

**FINANCIAL STATEMENTS
JULY 31, 2019**

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**The Perth and District
Community Foundation
Financial Statements
July 31, 2019**

Management's Responsibility for the Financial Statements

The accompanying financial statements of the The Perth and District Community Foundation are the responsibility of the Foundation's management and have been prepared in compliance with legislation, and in accordance with Canadian Accounting Standards for Not-For-Profit Organizations (ASPNO). A summary of significant accounting policies are described in note 1 to the financial statements. The preparation of financial statements necessarily involved the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Foundation's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of financial statements. These systems are monitored and evaluated by management.

Management meets with the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters. The Board of Directors meets with management subsequently to review these same matters prior to the Board's approval of the financial statements.

The financial statements have been audited by Allan and Partners LLP, independent external auditors appointed by the Foundation. The accompanying Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Foundation's financial statements.



Lynn McIntyre, Executive Director

INDEPENDENT AUDITOR'S REPORT

To the Members of The Perth and District Community Foundation:

Qualified Opinion

We have audited the financial statements of The Perth and District Community Foundation (the 'Entity'), which comprise:

- the statement of financial position as at July 31, 2019;
- the statement of operations and fund balances for the year then ended;
- the statement of cash flows for the year then ended;
- and the notes to the financial statements, including a summary of significant accounting policies; (Hereinafter referred to as the 'financial statements').

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 of the Entity as at July 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.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Entity derives revenue from donation and fundraising revenue, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, verification of this revenue was limited to the amounts recorded in the records of the Entity, and we were not able to determine whether any adjustments might be necessary to donation and fundraising revenue, excess of revenue over expenses for the year, assets and net assets.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the '*Auditors' Responsibilities for the Audit of the Financial Statements*' section of our auditor's report.

We are independent of the Entity 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 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 the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 the 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 of 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 Entity'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 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 auditors' 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 auditors' 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.
- 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.



Allan and Partners LLP
Chartered Professional Accountants
Licensed Public Accountants

Perth, Ontario
November 5, 2019.

**The Perth and District Community Foundation
Statement of Financial Position**

July 31	2019	(Note 8) 2018
	\$	\$
Assets		
Current		
Cash	26,752	12,842
Miscellaneous receivables	14,947	9,212
	41,699	22,054
Investments (note 2)	3,132,772	3,124,829
Total Assets	3,174,471	3,146,883
Liabilities		
Current		
Accounts payable and accrued liabilities	7,896	4,568
Deferred revenue	1,359	7,500
	9,255	12,068
Fund Balances		
Operating fund	(2,549)	26,935
Unrestricted fund	179,843	196,032
Restricted and named funds (note 3)	2,987,922	2,911,848
	3,165,216	3,134,815
Total Liabilities and Fund Balances	3,174,471	3,146,883

The accompanying notes are an integral part of these financial statements.

**The Perth and District Community Foundation
Statement of Operations and Fund Balances**

For the year ended July 31	Operating Fund	Unrestricted Fund	Restricted / Named Funds	2019	(Note 8) 2018
	\$	\$	\$	\$	\$
Revenues					
Donations	7,714	24,531	239,845	272,090	230,959
Investment (loss) income	---	(853)	(13,644)	(14,497)	154,508
Casino Fundraiser (net)	---	---	14,206	14,206	10,345
Management fee	30,765	(1,809)	(28,956)	---	---
Other income	8,141	---	---	8,141	9,411
	46,620	21,869	211,451	279,940	405,223
Expenditures					
Administrative					
Marketing, advertising	1,656	---	---	1,656	---
Office and general	24,086	---	---	24,086	10,096
Salaries and benefits	39,358	---	---	39,358	22,722
Programs	9,024	---	---	9,024	307
Grants	1,980	33,641	139,794	175,415	158,625
	76,104	33,641	139,794	249,539	191,750
Net Revenues (Expenditures) for the Year	(29,484)	(11,772)	71,657	30,401	213,473
Fund Balances, Beginning of Year	26,935	196,032	2,911,848	3,134,815	2,921,342
Interfund Transfer	---	(4,417)	4,417	---	---
Fund Balances, End of Year	(2,549)	179,843	2,987,922	3,165,216	3,134,815

The accompanying notes are an integral part of these financial statements.

The Perth and District Community Foundation Statement of Cash Flows

For the year ended July 31	2019	(Note 8) 2018
	\$	\$
Cash Flows Provided From:		
Operating Activities		
Net revenues for the year	30,401	213,473
Working Capital Provided (Applied)		
Miscellaneous receivables	(5,735)	(3,762)
Accounts payable and accrued liabilities	3,328	745
Deferred revenue	(6,141)	7,500
	(8,548)	4,483
Investing Activities		
Investments	(7,943)	(235,235)
Change in Cash for the Year	13,910	(17,279)
Cash, Beginning of Year	12,842	30,121
Cash, End of Year	26,752	12,842

The accompanying notes are an integral part of these financial statements.

The Perth and District Community Foundation

Notes to the Financial Statements

July 31, 2019

Purpose of Organization

The Perth and District Community Foundation (the 'Foundation') was incorporated without share capital under the Canada Corporations Act. The Foundation pools charitable gifts which are invested in perpetuity. The income earned on these funds is used to encourage community development in areas such as arts and culture, health and social services, education and environmental initiatives.

The Foundation is a registered charity and is classified as a public foundation under Section 149.1(1) of the Income Tax Act (Canada) ('the Act'). As such, the Foundation is exempt from income taxes and able to issue donation receipts for income tax purposes. In order to maintain its status as a public foundation registered under the Act, the Foundation must meet certain requirements with the Act. In the opinion of management, these requirements have been met.

1. Significant Accounting Policies

Basis of Accounting

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Fund Accounting

The Foundation follows the restricted fund method for accounting for contributions. The Foundation ensures, as part of its fiduciary responsibilities, that all funds received with a restricted purpose are expended for that purpose.

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

The Unrestricted Fund reports resources that are required to be maintained by the Foundation on a permanent basis but may be expended for any purpose approved by the Board.

The Restricted Fund reports resources that are available to be used for purposes specified by the donor and do not form part of the Unrestricted Fund.

The Operating Fund reports resources available for the Foundation's general operating activities. These activities include fund development, grant making, community leadership projects, and philanthropic services to the community. The general costs of supporting these activities are reported as expenditures in the Operating Fund.

Investments

The investments of the Foundation are recorded at market values. Investment income includes dividends, interest, realized gains (losses) and the net change in unrealized gains (losses) for the year.

Purchases and sales of investments are recorded at the settlement date. Investment costs are expensed as incurred.

The Perth and District Community Foundation

Notes to the Financial Statements

July 31, 2019

1. Significant Accounting Policies / continued

Donated Goods and Services

The Foundation may receive goods at no cost from various sources. Significant donations are recorded in the accounts at their estimated fair value at the date of the donation.

The Foundation also benefits from the service of volunteers. Because of the difficulty of determining their fair value, donated services are not recognized in these financial statements.

Revenue Recognition

Donor-restricted contributions for endowment purposes are recognized as revenue in the Unrestricted Fund. Other donor-restricted contributions are recognized as revenue in the Restricted Fund or the Operating Fund depending on the nature of the restriction. Donor-restricted contributions to the Restricted Fund includes those intended to be paid out to qualified grantees, either: in the current period ('Flow Through'); or over a medium-term time horizon and after earning investment income. Unrestricted contributions are recognized as revenue in the Unrestricted Fund. Contributions are recognized as revenue when received. Primary sources of contributions recognized as revenue during the year are donations, fundraising events, sponsorships, grants, investment income and administration fees.

Expense Recognition

Expenditures are recognized according to the accrual basis of accounting in that the expenditures are recorded as incurred as a result of receipt of goods and services and the creation of a legal obligation to pay.

Cash and Cash Equivalents

Cash and cash equivalents are classified as held-for-trading and include cash on hand, balances with banks and highly liquid temporary money market instruments.

Financial Instruments

The Foundation initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and financial liabilities, with the exception of investments, at amortized cost. Investments continue to be measured at fair value.

The financial assets subsequently measured at amortized cost include cash and accounts receivables. The financial liabilities measured at amortized cost include accounts payable and accrued liabilities, and trust fund liabilities.

Currency Translation

Investment transactions in foreign currencies are translated to Canadian dollars at the rate of exchange in effect at the date of the transaction. Investment held in foreign currencies are translated to Canadian dollars at the rate of exchange in effect at July 31.

The Perth and District Community Foundation

Notes to the Financial Statements

July 31, 2019

1. Significant Accounting Policies / continued

Measurement Uncertainty

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 at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting year. Actual results could differ from management's best estimates, as additional information becomes available in the future. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in the periods in which they become known.

Income Taxes

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. Investments

Investments for the Endowment Fund, Restricted Fund and Operating Fund are pooled and investment income is allocated to these funds on a prorated basis based on monthly market value.

Investments of the Foundation, administered by RBC Dominion Securities, are invested in various GICs, bonds, debentures, stocks and equity funds and are stated at market value.

	2019	2018
	\$	\$
Cash and equivalents	43,148	33,310
Equities	2,487,546	2,442,589
Fixed income	602,078	648,930
	3,132,772	3,124,829

During the year, the net investment loss was \$(14,497) (2018 income of \$154,508) calculated as follows:

	2019	2018
	\$	\$
Investment income	22,234	182,745
Investment fees	(36,731)	(28,237)
Net Investment Income	(14,497)	154,508

The Perth and District Community Foundation Notes to the Financial Statements

July 31, 2019

3. Restricted and Named Funds

Restricted funds consist of donor designated, donor advised, field of interest and agency endowed funds. All donations, the income of which are to be designated for specific purposes, are recorded as additions to the capital of a restricted fund. Funds as at July 31, 2019 consist of the following:

	2019	2018
	\$	\$
Allatt	595	634
Anderson Family	15,906	15,560
B. Rogers Memorial	4,284	4,851
Big Brothers Big Sisters	32,200	21,971
Bill Cuthbertson	6,898	7,354
Boysen Family	5,197	3,485
CARR Refugee	12,017	41,007
Community Builders	221,064	8,099
Dr. Gordon Jackson	28,343	30,216
Dr. Murray Wilson	6,823	7,933
Robert J. Ellard Family	42,663	40,188
Environmental	61,679	65,754
GKJ Community	161,341	13,004
Graham Family	13,914	14,830
Hill Lorraine Estate	890,129	1,162,251
Hollis Family	21,134	22,526
Ireton Fendley	1,980	1,058
Jacqui Bowick Sandor Second Chance	5,499	5,578
Ken Gray Memorial	355,085	365,290
Ladly Family	87,331	93,078
Laing Stuart and Sharon	108,005	111,948
Marriner	12,614	11,796
McIntosh Perry	59,506	62,391
MERA Award of Excellence	16,524	18,011
Reta M. Miller	93,683	96,477
Munroe Family	10,369	10,001
Noble / Stolee	42,147	44,921
O'Connor Family	48,161	41,874
Perth Blue Wings	19,495	20,789
Perth Brewery	4,934	---
Perth Fire Dawgs	18,829	---
Perth Library Children's Literacy	363,105	373,376
Rotary	44,782	45,947
Smart and Caring	4,394	4,683
Smiths Falls Montague	6,881	3,595
Strome/Drew	52,341	34,630
Tay Valley History	36,713	32,652
The Table	16,919	17,165
Underhill McIntyre Family	4,288	3,528
VCK Fund	25,921	27,627
Young Talent	24,229	25,770
	2,987,922	2,911,848

The Perth and District Community Foundation

Notes to the Financial Statements

July 31, 2019

4. Grants

The Perth and District Community Foundation incurs expenditures on an annual basis in the form of grants to qualified donees. The funds received for granting purposes are derived from two sources. The first source is through investment income earned on The Foundations' endowed capital. The second source is through gifts received from donors whereby the donor has designated that the amount of the gift, less an agreed upon administrative fee, is to be directed immediately to an agency or agencies specified by the donor (provided that the agency is a "qualified donee"). The latter are referred to as "flow through" grants. Flow through grants for 2019 totalled \$24,166 (2018 \$Nil).

5. Risk Management

The fair values of cash, other accounts receivable and accounts payable and accrued charges, are equivalent to their respective carrying values given the short-term nature of the accounts.

Investments are measured at fair value on the statement of financial position as quoted by investment brokers.

Unless otherwise noted, it is management's opinion that the Foundation is not exposed to significant interest, currency, or credit risks arising from these financial instruments.

As a result of holding financial instruments, the Foundation is exposed to investment risk, market risk, and interest rate risk. The following is a description of those risks and how the Foundation manages its exposure to them, which has not changed from the prior year.

Investment Risk

Risk management relates to the understanding and active management of risks associated with all areas of the business and the associated operating environment. Investments are primarily exposed to interest rate and market risk.

The Foundation mitigates these risks with an investment policy designed to limit exposure and concentration while achieving optimal return within reasonable risk tolerances.

Market and Interest Rate Risk

The risks associated with the investments are the risks associated with the securities in which the funds are invested. The value of equity securities changes with stock market conditions, which are affected by general economic and market conditions. The value of securities will vary with developments within the specific companies or governments which issue the securities. The value of fixed income securities will generally rise if interest rates fall and fall if interest rates rise. Changes in interest rates may also affect the value of equity securities.

The Perth and District Community Foundation Notes to the Financial Statements

July 31, 2019

6. Capital

The Foundation's objectives in managing the endowment capital are:

- ▶ To permanently hold the capital of the endowed funds; and
- ▶ To generate investment earnings to cover charitable grants and service fees, both determined using fixed rates.

Over the long term, investment earnings are expected to exceed disbursements. Naturally, with a fixed rate for grants and service fees, the actual amount disbursed in any particular year will necessarily be an amount that is less than or greater than the actual investment earnings for that year. However, the objective over the long term is to ensure that the capital of the endowed funds is held permanently.

7. Budget Figures

Non profit organizations are required to report the annual operating budgets approved by the Board. A summary of the operating budgets for the 2019 and 2018 fiscal years are set out below.

	2019	2018
	\$	\$
Revenues		
Golf tournament (net)	---	5,000
Casino fundraiser (net)	11,420	5,000
Fund management fee	31,000	26,000
Other income	37,500	---
	79,920	36,000
Expenditures		
Administration		
Marketing and advertising	10,000	4,000
Office and general	28,420	21,320
Salaries and benefits	37,500	37,500
Programs	1,000	1,000
	76,920	63,820
Net Expenditures	3,000	(27,820)

8. Comparative Figures

During the prior year the Foundation amended their bylaws to change the fiscal year end to July 31. The comparative information is for a seven month period.