market	2%	15%
Fixed income securities	40%	70%
Equities	15%	58%

4. FUNDS HELD FOR OTHERS

These are funds owned by other charitable organizations for which the income and capital is designated for the benefit of these organizations. At year end, funds held for others are comprised of the following:

	2016	2015
Cash and cash equivalents	\$ 73,289	\$ 79,064
Portfolio investments	<u>3,396,551</u>	<u>3,141,283</u>
	<u>\$ 3,469,840</u>	<u>\$ 3,220,347</u>

**THE GUELPH COMMUNITY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

5. CAPITAL ASSETS

Capital assets at year end are comprised of the following:

	2016	2015
Computer and office equipment	\$ 15,205	\$ 3,857
Accumulated amortization	<u>(6,354)</u>	<u>(1,286)</u>
Net	<u>\$ 8,851</u>	<u>\$ 2,571</u>

6. FINANCIAL RISK MANAGEMENT

The Foundation may be exposed to a variety of financial risks including credit risk, liquidity risk and market risk (including interest rate risk, currency risk, and other price risk). It is management's opinion that the Organization's exposure to risk is unchanged from the prior year.

a) Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation that is entered into with the Foundation. It is management's opinion that the Foundation is not exposed to significant credit risk.

b) Liquidity risk

The Foundation is also exposed to liquidity risk in the event that investments must be sold quickly. It is management's opinion that the Foundation is not exposed to significant liquidity risk.

c) Market risk

Interest rate risk arises from the possibility that changes in interest rates will affect the fair value of financial instruments. It arises when the Foundation invests in interest-sensitive investments such as bonds and other fixed income investments.

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign currencies.

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices, other than those arising from interest rate risk or currency risk, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in a market.

The Foundation manages market risk by diversifying investments in accordance with its policy governing the investment of capital funds.

**THE GUELPH COMMUNITY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

7. INTERFUND TRANSFERS

During the year, the Foundation made the following interfund transactions:

Non-Endowed funds of \$5,053 were transferred, at the direction of the fund donors, to the Endowed Fund for the purposes of increasing existing endowment funds.

The Operating Fund, at the direction of the Board of Directors, transferred \$20,000 of net assets to the Non-Endowed Fund for the purposes of granting.

The Operating Fund, at the direction of the Board of Directors, transferred \$100,000 of net assets to the Endowed Fund for the purposes of endowing surplus funds.

8. COMMITMENTS

The Organization is committed under a long-term lease for premises. Minimum annual rentals (inclusive of the requirement to pay property taxes and common area expenses) for each of the next four years are approximately as follows:

2017	\$ 28,200
2018	28,200
2019	28,200
2020	<u>2,350</u>
	<u>\$ 86,950</u>