

THE GUELPH COMMUNITY FOUNDATION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

THE GUELPH COMMUNITY FOUNDATION

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YEAR ENDED DECEMBER 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Members of: The Guelph Community Foundation

Opinion

We have audited the accompanying financial statements of The Guelph Community Foundation, which comprise the statement of financial position as at December 31, 2023 and the statements of net assets, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, these financial statements present fairly, in all material respects, the financial position of The Guelph Community Foundation as at December 31, 2023 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.

Basis of 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 Guelph Community 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 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 a 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

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 judgement 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 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.



Guelph, Ontario
May 8, 2024

Chartered Professional Accountants
Licensed Public Accountants

THE GUELPH COMMUNITY FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023

	Operating Fund	Endowed Fund	Non-Endowed Fund	2023 Total	2022 Total
ASSETS					
CURRENT					
Cash	\$ 37,112	\$ 3,065	\$ 175,658	\$ 215,835	\$ 230,761
HST recoverable	7,948	0	0	7,948	9,226
Prepaid expenses	487	0	0	487	784
Interfund loans (note 6)	<u>27,994</u>	<u>(335,170)</u>	<u>307,176</u>	<u>0</u>	<u>0</u>
	73,541	(332,105)	482,834	224,270	240,771
INVESTMENTS (note 5)	151,210	14,753,578	0	14,904,788	13,356,718
FUNDS HELD FOR OTHERS	<u>0</u>	<u>171,487</u>	<u>0</u>	<u>171,487</u>	<u>1,309,103</u>
	<u>\$ 224,751</u>	<u>\$14,592,960</u>	<u>\$ 482,834</u>	<u>\$15,300,545</u>	<u>\$14,906,592</u>
LIABILITIES					
CURRENT					
Accounts payable and accrued liabilities	\$ 49,429	\$ 5,839	\$ 32,072	\$ 87,340	\$ 9,215
FUNDS HELD FOR OTHERS	<u>0</u>	<u>171,487</u>	<u>0</u>	<u>171,487</u>	<u>1,309,103</u>
	<u>49,429</u>	<u>177,326</u>	<u>32,072</u>	<u>258,827</u>	<u>1,318,318</u>
NET ASSETS					
RESTRICTED	0	14,415,634	450,762	14,866,396	13,379,986
UNRESTRICTED	<u>175,322</u>	<u>0</u>	<u>0</u>	<u>175,322</u>	<u>208,288</u>
	<u>175,322</u>	<u>14,415,634</u>	<u>450,762</u>	<u>15,041,718</u>	<u>13,588,274</u>
	<u>\$ 224,751</u>	<u>\$14,592,960</u>	<u>\$ 482,834</u>	<u>\$15,300,545</u>	<u>\$14,906,592</u>

APPROVED ON BEHALF OF THE BOARD:



Director



Director

THE GUELPH COMMUNITY FOUNDATION
STATEMENT OF NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Operating Fund	Endowed Fund	Non-Endowed Fund	2023 Total	2022 Total
NET ASSETS, beginning of year	\$ 208,288	\$12,392,950	\$ 987,036	\$13,588,274	\$14,625,502
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENDITURES	(42,469)	2,003,940	(508,027)	1,453,444	(1,037,228)
INTERFUND TRANSFERS (note 7)	<u>9,503</u>	<u>18,744</u>	<u>(28,247)</u>	<u>0</u>	<u>0</u>
NET ASSETS, end of year	<u>\$ 175,322</u>	<u>\$14,415,634</u>	<u>\$ 450,762</u>	<u>\$15,041,718</u>	<u>\$13,588,274</u>

THE GUELPH COMMUNITY FOUNDATION
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Operating Fund	Endowed Fund	Non-Endowed Fund	2023 Total	2022 Total
REVENUE					
Donations (note 4)	\$ 9,903	\$ 1,243,315	\$ 1,113,880	\$ 2,367,098	\$ 2,626,992
Grants	4,739	0	512,000	516,739	14,065
Interest and dividends	19,602	369,338	4,876	393,816	291,040
Realized gain (loss) on sale of investments	2,599	357,423	5,327	365,349	(3,573)
Other income	70,915	0	0	70,915	24,470
Rental income	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,175</u>
	<u>107,758</u>	<u>1,970,076</u>	<u>1,636,083</u>	<u>3,713,917</u>	<u>2,955,169</u>
GRANTS PAID OUT	<u>0</u>	<u>382,219</u>	<u>2,100,820</u>	<u>2,483,039</u>	<u>2,052,274</u>
	<u>107,758</u>	<u>1,587,857</u>	<u>(464,737)</u>	<u>1,230,878</u>	<u>902,895</u>
EXPENDITURES					
Salaries	333,448	0	0	333,448	312,514
Professional and investment management fees	42,586	50,436	726	93,748	78,207
Office	48,894	0	0	48,894	59,382
Printing and marketing	45,086	0	0	45,086	37,424
Rent	33,507	0	0	33,507	33,762
Fundraising	30,581	0	0	30,581	7,178
Community projects	8,391	0	0	8,391	0
Dues and fees	5,655	0	0	5,655	5,127
Repairs and maintenance	3,581	0	0	3,581	2,771
Insurance	2,873	0	0	2,873	2,669
Bank charges and interest	1,626	0	0	1,626	2,303
Administration (recovery) fee	<u>(391,106)</u>	<u>260,384</u>	<u>52,453</u>	<u>(78,269)</u>	<u>129</u>
	<u>165,122</u>	<u>310,820</u>	<u>53,179</u>	<u>529,121</u>	<u>541,466</u>
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENDITURES BEFORE THE FOLLOWING	<u>(57,364)</u>	<u>1,277,037</u>	<u>(517,916)</u>	<u>701,757</u>	<u>361,429</u>
UNREALIZED APPRECIATION (DEPRECIATION) OF INVESTMENTS	<u>14,895</u>	<u>726,903</u>	<u>9,889</u>	<u>751,687</u>	<u>(1,398,657)</u>
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENDITURES	<u>\$ (42,469)</u>	<u>\$ 2,003,940</u>	<u>\$ (508,027)</u>	<u>\$ 1,453,444</u>	<u>\$ (1,037,228)</u>

THE GUELPH COMMUNITY FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

	2023	2022
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenditures for the year	\$ 1,453,444	\$(1,037,228)
Unrealized (appreciation) depreciation of investments	<u>(751,687)</u>	<u>1,398,657</u>
	701,757	361,429
Changes in non-cash working capital		
Accounts receivable	0	75
HST recoverable	1,278	(1,186)
Prepaid expenses	297	707
Accounts payable and accrued liabilities	<u>78,125</u>	<u>(819)</u>
	<u>781,457</u>	<u>360,206</u>
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		
Investments	(796,383)	(358,922)
Funds held for others - asset	1,137,616	147,716
Funds held for others - liability	<u>(1,137,616)</u>	<u>(147,716)</u>
	<u>(796,383)</u>	<u>(358,922)</u>
NET (DECREASE) INCREASE IN CASH	(14,926)	1,284
NET CASH, BEGINNING OF YEAR	<u>230,761</u>	<u>229,477</u>
NET CASH, END OF YEAR	<u><u>\$ 215,835</u></u>	<u><u>\$ 230,761</u></u>

THE GUELPH COMMUNITY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

1. NATURE OF OPERATIONS

The Guelph Community Foundation (the "Foundation") is a public foundation that was incorporated as a corporation without share capital under the Canada Corporations Act on July 9, 1999. The Foundation was granted a certificate of continuance on September 15, 2014 under the Canada Not-for-profit Corporations Act. The Foundation exists to strengthen and support the Guelph community through philanthropic leadership. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian accounting standards for not for profit organizations and include the following significant accounting policies:

(a) **FUND 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 permanent endowments including unexpended investment income which is restricted to 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. They are flow through funds and funds for charitable distribution through which donors provide support for charitable organizations.

(b) **REVENUE RECOGNITION**

Rental income is 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 contributions and investment income, are recognized in the year received.

(c) **DEFERRED GIFTS**

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

THE GUELPH COMMUNITY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) INVESTMENTS

The investments of the Foundation are recorded at fair value based on quoted market prices. Investments that do not have a quoted value in an active market are recorded at cost, less impairment.

Life insurance policies, where the Foundation is the owner and beneficiary, are recorded at the policy's cash surrender value in the Endowment Fund. On receipt of the life insurance survivor benefits, these amounts are transferred to funds as specified by the donor.

The market value of investments denominated in foreign currencies are translated into Canadian dollars at the rate of exchange prevailing at the end of the year.

Purchases and sales of investments and investment income denominated in foreign currencies are translated into Canadian dollars at the rate of exchange prevailing on the respective dates of the transactions.

(e) GIFTS IN KIND DONATIONS

Gifts in kind donations, which could include gifts of shares, bonds or other similar investments are recorded at fair value when the fair value is easily obtainable.

(f) 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 financial liabilities at amortized cost, except for investments (excluding life insurance policies), and Funds Held for Others, which are measured at fair value. Changes in fair value are recognized in net surplus.

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 surplus. 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 surplus.

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.

(g) CONTRIBUTED SERVICES AND MATERIALS

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 materials and services are not recorded in the financial statements.

Contributed materials, used in the normal course of operations, are recognized in the financial statements when the fair value can be reasonably estimated and the materials would otherwise have been purchased.

THE GUELPH COMMUNITY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) **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 revenues and expenses 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.

3. 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 Foundation's exposure to risk is unchanged from the prior year.

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.

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.

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. The Foundation is exposed to currency risk on investments in United States dollars of \$3,949,622 (2022 - \$4,957,087), denominated in Canadian Dollars.

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.

4. GIFTS IN KIND CONTRIBUTIONS

During the year, the Foundation received gifts in kind contributions of stocks with a fair value of \$325,650 (2022 - \$201,156).

THE GUELPH COMMUNITY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

5. INVESTMENTS

Investments at year end are comprised of the following:

	2023	2022
<u>Operating fund investments</u>		
Cash	\$ 1,067	\$ 412
Portfolio investments	<u>150,143</u>	<u>141,813</u>
	<u>151,210</u>	<u>142,225</u>
<u>Endowed fund investments</u>		
Cash	33,250	18,961
Portfolio investments	14,655,551	12,541,885
Life insurance policies (CSV)	<u>64,777</u>	<u>63,567</u>
	<u>14,753,578</u>	<u>12,624,413</u>
<u>Non-Endowed fund investments</u>		
Cash	0	1,712
Portfolio investments	<u>0</u>	<u>588,368</u>
	<u>0</u>	<u>590,080</u>
	<u>\$ 14,904,788</u>	<u>\$ 13,356,718</u>

The Foundation is the owner and beneficiary of three (2022 - three) 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 was in effect at year end and was 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	23%	50%
Equities	25%	75%
Alternative investments	0%	10%

6. 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.

7. INTERFUND TRANSFERS

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

Non-endowed funds of \$28,247 were transferred, at the direction of the fund donors, to the endowed fund for the purposes of internal granting between the endowed and non-endowed funds.

Endowed funds, at the direction of the fund donors, transferred \$9,503 of net assets to the operating fund for the purposes of funding operating expenditures.

THE GUELPH COMMUNITY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

8. COMMITMENTS

The Foundation is committed under a long term lease for premises which expires July 31, 2025. Minimum annual rentals (inclusive of the requirement to pay property taxes and common area expenses) are approximately as follows:

2024	\$ 33,600
2025	<u>19,600</u>
	<u>\$ 53,200</u>