

## **INDEPENDENT AUDITOR'S REPORT**

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To the Members of **NORFOLK COMMUNITY FOUNDATION**

### **Qualified Opinion**

We have audited the accompanying financial statements of Norfolk Community Foundation which comprise the statement of financial position as at October 31, 2018, statement of operations, statement of changes in net assets 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, except for the possible 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 as at October 31, 2018, 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 for Qualified Opinion**

In common with many not-for-profit organizations, Norfolk 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. Therefore, we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenses and cash flows from operations for the years ended December 31, 2018 and 2017, current assets as at December 31, 2018 and 2017 and net assets as at January 1 and December 31 for both the 2018 and 2017 years.

Our audit opinion on the financial statements for the year ended October 31, 2017 was modified accordingly because of the possible effects of this limitation in scope.

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 Norfolk 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 qualified audit 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 entity'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 or cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process.

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## 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 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 entity'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 entity 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.

*Good Redden Klosler LLP*

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CHARTERED PROFESSIONAL ACCOUNTANTS

Licensed Public Accountants

Simcoe, Ontario

April 29, 2019

# NORFOLK COMMUNITY FOUNDATION

## STATEMENT OF FINANCIAL POSITION

As at October 31, 2018

(With comparative figures as at October 31, 2017)

	2018 \$	2017 \$
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	300,839	106,169
Harmonized sales taxes recoverable	4,320	2,661
Prepaid expenses	1,600	1,600
Total current assets	306,759	110,430
<b>Long-Term Assets</b>		
Investments	3,209,396	3,079,827
Cash surrender value of life insurance policies	35,214	32,659
Total long-term assets	3,244,610	3,112,486
<b>Total Assets</b>	<b>3,551,369</b>	<b>3,222,916</b>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	16,743	23,753
<b>Fund Balances</b>		
Unrestricted	231,313	37,756
Externally restricted	3,303,313	3,161,407
Total fund balances	3,534,626	3,199,163
<b>Total Liabilities and Fund Balances</b>	<b>3,551,369</b>	<b>3,222,916</b>

Approved on Behalf of the Board: \_\_\_\_\_



# NORFOLK COMMUNITY FOUNDATION

## STATEMENT OF OPERATIONS

For the year ended October 31, 2018

(With comparative figures for the year ended October 31, 2017)

	General Funds (Schedule 1) \$	Restricted Managed Endowment Funds (Schedule 1) \$	2018 \$	2017 \$
<b>Revenue</b>				
Investment income - note 3	188	15,703	15,891	257,254
Donations	235,793	224,146	459,939	567,497
Management fees	3,070	-	3,070	2,901
Total revenue	239,051	239,849	478,900	827,652
<b>Operating Expenses</b>				
Office and administrative	36,050	3,070	39,120	40,842
<b>Excess of Revenue over Operating Expenses before Other Revenues</b>	203,001	236,779	439,780	786,810
<b>Other Revenue</b>				
Donations - life insurance	9,107	-	9,107	9,107
<b>Distributions</b>				
Grants - note 5	12,000	80,326	92,326	74,631
Income distribution	-	1,297	1,297	548
Bursaries	-	13,250	13,250	20,000
Cost of life insurance	6,551	-	6,551	6,572
Lottery	-	-	-	10
Total distributions	18,551	94,873	113,424	101,761
<b>Excess of Revenues over Expenses for the Year</b>	<b>193,557</b>	<b>141,906</b>	<b>335,463</b>	<b>694,156</b>



# NORFOLK COMMUNITY FOUNDATION

## STATEMENT OF CHANGES IN NET ASSETS

For the year ended October 31, 2018

(With comparative figures for the year ended October 31, 2017)

	General Fund \$	Restricted Funds \$	Managed Funds \$	Endowment Funds \$	2018 \$	2017 \$
Fund Balance, Beginning of Year	37,756	120,468	266,274	2,774,665	3,199,163	2,505,007
Excess of Revenues Over Expenses for the Year	193,557	45,126	(1,747)	98,527	335,463	694,156
Fund Balance, End of Year	231,313	165,594	264,527	2,873,192	3,534,626	3,199,163



# NORFOLK COMMUNITY FOUNDATION

## STATEMENT OF CASH FLOWS

For the year ended October 31, 2018

(With comparative figures for the year ended October 31, 2017)

	2018 \$	2017 \$
<b>Cash Flows from Operating Activities</b>		
Excess of revenue over expenses for the year	335,463	694,156
Adjustments for non-cash items		
Market value adjustment on investments	60,829	(186,524)
	396,292	507,632
Changes in non-cash working capital accounts		
Decrease (increase) in accounts receivable	-	3,708
Decrease (increase) in harmonized sales tax recoverable	(1,659)	(873)
Decrease (increase) in cash surrender of life insurance policies	(2,556)	(2,535)
Increase (decrease) in accounts payable and accrued liabilities	(7,010)	377
Cash flows from (applied to) operating activities	385,067	508,309
<b>Cash Flows from Investing Activities</b>		
Net of proceeds and disbursements for investments	(190,397)	(447,305)
<b>Increase (Decrease) in Cash During the Year</b>	194,670	61,004
<b>Cash at Beginning of Year</b>	106,169	45,165
<b>Cash at End of Year</b>	<b>300,839</b>	<b>106,169</b>



# NORFOLK COMMUNITY FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended October 31, 2018

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### 1. NATURE OF ORGANIZATION

The Norfolk Community Foundation ( "the Foundation" ) is incorporated without share capital under the Ontario Corporations Act. The Foundation is a public foundation and accordingly is not subject to income taxes.

The Foundation's objective is to accumulate capital and earn investment income which is donated to charitable activities within Norfolk County.

### 2. SIGNIFICANT ACCOUNTING POLICIES

The organization follows Canadian Accounting Standards for Not-for-Profit Organizations; significant aspects of the accounting policies adopted are as follows:

#### a) Fund Accounting

The Foundation follows the restricted fund method of accounting for contributions. The funds are held in accordance with the objectives specified by the donors or in accordance with directives issued by the Board of Directors. Transfers between the funds are made when it is considered appropriate and authorized by the Board. To meet these objectives of financial reporting and stewardship over assets, certain interfund transfers are necessary to ensure the appropriate allocation of assets and liabilities to the respective funds. The interfund transfers are recorded in the statement of changes in net assets. Cash and investments held by the Foundation are allocated between the funds on a proportionate basis at the end of each quarter.

For financial reporting purposes, the accounts have been classified into the following funds:

- i) The General Fund accounts for the Foundation's administrative activities. Unrestricted donations and revenues are reported in this fund, as well as restricted contributions for which there is no corresponding restricted fund in accordance with the deferral method.
- ii) The Restricted Funds report the Foundation's restricted resources to be used as designated by the donors. Contributions within the restricted funds are recognized as revenue of the fund in the current period.
- iii) Managed Funds report resources that are managed for other organizations. These funds are charged an administration fee and can not be accessed by the Foundation. Contributions within the managed funds are recognized as revenue of the fund in the current period.
- iv) The Endowment Funds represents resources contributed for endowment, whereby only the income earned on the principal amount is available for use by the Foundation for activities specified by the contributors or the Board of Directors. Contributions within the endowment fund are recognized as revenue of the endowment fund in the current period.

The Endowment Funds are made up of the W. B. & Christie Jackson Fund, the Norfolk Pros Fund, the B. Wallace and M. Estelle Anderson Family Fund, the Hazel Race Education Bursary Fund, the Kilpatrick Scholarship Fund, the Century Fund, the Marian McKie Memorial Scholarship Fund, the Irene McKie Bursary Fund, the Matthew O'Donnell Memorial Fund and the Doug and Starr Demeyere Family Fund.



# NORFOLK COMMUNITY FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended October 31, 2018

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### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### b) Revenue Recognition

- i) Unrestricted and general donations, bequests and contributions are recognized when received in the general fund; all other contributions are recognized as discussed in part (a).
- ii) Investment revenue includes dividends, interest income and realized and unrealized gains and losses. Investment revenue is recognized as it is earned and allocated to the individual Funds based on the proportion of the fund balance at the end of each quarter to the total fund balance at the end of the quarter.
- iii) Fundraising revenue is recognized when the tickets are sold.

#### c) Donated Goods and Services

The Foundation benefits from the services of volunteers, the fair value of which is not reflected in these financial statements. The Foundation also receives donated items on occasion. Where determinable, the fair value of these items has been recorded in the financial statements.

#### d) Financial Instruments

The Foundation's financial instruments consist of cash, accounts receivable, investments and accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying values, unless otherwise stated.

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Investments consist of shares of publicly-traded companies, bonds and mutual funds. The investments are shown on the statement of financial position at their fair values at the year end date. Any unrealized gains(losses) are recorded directly to net income as a component of Net Gain (Loss) on Investments. All other financial instruments are subsequently carried at amortized cost.

#### e) Use of Estimates

The preparation of financial statements in conformity 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 the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The most significant estimates in these financial statements relate to fair market value of investments and accrued liabilities.





# NORFOLK COMMUNITY FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended October 31, 2018

### 3. INVESTMENT INCOME

	2018	2017
	\$	\$
Dividends and interest	76,720	70,736
Net gain (loss) on investments	(60,829)	186,518
	<b>15,891</b>	<b>257,254</b>

In 2018, unrealized losses of \$324,230 (2017 - unrealized gains - \$141,965) were posted to investment income.

### 4. FINANCIAL INSTRUMENT RISK

The Foundation is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Foundation's risk exposure and concentration as of October 31, 2018.

#### Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

Market risk is comprised of three types of risk: currency risk, interest rate risk and other price risk. The Foundation's investment in publicly traded securities, bonds, money market funds and guaranteed investment certificates creates interest rate and other price risk. Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in interest rates. Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, whether caused by factors specific to the individual financial instrument, or its issuer, or factors affecting all similar financial instruments traded in the market. The Foundation monitors these risks on an ongoing basis and makes adjustments to diversification accordingly. The Foundation does not use derivative instruments to hedge these risks. The Foundation does not consider currency risk to be a significant financial instrument risk.

#### Credit Risk and Liquidity Risk

The Foundation's exposure to credit and liquidity risk is minimal. The Foundation primarily receives monies through donations and fundraising which are not subject to collection risk. The Foundation pays out grants and bursaries based on funding available which minimizes the risk that it would not be able to meet its obligations.



# NORFOLK COMMUNITY FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended October 31, 2018

### 5. GRANTS

	2018	2017
	\$	\$
Norfolk General Hospital Foundation	41,393	38,650
Fanshawe College Foundation	10,000	10,000
Norfolk Pros	8,000	-
Alzheimer Society of Haldimand Norfolk	7,100	6,000
Delhi Imperial Place Community Health Centre Inc.	5,000	5,000
Lighthouse Festival Theatre	5,000	-
Waterford Old Town Hall	4,500	2,000
Norfolk County - Delhi Public Library	3,333	-
Sports Hall of Recognition	3,000	-
Norfolk Association for Community Living	3,000	1,119
Simcoe Little Theatre	1,000	1,000
La Salette Community Hall	1,000	-
Port Rowan South Walsingham Heritage Association	-	5,862
Simcoe Firefighter's Association	-	5,000
	<b>92,326</b>	<b>74,631</b>



# NORFOLK COMMUNITY FOUNDATION

## SCHEDULE OF FUNDS

For the year ended October 31, 2018

## Schedule 1

	Balance November 1 2017 \$	Donations \$	Contributions and Other \$	Investment Income (Loss) \$	Expenditures \$	Bursaries Grants & Other \$	Balance October 31 2018 \$
<b>GENERAL FUNDS</b>	37,756	244,900	3,070	188	42,601	12,000	231,313
<b>RESTRICTED FUNDS</b>							
Sarah Wallace Fund	18,917	-	-	94	-	500	18,511
Lynnwood Arts Centre Fund	4,010	-	-	20	-	-	4,030
Norfolk Historical Society Fund	13,403	-	-	67	1,297	-	12,173
Rising from the Ashes Fund	422	-	-	2	-	-	424
London Prostate Project	39	-	-	-	-	-	39
CFUW/Norfolk Trustees of the Mabel O'Brien Award	47,260	-	-	235	-	2,000	45,495
Rotary Club of Simcoe - Gord Watts Scholarship Fund	36,417	-	-	181	-	-	36,598
Harry B Barrett Fund	-	10,000	-	-	-	-	10,000
Norfolk Arts and Culture Fund	-	14,724	-	-	-	-	14,724
Stix 'N Pix Fund	-	13,600	10,000	-	-	-	23,600
	120,468	38,324	10,000	599	1,297	2,500	165,594
<b>ENDOWMENT FUNDS</b>							
Norfolk Pros Fund	358,948	7,000	-	1,783	-	17,000	350,731
Wm. B. & Christie Jackson Fund	568,130	-	-	2,822	-	40,333	530,619
B. Wallace and M. Estelle Anderson Family Fund	400,146	-	-	1,988	-	14,000	388,134
Hazel Race Education Bursary Fund	132,700	-	-	659	-	4,393	128,966
Kilpatrick Scholarship Fund	35,415	-	-	176	-	1,000	34,591
Century Fund - General	181,226	2,050	-	900	-	4,750	179,426
Century Fund - Marian McKiee	421,345	55,517	-	2,093	-	5,000	473,955
Irene McKiee Bursary	524,763	55,703	-	2,606	-	-	583,072
Doug & Starr Demeyere Family	130,760	200	-	649	-	4,600	127,009
Mathew O'Donnell Memorial Fund	21,232	55,352	-	105	-	-	76,689
	2,774,665	175,822	-	13,781	-	91,076	2,873,192
<b>MANAGED FUNDS</b>							
Simcoe Senior's Centre Fund	181,976	-	-	904	1,813	-	181,067
Silver Lake Rowing Club	84,298	-	-	419	1,257	-	83,460
	266,274	-	-	1,323	3,070	-	264,527
<b>Total</b>	<b>3,199,163</b>	<b>459,046</b>	<b>13,070</b>	<b>15,891</b>	<b>46,968</b>	<b>105,576</b>	<b>3,534,626</b>

