

**GRAND BEND COMMUNITY FOUNDATION
FINANCIAL STATEMENTS
DECEMBER 31, 2019**

SEEBACH & COMPANY
Chartered Professional Accountants

INDEPENDENT AUDITOR'S REPORT

To the Directors of Grand Bend Community Foundation

Opinion

We have audited the accompanying financial statements of Grand Bend Community Foundation, which are comprised of the statement of financial position as at December 31, 2019 and the statements of operations and 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, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Grand Bend Community Foundation as at December 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

Basis for Qualified Opinion

In common with many charitable organizations, the Grand Bend Community Foundation derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Grand Bend Community Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to recorded donations, excess of revenues over expenses, assets and fund balances. Our opinion on the financial statements for the year ended December 31, 2019 was modified accordingly because of the possible effects of this scope limitation.

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 Grand Bend 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 ASNFPO, 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 Grand Bend Community 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 Grand Bend Community Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Grand Bend Community Foundation's financial reporting process.

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 Grand Bend Community 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 Grand Bend Community 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 Grand Bend Community Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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.

Seebach & Company

Chartered Professional Accountants
Licensed Public Accountants

Clinton, Ontario
April 15, 2020

**GRAND BEND COMMUNITY FOUNDATION
STATEMENT OF FINANCIAL POSITION**

As at December 31	2019	2018
ASSETS		
Current assets		
Cash	48,307	210,187
Other accounts receivable	5,266	4,758
Other assets note 7	72,393	70,999
	<u>125,966</u>	<u>285,944</u>
Investments note 3	<u>2,796,386</u>	<u>2,285,393</u>
	<u>\$ 2,922,352</u>	<u>\$ 2,571,337</u>
LIABILITIES AND FUND BALANCES		
Current liabilities		
Accounts payable and accrued liabilities	6,058	6,058
	<u>6,058</u>	<u>6,058</u>
Fund balances		
General fund	-	-
Flow through fund	-	-
Unrestricted fund	2,381,785	2,080,718
Restricted fund	534,509	484,561
	<u>2,916,294</u>	<u>2,565,279</u>
	<u>\$ 2,922,352</u>	<u>\$ 2,571,337</u>

The accompanying notes are an integral part of this financial statement

**GRAND BEND COMMUNITY FOUNDATION
FOUNDATION – STATEMENT OF OPERATIONS AND FUND BALANCES**

For the Year Ended December 31	General Fund	Flow Through	Unrestricted Fund	Restricted Fund	Total 2019	Total 2018
Revenue						
Donations	-	37,906	93,850	21,963	153,719	125,667
Investment income (loss) note 5	-	-	289,685	55,679	345,364	41,399
	-	37,906	383,535	77,642	499,083	167,066
Investment counsel fees	-	-	(12,547)	(2,414)	(14,961)	(12,966)
	-	37,906	370,988	75,228	484,122	154,100
Expenses						
Marketing and promotion	5,184	-	-	-	5,184	2,499
Donor life insurance policy premiums	-	2,408	-	3,594	6,002	6,002
Staff contracts	36,899	-	-	-	36,899	34,300
General insurance	2,670	-	-	-	2,670	2,585
Memberships and professional development	769	-	-	-	769	732
Office and travel	363	-	-	-	363	411
Communications	62	-	-	-	62	388
Legal and audit	3,066	-	-	-	3,066	3,014
RBC Future Launch Community funding	(6,000)	-	-	-	(6,000)	-
	43,013	2,408	-	3,594	49,015	49,931
Cost recovery allocation	(43,013)	-	31,811	11,202	-	-
	-	2,408	31,811	14,796	49,015	49,931
Net revenue before grants and distributions	-	35,498	339,177	60,432	435,107	104,169
Less: Grants and distributions	-	35,498	38,110	10,484	84,092	95,508
Excess of revenue over expenses, grants and distributions	-	-	301,067	49,948	351,015	8,661
Fund balance, beginning of year	-	-	2,080,718	484,561	2,565,279	2,556,618
Fund balance, end of year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,381,785</u>	<u>\$ 534,509</u>	<u>\$ 2,916,294</u>	<u>\$ 2,565,279</u>

The accompanying notes are an integral part of this financial statement

**GRAND BEND COMMUNITY FOUNDATION
STATEMENT OF CASH FLOWS**

For the Year Ended December 31	2019	2018
Operating activities		
Net income for the year	351,015	8,661
Cash provided by (used for) changes in working capital		
Accrued interest receivable	-	384
Other accounts receivable	(508)	359
Other assets	(1,394)	41,743
Cash provided by (used for) operations	<u>349,113</u>	<u>51,147</u>
Investing and financing activities		
Net disposals (purchases) of investments	<u>(510,993)</u>	<u>(31,071)</u>
Cash provided by (used for) investing and financing activities	<u>(510,993)</u>	<u>(31,071)</u>
Increase (decrease) in cash	(161,880)	20,076
Cash beginning of year	<u>210,187</u>	<u>190,111</u>
Cash end of year	<u>\$ 48,307</u>	<u>\$ 210,187</u>

The accompanying notes are an integral part of this financial statement

GRAND BEND COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2019

1. Nature of organization

The Grand Bend Community Foundation ("Foundation") and its donors strengthen the Grand Bend and area community by building and managing permanent funds, distributing strategic and effective grants, and providing community leadership as a resource and a partner.

The Foundation is a public foundation incorporated as a corporation without share capital under the laws of the Province of Ontario on May 16, 2000. The Foundation is a registered charity and is classified as a public foundation under the Income Tax Act (Canada) (the "Tax Act") and as such, is exempt from income taxes and able to issue donation receipts for income tax purposes. To maintain its status as a public foundation registered under the Tax Act, the Foundation must meet certain requirements within the Tax Act. In the opinion of management, these requirements are being met.

2. Significant accounting policies

The financial statements are the responsibility of management prepared in accordance with Canadian generally accepted accounting principles. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of the periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgment in the light of available information. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below.

(a) Fund accounting

In order to ensure observance of limitation and restrictions placed on the use of resources available to the Foundation, the accounts of the Foundation are maintained in accordance with the principles of "fund accounting". Under these principles, resources are classified for accounting and reporting purposes into funds that are in accordance with specified activities or objectives. The Foundation uses five fund groups: General Fund, Invested in Capital Assets, Flow Through Fund, Unrestricted Fund, and Restricted Fund.

- (i) The General Fund accounts for the Foundation's administrative and operational revenues and expenses. Net expenditures of the General Fund are financed primarily by donor contributions directed to general operations and from investment income earned on the contributions on which the donor has placed no restriction on the use of that income. The distribution of income for granting purposes is determined by the Board of Directors each year according to the most pressing needs of the community.
- (ii) The Invested in Capital Assets fund reports resources spent on capital assets and therefore not available for future spending.
- (iii) The Flow Through Fund reports amounts that are available to be used for purposes specified by the donor.
- (iv) To shelter the Unrestricted Fund and the Restricted Fund from the effects of inflation, any annual income that is not used for administration or granting will be added to the base capital of the fund.

(b) Investments

The investments are recorded at their market value. Realized and unrealized gains and losses are recorded in the year they occur.

For the Year Ended December 31, 2019

2. Significant accounting policies (continued)

(c) Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. The related contribution is deferred and amortized on the same basis as the related capital assets are amortized.

Amortization is provided on a straight line basis of the estimated useful lives of the assets as follows:

Office furniture and equipment	5 years
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(d) Revenue recognition

The Foundation follows the restricted fund method of accounting for contributions. All donations and bequests are recorded as revenue only as received, or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Life insurance policies that have named the Foundation as owner/beneficiary are recorded at the cash surrender value of the policy. The increase in cash surrender value from year to year is recorded as a donation.

Investment income includes interest, dividends, realized gains (losses) and the net change in unrealized gains (losses) for the year.

(e) Contributed services

Volunteers and organizations contribute many labour hours and other services to assist the Foundation in carrying out its fundraising, operational and granting activities. Because of the difficulty in determining fair value, contributed services are not recognized in the financial statements.

(f) Donations in kind

Donated materials, which would otherwise be paid for by the Foundation, are recorded at fair value when provided if such an amount can be reasonably determined.

3. Investments

The Foundation's funds are invested in cash, bonds and equities. Those investments are subject to market value fluctuations and the Foundation records these investments at market value. Accordingly, year end market values and investment income for the year include unrealized gains and losses on these investments.

Investments, stated at market value, consist of the following:

	2019	2018
Fixed income	245,812	301,093
Equities	<u>2,550,574</u>	<u>1,984,300</u>
	<u>\$ 2,796,386</u>	<u>\$ 2,285,393</u>

4. Financial instruments

The carrying values of cash, amounts receivable and accounts payable and accrued liabilities are considered to be representative of their respective fair values due to the immediate or short-term maturity of these financial instruments.

For the Year Ended December 31, 2019

5. Investment income

The assets held by the Foundation are pooled for investment purposes. The investment income is allocated to the General Fund and the Unrestricted and Restricted Funds in accordance with stated accounting policies.

	2019	2018
Investment income earned during the year:		
Interest and dividends	94,024	74,634
Realized gains (losses)	31,581	282,459
Unrealized gains (losses)	<u>219,759</u>	<u>(315,694)</u>
	345,364	41,399
Less: investment counsel fees	<u>14,961</u>	<u>12,966</u>
	<u>\$ 330,403</u>	<u>\$ 28,433</u>
Allocated to:		
General Fund	-	-
Unrestricted Fund	277,138	24,628
Restricted Fund	<u>53,265</u>	<u>3,805</u>
	<u>\$ 330,403</u>	<u>\$ 28,433</u>

6. Income taxes

The Foundation is claiming exemption from income taxes as a registered charitable organization as provided under section 149(1)(f) of the Income Tax Act (Canada).

7. Interest in life insurance policies

The insurance policies are for life insurance on the donors of the premiums. The Foundation is the legal owner and beneficiary of the policies.

Term life insurance policies: The organization has been named the owner/beneficiary on life insurance policies in the face amount of \$350,000 from insured donors as at December 31, 2019. The annual premiums for these policies are funded by the donors and are recorded as donations. Similar amounts are also recorded as donor life insurance policy premium expenses.

Other life insurance policies: The organization has been named the owner/beneficiary on life insurance policies in the face amount of \$125,000 from insured donors as at December 31, 2019. The annual premiums for these policies are funded by the donors and are recorded as donations. Similar amounts are also recorded as donor life insurance policy premium expenses. These policies have a cash surrender value of \$72,393 as at December 31, 2019 (2018 : \$70,999) and therefore, this cash surrender value is shown under other assets on the organization's statement of financial position and included in the restricted fund balance. The premiums paid by the donors during the year were \$3,921 (including pure life insurance premium costs of \$3,915).

8. Commitments

The Foundation has outstanding pledges as follows:

Big Brothers Big Sisters South Huron	
December 15, 2020	\$ 10,750