

**THE GUELPH COMMUNITY
FOUNDATION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

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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, 2017 and the statements of operations, 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, 2017 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 26, 2018

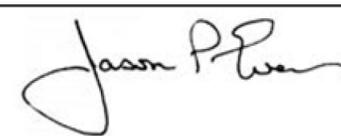
Chartered Professional Accountants
Licensed Public Accountants

THE GUELPH COMMUNITY FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2017

	Operating Fund	Endowed Fund	Non-Endowed Fund	2017	2016
A S S E T S					
CURRENT					
Cash and cash equivalents	\$ 94,875	\$ 163,975	\$ 451,592	\$ 710,442	\$ 742,913
HST recoverable	4,887	0	0	4,887	5,657
Prepaid expenses	1,689	0	0	1,689	5,686
Interfund loans (note 2)	<u>342,514</u>	<u>(586,588)</u>	<u>244,074</u>	<u>0</u>	<u>0</u>
	443,965	(422,613)	695,666	717,018	754,256
INVESTMENTS (note 3)	0	10,040,300	19,887	10,060,187	9,681,186
FUNDS HELD FOR OTHERS (note 4)	0	3,674,844	0	3,674,844	3,570,321
CAPITAL (note 5)	<u>4,655</u>	<u>0</u>	<u>0</u>	<u>4,655</u>	<u>8,851</u>
	<u>\$ 448,620</u>	<u>\$ 13,292,531</u>	<u>\$ 715,553</u>	<u>\$ 14,456,704</u>	<u>\$ 14,014,614</u>
L I A B I L I T I E S					
CURRENT					
Accounts payable and accrued liabilities	\$ 8,279	\$ 12,878	\$ 0	\$ 21,157	\$ 8,002
FUNDS HELD FOR OTHERS (note 4)	<u>0</u>	<u>3,674,844</u>	<u>0</u>	<u>3,674,844</u>	<u>3,570,321</u>
Total Liabilities	<u>8,279</u>	<u>3,687,722</u>	<u>0</u>	<u>3,696,001</u>	<u>3,578,323</u>
N E T A S S E T S					
RESTRICTED	0	9,604,809	715,553	10,320,362	9,950,976
UNRESTRICTED	<u>440,341</u>	<u>0</u>	<u>0</u>	<u>440,341</u>	<u>485,315</u>
	<u>440,341</u>	<u>9,604,809</u>	<u>715,553</u>	<u>10,760,703</u>	<u>10,436,291</u>
	<u>\$ 448,620</u>	<u>\$ 13,292,531</u>	<u>\$ 715,553</u>	<u>\$ 14,456,704</u>	<u>\$ 14,014,614</u>

APPROVED ON BEHALF OF THE BOARD


 _____ Director


 _____ Director

THE GUELPH COMMUNITY FOUNDATION
STATEMENT OF NET ASSETS
AS AT DECEMBER 31, 2017

	Operating Fund	Endowed Fund	Non-Endowed Fund	2017	2016
NET ASSETS, beginning of year	\$ 485,315	\$ 9,301,260	\$ 750,197	\$ 10,536,772	\$ 10,093,107
ACCOUNTING ADJUSTMENT (note 7)	<u>0</u>	<u>(100,481)</u>	<u>0</u>	<u>(100,481)</u>	<u>0</u>
NET ASSETS, beginning of year restated	485,315	9,200,779	750,197	10,436,291	10,093,107
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENDITURES	(44,474)	404,030	(35,144)	324,412	343,184
INTERFUND TRANSFERS (note 8)	<u>(500)</u>	<u>0</u>	<u>500</u>	<u>0</u>	<u>0</u>
NET ASSETS, end of year	<u>\$ 440,341</u>	<u>\$ 9,604,809</u>	<u>\$ 715,553</u>	<u>\$ 10,760,703</u>	<u>\$ 10,436,291</u>

THE GUELPH COMMUNITY FOUNDATION
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Operating Fund	Endowed Fund	Non-Endowed Fund	2017	2016
REVENUE					
Donations	\$ 9,400	\$ 212,301	\$ 425,571	\$ 647,272	\$ 706,888
Grants	5,248	0	0	5,248	5,575
Fundraising and sponsorships	0	0	0	0	4,160
HST rebate	1,819	0	0	1,819	1,651
Interest and dividends	4,215	276,664	8,472	289,351	255,398
Realized gain on sale of investments	(138)	42,241	795	42,898	247,979
	<u>20,544</u>	<u>531,206</u>	<u>434,838</u>	<u>986,588</u>	<u>1,221,651</u>
GRANTS PAID OUT					
	<u>0</u>	<u>238,905</u>	<u>465,685</u>	<u>704,590</u>	<u>668,571</u>
	<u>20,544</u>	<u>292,301</u>	<u>(30,847)</u>	<u>281,998</u>	<u>553,080</u>
EXPENDITURES					
Amortization	5,504	0	0	5,504	5,068
Bank charges and interest	219	0	0	219	154
Dues and fees	6,435	0	0	6,435	5,891
Fundraising	0	0	0	0	1,067
Insurance	2,093	1,961	0	4,054	4,002
Office	12,979	0	0	12,979	12,525
Printing and marketing	4,507	0	0	4,507	18,852
Professional & investment management fees	26,823	70,703	2,662	100,188	94,190
Professional development and travel	6,660	0	0	6,660	3,248
Rent	27,218	0	0	27,218	24,991
Repairs and maintenance	2,718	0	0	2,718	4,666
Salaries	161,692	0	0	161,692	160,689
Utilities	3,414	0	0	3,414	3,613
Administration fee	(195,244)	141,509	15,525	(38,210)	(35,579)
	<u>65,018</u>	<u>214,173</u>	<u>18,187</u>	<u>297,378</u>	<u>303,377</u>
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENDITURES BEFORE THE FOLLOWING					
	(44,474)	78,128	(49,034)	(15,380)	249,703
UNREALIZED APPRECIATION OF INVESTMENTS					
	<u>0</u>	<u>325,902</u>	<u>13,890</u>	<u>339,792</u>	<u>93,481</u>
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENDITURES					
	<u><u>\$ (44,474)</u></u>	<u><u>\$ 404,030</u></u>	<u><u>\$ (35,144)</u></u>	<u><u>\$ 324,412</u></u>	<u><u>\$ 343,184</u></u>

THE GUELPH COMMUNITY FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Operating Fund	Endowed Fund	Non-Endowed Fund	2017	2016
CASH AND CASH EQUIVALENTS PROVIDED BY (USED IN) OPERATING, ENDOWED, AND NON-ENDOWED FUND ACTIVITIES					
(Deficiency) excess of revenue over expenditures for the year	\$ (44,474)	\$ 404,030	\$ (35,144)	\$ 324,412	\$ 343,184
Items not requiring an outlay of cash					
Amortization	5,504	0	0	5,504	5,068
Interfund transfers	(500)	0	500	0	0
Unrealized depreciation (appreciation) of investments	<u>0</u>	<u>(325,902)</u>	<u>(13,890)</u>	<u>(339,792)</u>	<u>(93,481)</u>
	(39,470)	78,128	(48,534)	(9,876)	254,771
Changes in non-cash working capital items					
Decrease in HST recoverable	770	0	0	770	998
Decrease (increase) in prepaid expenses	3,997	0	0	3,997	(3,854)
Decrease (increase) in due to and from funds	126,328	(124,742)	(1,586)	0	0
Increase (decrease) in accounts payable and accrued liabilities	277	12,878	0	13,155	(741)
(Decrease) in government remittances payable	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(3,176)</u>
	<u>91,902</u>	<u>(33,736)</u>	<u>(50,120)</u>	<u>8,046</u>	<u>247,998</u>
CASH AND CASH EQUIVALENTS (USED IN) PROVIDED BY INVESTING ACTIVITIES					
Purchase of capital assets	(1,308)	0	0	(1,308)	(11,348)
Purchase of investments, net of sales	0	(33,212)	(5,997)	(39,209)	(518,822)
Funds held for others - asset	0	(104,523)	0	(104,523)	(349,975)
Funds held for others - liability	<u>0</u>	<u>104,523</u>	<u>0</u>	<u>104,523</u>	<u>349,975</u>
	<u>(1,308)</u>	<u>(33,212)</u>	<u>(5,997)</u>	<u>(40,517)</u>	<u>(530,170)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	90,594	(66,948)	(56,117)	(32,471)	(282,172)
CASH AND CASH EQUIVALENTS, beginning of year	<u>4,281</u>	<u>230,923</u>	<u>507,709</u>	<u>742,913</u>	<u>1,025,085</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 94,875</u>	<u>\$ 163,975</u>	<u>\$ 451,592</u>	<u>\$ 710,442</u>	<u>\$ 742,913</u>

THE GUELPH COMMUNITY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

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, 2017

1. SUMMARY OF 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 are 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, 2017

1. SUMMARY OF 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 and Funds Held for Others 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 assets measured at fair value include investments and Funds Held for Others.

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

Financial liabilities measured at fair value include Funds Held for Others.

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.

THE GUELPH COMMUNITY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

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.

3. INVESTMENTS

Investments at year end are comprised of the following:

	2017	2016
<u>Endowed fund investments</u>		
Cash and cash equivalents	\$ 274,309	\$ 223,164
Portfolio investments	9,731,829	9,425,140
Life insurance policies (CSV)	<u>34,162</u>	<u>32,882</u>
	<u>10,040,300</u>	<u>9,681,186</u>
 <u>Non-Endowed fund investments</u>		
Cash and cash equivalents	9,687	0
Portfolio investments	<u>10,200</u>	<u>0</u>
	<u>19,887</u>	<u>0</u>
	<u>\$ 10,060,187</u>	<u>\$ 9,681,186</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	25%	65%

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:

	2017	2016
Cash and cash equivalents	\$ 100,742	\$ 82,581
Portfolio investments	<u>3,574,102</u>	<u>3,487,740</u>
	<u>\$ 3,674,844</u>	<u>\$ 3,570,321</u>

THE GUELPH COMMUNITY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

5. CAPITAL ASSETS

Capital assets at year end are comprised of the following:

	2017	2016
Computer and office equipment	\$ 16,513	\$ 15,205
Accumulated amortization	<u>(11,858)</u>	<u>(6,354)</u>
Net	<u>\$ 4,655</u>	<u>\$ 8,851</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, 2017**

7. ACCOUNTING ADJUSTMENT

During the year it was discovered that a donation made in the prior year was allocated to the Endowed Fund in error. The contributor intended for the donation to be allocated to Funds Held For Others. A prior period adjustment was made to correct this error. This adjustment resulted in a reduction of Endowed Fund net assets at the beginning of the year in the amount of \$100,481.

Comparative figures of the Endowed Fund were adjusted to correct this error as follows:

Statement of Operations:

- Reduction of donation revenue in the amount of \$100,000;
- Reduction of interest and dividend revenue in the amount of \$481;
- Reduction of excess of revenue over expenditure and net assets in the amount of \$100,481;

Statement of Financial Position:

- Reduction of investments in the amount of \$100,481;
- Increase of Funds Held for Others asset in the amount of \$100,481; and
- Increase of Funds Held for Others liability in the amount of \$100,481.

8. INTERFUND TRANSFERS

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

The Operating Fund, at the direction of the Board of Directors, transferred \$500 of net assets to the Non-Endowed Fund for the purposes of granting.

9. 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 three years are approximately as follows:

2018	\$	28,200
2019		28,200
2020		<u>2,350</u>
	\$	<u>58,750</u>