

**THE PERTH AND DISTRICT
COMMUNITY FOUNDATION**

FINANCIAL STATEMENTS

JULY 31, 2022

Independent Auditor's Report

Statement of Financial Position

Statement of Operations and Changes in Fund Balances

Statement of Cash Flows

Notes to the Financial Statements



CHARTERED
PROFESSIONAL
ACCOUNTANTS

KELLY HUIBERS MCNEELY

P R O F E S S I O N A L C O R P O R A T I O N

INDEPENDENT AUDITOR'S REPORT

To the Members of The Perth and District Community Foundation

Qualified Opinion

We have audited the accompanying financial statements of The Perth and District Community Foundation ("the Foundation"), which comprise the statement of financial position as at July 31, 2022, and the statements of operations and changes in 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 possible effects of the matter described in the Basis for Qualified Opinion section of our report, the financial statements present fairly, in all material respects, the financial position of the Foundation as at July 31, 2022, 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

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 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 opinion.

In common with many not-for-profit organizations, the Foundation derives revenue from donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, the verification of these revenues was limited to the amounts recorded in the records of the Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to revenue, net revenue (expenses), and cash flows from operations for the years ended July 31, 2022 and 2021, current assets as at July 31, 2022 and 2021, and fund balances at the beginning and end of the years ended July 31, 2022 and 2021. The predecessor's audit opinion on the financial statements for the year ended July 31, 2021 was qualified accordingly because of the possible effects of this limitation in scope.

106B McGonigal St. W.
Arnprior, Ontario K7S 1M4

9 Emily Street
Carleton Place, Ontario K7C 1R9

16 Gore Street West
Perth, Ontario K7H 2L6

5992 Hazeldean Rd.
Stittsville, Ontario K2S 1B9

Phone: 613-963-1430 (1-866-999-1339)

Fax: 613-686-3960 (Perth local 613-267-3949)

acctg@khmpc.ca

Other Matter

The financial statements for the year ended July 31, 2021 were audited by another auditor who expressed a qualified opinion on those financial statements dated January 27, 2022.

Responsibilities of Management and Those Charged with Governance 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.

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 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 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 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.
- 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.

Kelly Huibers McNeely
Professional Corporation

Stittsville, Ontario
January 24, 2023

Authorized to practise public accounting by
The Chartered Professional Accountants of Ontario

THE PERTH AND DISTRICT COMMUNITY FOUNDATION

STATEMENT OF FINANCIAL POSITION

As at July 31, 2022

	Operating fund	Unrestricted fund	Restricted/ named funds	Total 2022	Total 2021
ASSETS					
CURRENT ASSETS					
Cash	\$ 40,357	\$ -	\$ -	\$ 40,357	\$ 20,792
Accounts receivable	9,750	-	-	9,750	1,443
Due from restricted funds	<u>240,354</u>	<u>-</u>	<u>-</u>	<u>240,354</u>	<u>312,569</u>
	290,461	-	-	290,461	334,804
INVESTMENTS (note 3)	-	94,879	5,611,464	5,706,343	5,266,681
	\$ 290,461	\$ 94,879	\$ 5,611,464	\$ 5,996,804	\$ 5,601,485
LIABILITIES & FUND BALANCES					
CURRENT LIABILITIES					
Accounts payable and accrued liabilities	\$ 5,109	\$ -	\$ -	\$ 5,109	\$ 10,169
Due to operating fund	<u>-</u>	<u>-</u>	<u>240,354</u>	<u>240,354</u>	<u>312,569</u>
	<u>5,109</u>	<u>-</u>	<u>240,354</u>	<u>245,463</u>	<u>322,738</u>
FUND BALANCES					
Operating fund	285,352	-	-	285,352	324,635
Unrestricted fund	-	94,879	-	94,879	110,482
Restricted and named funds (note 4)	<u>-</u>	<u>-</u>	<u>5,371,110</u>	<u>5,371,110</u>	<u>4,843,630</u>
	285,352	94,879	5,371,110	5,751,341	5,278,747
	\$ 290,461	\$ 94,879	\$ 5,611,464	\$ 5,996,804	\$ 5,601,485

Approved by the Board

Approved by the Board

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

THE PERTH AND DISTRICT COMMUNITY FOUNDATION

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

For the year ended July 31, 2022

	Operating fund	Unrestricted fund	Restricted/ named funds	Total 2022	Total 2021
REVENUE					
Donations	\$ 32,512	\$ -	\$ 802,163	\$ 834,675	\$ 883,817
Investment income (loss)	(2,700)	(382)	(51,580)	(54,662)	1,112,593
Other income	-	-	-	-	2,224
	<u>29,812</u>	<u>(382)</u>	<u>750,583</u>	<u>780,013</u>	<u>1,998,634</u>
EXPENSES					
Administrative					
Marketing and advertising	7,343	-	696	8,039	674
Office and general	32,927	-	-	32,927	23,869
Salaries and benefits	54,314	-	-	54,314	49,388
Programs	4,233	-	-	4,233	1,500
Management fee	(52,115)	1,069	51,046	-	-
Internal transfers	2,538	(64,048)	61,510	-	-
Grants (note 5)	19,855	78,200	109,851	207,906	266,491
	<u>69,095</u>	<u>15,221</u>	<u>223,103</u>	<u>307,419</u>	<u>341,922</u>
Net revenue (expenses)	(39,283)	(15,603)	527,480	472,594	1,656,712
Fund balances, beginning of year	324,635	110,482	4,843,630	5,278,747	3,622,035
Fund balances, end of year	\$ 285,352	\$ 94,879	\$ 5,371,110	\$ 5,751,341	\$ 5,278,747

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, 2022

	2022	2021
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Net revenue	\$ 472,594	\$ 1,656,712
Unrealized capital losses (gains)	<u>323,387</u>	<u>(908,842)</u>
	795,981	747,870
Net change in non-cash working capital items:		
Accounts receivable	(8,307)	894
Accounts payable and accrued liabilities	(5,060)	1,815
Deferred revenue	<u>-</u>	<u>(20,384)</u>
	<u>782,614</u>	<u>730,195</u>
INVESTING ACTIVITIES		
Purchase of investments, net	<u>(763,049)</u>	<u>(726,291)</u>
NET CHANGE IN CASH	19,565	3,904
CASH - BEGINNING OF YEAR	20,792	16,888
CASH - END OF YEAR	<u>\$ 40,357</u>	<u>\$ 20,792</u>

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

THE PERTH AND DISTRICT COMMUNITY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

July 31, 2022

1. NATURE OF OPERATIONS

The Perth and District Community Foundation ("the Foundation") was incorporated without share capital under the Canada Corporations Act. The Foundation pools charitable gifts, some of 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The principal accounting policies of the Foundation are summarized as follows:

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 Operating Fund or the Restricted Fund depending on the nature of the restriction. Donor-restricted contributions that are intended to be paid out to qualified grantees are recognized as revenue in the Operating Fund if they are to be paid in the current period, and in the Restricted Fund if they are to be paid over a medium-term horizon after earning investment income. Unrestricted contributions are recognized as revenue in the Operating Fund. Contributions are recognized as revenue when received.

Investments and Investment Income

Investments are recorded at fair value. Investment income includes dividends, interest, realized gains (losses) and the net change in unrealized gains (losses) for the year.

THE PERTH AND DISTRICT COMMUNITY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

July 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Accounting

The Foundation follows the restricted fund method of 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:

- i) The Unrestricted Fund reports resources that are required to be maintained by the Foundation on a permanent basis.
- ii) 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.
- iii) 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 expenses in the Operating Fund.

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.

Expense Recognition

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

THE PERTH AND DISTRICT COMMUNITY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

July 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. Investments held in foreign currencies are translated to Canadian dollars at the rate of exchange in effect at year end.

Accounting 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 disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from these estimates.

3. INVESTMENTS

Investments are pooled and investment income is allocated to the Operating, Unrestricted and Restricted Funds on a prorated basis based on monthly market value. Investments of the Foundation, administered by RBC Dominion Securities, are invested as follows and are stated at fair value.

	2022	2021
Cash and cash equivalents	\$ 48,505	\$ 144,921
Equities	4,446,940	4,644,634
Fixed income	219,794	443,831
Mutual funds	594,661	33,295
Other	396,443	-
	\$ 5,706,343	\$ 5,266,681

During the year, the net investment income (loss) was calculated as follows:

	2022	2021
Investment income	\$ 339,356	\$ 255,092
Unrealized gains (losses)	(323,387)	908,842
Investment fees	(70,631)	(51,341)
	\$ (54,662)	\$ 1,112,593

THE PERTH AND DISTRICT COMMUNITY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

July 31, 2022

4. 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 consist of the following:

	2022	2021
Ageless Migration Fund	\$ 15,185	\$ 12,306
Allatt Fund	758	800
Anderson Family Fund	23,031	24,572
Ben Rogers Memorial Fund	4,217	4,787
Big Brothers Big Sisters Fund	55,037	56,006
Bill Cuthbertson Fund	8,797	9,275
Boysen Family Fund	9,982	9,547
Bryce Bell Family Fund	17,028	-
Caring Community Housing Initiative in Perth Fund	4,814	-
CARR Refugee Fund	73,256	7,627
Donald Robertson Fund	25,982	26,471
Dr. Gordon Jackson Fund	38,490	39,215
Dr. Murray Wilson Fund	6,158	7,255
Dunning Reain Family Fund	9,825	-
Environmental Trust Fund	84,003	85,586
From Family Fund	9,361	-
GKJ Community Fund	233,467	246,163
Graham Family Fund	17,745	18,710
Hollis Chagnon Family Fund	33,683	35,514
Ireton Fendley Fund	10,720	5,190
Jacqui Bowick Sandor Second Chance Fund	7,036	7,393
Ken Gray Memorial Fund	466,661	480,356
Kiwanis Club of Perth Scholarship Fund	21,695	22,845
Ladly Family Fund	111,371	117,427
Lanark County Community Justice Program Fund	12,743	12,983
Lorraine Hill Estate Fund	1,135,166	1,196,891
Marriner Family Fund	21,215	22,125
McIntosh Perry Fund	74,593	77,960
MERA Award of Excellence Fund	21,200	21,600
Munroe Family Fund	16,557	16,437
Noble/Stolee Fund	245,994	182,252
Amount to carry forward	\$ 2,815,770	\$ 2,747,293

THE PERTH AND DISTRICT COMMUNITY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

July 31, 2022

4. RESTRICTED AND NAMED FUNDS (continued)

	2022	2021
Amount carried forward	\$ 2,815,770	\$ 2,747,293
O'Connor Family Fund	66,787	70,522
PDCF Indigenous Youth Award	2,398	-
Perth and District Union Public Library Children's Literacy Fund	526,306	544,809
Perth and District Union Public Library Collection Fund	64,483	63,937
Perth and District Union Public Library Donation and Bequest Endowed Fund	21,294	22,350
Perth Blue Wings Alumni Fund	23,367	24,788
Perth Brewery Fund	7,774	6,634
Perth Fire Dawgs Fund	35,581	34,905
Reta M. Miller Fund	118,779	125,237
Robert J. Ellard Fund	73,406	71,277
Rotary Club of Perth Fund	77,623	77,735
Smart and Caring Community Fund	5,966	6,079
Smiths Falls Montague Fund	11,837	11,906
Smiths Falls Welcomes Ukraine	24	-
St. James the Apostle Church Endowment Fund	1,550	1,061
St. James the Apostle Church Spend Down Fund	32,088	-
St. Paul's United Church Scholarship Fund	136,838	139,416
St. Paul's United Church Spend Down Fund	342,701	334,199
Strome/Drew Family Fund	476,992	83,033
Stuart and Sharon Laing Fund	135,276	142,630
Tay Valley History Scholarship Fund	55,398	55,109
The Table Fund	189,989	148,823
Underhill McIntyre Family Fund	10,822	9,413
VCK Fund	33,056	34,854
Young Talent Fund	34,232	34,877
Youth Action Kommittee Fund	70,773	52,743
	\$ 5,371,110	\$ 4,843,630

THE PERTH AND DISTRICT COMMUNITY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

July 31, 2022

5. GRANTS

The Foundation incurs expenses 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 than 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 2022 totalled \$19,856 (2021 - \$14,935).

6. FINANCIAL INSTRUMENTS

The fair values of cash, other accounts receivable, and accounts payable and accrued liabilities, 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. The Foundation's risk management 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.