

**THE PERTH AND DISTRICT
COMMUNITY FOUNDATION**

FINANCIAL STATEMENTS

JULY 31, 2023

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, 2023, 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, 2023, 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, 2023 and 2022, current assets as at July 31, 2023 and 2022, and fund balances at the beginning and end of the years ended July 31, 2023 and 2022. The audit opinion on the financial statements for the year ended July 31, 2022 was also qualified because of the possible effects of this limitation in scope.

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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.

Stittsville, Ontario
January 3, 2024

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, 2023

	Operating Fund	Community Granting Fund	Restricted and Named Funds	Total 2023	Total 2022
ASSETS					
CURRENT ASSETS					
Cash	\$ 36,167	\$ -	\$ -	\$ 36,167	\$ 40,357
Accounts receivable	15,442	-	-	15,442	9,750
Prepaid expenses	2,128	-	-	2,128	-
Interfund receivable (payable)	<u>297,552</u>	<u>-</u>	<u>(297,552)</u>	<u>-</u>	<u>-</u>
	351,289	-	(297,552)	53,737	50,107
INVESTMENTS (note 3)	-	81,200	6,419,633	6,500,833	5,706,343
	\$ 351,289	\$ 81,200	\$ 6,122,081	\$ 6,554,570	\$ 5,756,450
LIABILITIES & FUND BALANCES					
CURRENT LIABILITIES					
Accounts payable and accrued liabilities	\$ <u>18,829</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>18,829</u>	\$ <u>5,109</u>
FUND BALANCES					
Operating Fund	332,460	-	-	332,460	285,352
Community Granting Fund	-	81,200	-	81,200	94,879
Restricted and Named Funds (note 4)	<u>-</u>	<u>-</u>	<u>6,122,081</u>	<u>6,122,081</u>	<u>5,371,110</u>
	332,460	81,200	6,122,081	6,535,741	5,751,341
	\$ 351,289	\$ 81,200	\$ 6,122,081	\$ 6,554,570	\$ 5,756,450

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, 2023

	Operating Fund	Community Granting Fund	Restricted and Named Funds	Total 2023	Total 2022
REVENUE					
Donations	\$ 381,515	\$ 598	\$ 480,048	\$ 862,161	\$ 834,675
Investment income (loss)	<u>28,674</u>	<u>6,138</u>	<u>631,432</u>	<u>666,244</u>	<u>(54,662)</u>
	<u>410,189</u>	<u>6,736</u>	<u>1,111,480</u>	<u>1,528,405</u>	<u>780,013</u>
EXPENSES					
Administrative					
Marketing & advertising	5,286	-	-	5,286	8,039
Office and general	49,268	-	-	49,268	32,927
Salaries and benefits	51,986	-	-	51,986	54,314
Programs	13,755	-	-	13,755	4,233
Management fee	(55,997)	857	55,140	-	-
Internal transfers	(5,785)	(102,736)	108,521	-	-
Grants (note 5)	<u>304,568</u>	<u>122,294</u>	<u>196,848</u>	<u>623,710</u>	<u>207,906</u>
	<u>363,081</u>	<u>20,415</u>	<u>360,509</u>	<u>744,005</u>	<u>307,419</u>
Net revenue (expenses)	47,108	(13,679)	750,971	784,400	472,594
Fund balances, beginning of year	285,352	94,879	5,371,110	5,751,341	5,278,747
Fund balances, end of year	\$ 332,460	\$ 81,200	\$ 6,122,081	\$ 6,535,741	\$ 5,751,341

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, 2023

	<u>2023</u>	<u>2022</u>
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Net revenue	\$ 784,400	\$ 472,594
Unrealized capital losses (gains)	<u>(478,418)</u>	<u>323,387</u>
	305,982	795,981
Net change in non-cash working capital items:		
Accounts receivable	(5,692)	(8,307)
Prepaid expenses	(2,128)	-
Accounts payable and accrued liabilities	<u>13,720</u>	<u>(5,060)</u>
	311,882	782,614
INVESTING ACTIVITIES		
Purchase of investments, net	<u>(316,072)</u>	<u>(763,049)</u>
NET CHANGE IN CASH	(4,190)	19,565
CASH - BEGINNING OF YEAR	40,357	20,792
CASH - END OF YEAR	<u>\$ 36,167</u>	<u>\$ 40,357</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, 2023

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 Community Granting Fund. Other donor-restricted contributions are recognized as revenue in the Operating Fund or the Restricted and Named Funds 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 and Named Funds 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, 2023

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 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.
- ii) The Community Granting Fund includes resources that are required to be maintained by the Foundation on a permanent basis. The investment returns, and transfers from the Restricted and Named funds, where appropriate, are utilized for grants provided within the surrounding community on initiatives approved by the Board of Directors.
- iii) The Restricted and Named Funds report resources that are available to be used for purposes specified by the donor.

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, 2023

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, Community Granting, and Restricted and Named 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.

	2023	2022
Cash and cash equivalents	\$ 321,954	\$ 48,505
Equities	5,288,706	4,446,940
Fixed income	251,028	219,794
Mutual funds	639,145	594,661
Other	-	396,443
	\$ 6,500,833	\$ 5,706,343

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

	2023	2022
Investment income	\$ 253,430	\$ 339,356
Unrealized gains (losses)	478,418	(323,387)
Investment fees	(65,604)	(70,631)
	\$ 666,244	\$ (54,662)

THE PERTH AND DISTRICT COMMUNITY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

July 31, 2023

4. RESTRICTED AND NAMED FUNDS

Restricted and named funds consist of agency endowed, donor designated, donor advised, family, field of interest, scholarship, and spend down funds. All donations, the income of which are to be designated for specific purposes, are recorded as additions to the capital of a restricted and/or named fund. Funds consist of the following:

	2023	2022
Ageless Migration Fund	\$ 16,705	\$ 15,185
Allatt Fund	805	758
Anderson Family Fund	26,510	23,031
Benjamin van der Ham Memorial Bursary	125	-
Ben Rogers Memorial Fund	4,098	4,217
Big Brothers Big Sisters Fund	61,112	55,037
Bill Cuthbertson Fund	9,333	8,797
Boysen Family Fund	10,591	9,982
Bryce Bell Family Fund	21,151	17,028
Caring Community Housing Initiative in Perth Fund	6,682	4,814
CARR Refugee Fund	42,074	73,256
Donald Robertson Fund	26,562	25,982
Dr. Gordon Jackson Fund	42,341	38,490
Dr. Murray Wilson Fund	5,693	6,158
Dunning Reain Family Fund	10,809	9,825
Environmental Trust Fund	83,485	84,003
Forrester Family Fund	11,460	-
From Family Fund	21,054	9,361
GKJ Community Fund	247,711	233,467
Graham Family Fund	18,827	17,745
Hollis Chagnon Family Fund	35,738	33,683
Ireton Fendley Fund	14,316	10,720
Jacqui Bowick Sandor Second Chance Fund	7,494	7,036
Ken Gray Memorial Fund	480,376	466,661
Kiwanis Club of Perth Scholarship Fund	23,048	21,695
Ladly Family Fund	118,166	111,371
Lanark County Community Justice Program Fund	14,018	12,743
Lily Roy Memorial Bursary Fund	32,144	-
Lorraine Hill Estate Fund	1,204,420	1,135,166
Marriner Family Fund	22,753	21,215
McIntosh Perry Fund	79,894	74,593
MERA Award of Excellence Fund	21,836	21,200
Michael Herbert and Linda Murray-Herbert Family Fund	11,458	-
Amount to carry forward	\$ 2,732,789	\$ 2,553,219

THE PERTH AND DISTRICT COMMUNITY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

July 31, 2023

4. RESTRICTED AND NAMED FUNDS (continued)

	2023	2022
Amount carried forward	\$ 2,732,789	\$ 2,553,219
Munroe Family Fund	18,725	16,557
Noble/Stolee Fund	260,636	245,994
O'Connor Family Fund	71,133	66,787
Parkinson's Community Network	10,540	-
PDCF Indigenous Youth Award	24,374	2,398
Perth and District Union Public Library Children's Literacy Fund	579,653	526,306
Perth and District Union Public Library Collection Fund	71,041	64,483
Perth and District Union Public Library Donation and Bequest Endowed Fund	23,425	21,294
Perth Blue Wings Alumni Fund	24,624	23,367
Perth Brewery Fund	10,479	7,774
Perth Fire Dawgs Fund	41,444	35,581
Perth Stingrays Aquatic Club Spend Down Fund	4,061	-
Reta M. Miller Fund	126,507	118,779
Robert J. Ellard Fund	83,672	73,406
Rotary Club of Perth Fund	84,525	77,623
Smart and Caring Community Fund	5,921	5,966
Smiths Falls Montague Fund	13,664	11,837
Smiths Falls Welcomes Ukraine	2,977	24
St. James the Apostle Church Endowment Fund	16,412	1,550
St. James the Apostle Church Spend Down Fund	35,299	32,088
St. Paul's United Church Scholarship Fund	150,530	136,838
St. Paul's United Church Spend Down Fund	353,384	342,701
Strome/Drew Family Fund	786,745	476,992
Stuart and Sharon Laing Fund	144,078	135,276
Tay Valley History Scholarship Fund	61,453	55,398
The Hospice Hub	11,550	-
The Table Fund	213,847	189,989
Underhill McIntyre Family Fund	11,691	10,822
VCK Fund	35,073	33,056
Young Talent Fund	33,974	34,232
Youth Action Kommittee Fund	77,855	70,773
	\$ 6,122,081	\$ 5,371,110

THE PERTH AND DISTRICT COMMUNITY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

July 31, 2023

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 Foundation's 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 2023 totalled \$304,568 (2022 - \$19,856).

6. FINANCIAL INSTRUMENTS

The fair values of cash, 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.