



# GOOD REDDEN KLOSLER

Supporting Growth. Providing Direction.

Chartered Professional Accountants

## INDEPENDENT AUDITOR'S REPORT

---

To the Board of Directors of:

### **NORFOLK COMMUNITY FOUNDATION**

We have audited the accompanying financial statements of Norfolk Community Foundation, which comprise of the statement of financial position as at October 31, 2017 and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

### **Basis for Qualified Opinion**

In common with many charitable organizations, Norfolk Community Foundation derives its revenue from cash donations and contributions, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of this revenue was limited to the amounts recorded in the records of Norfolk Community Foundation and we were not able to determine whether any adjustments might be necessary to revenue and net assets.

### **Qualified Opinion**

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Norfolk Community Foundation as at October 31, 2017, 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.

*Good Redden Klosler LLP*

---

CHARTERED PROFESSIONAL ACCOUNTANTS  
Licensed Public Accountants

Simcoe, Ontario

April 23, 2018

Integrating Accounting, Advisory & Wealth Management Services

[goodcas.com](http://goodcas.com)

84 Colborne Street North, Simcoe, ON N3Y 3V1  
T 519.426.5160 F 519.426.5174

38 Brock Street East, Tillsonburg, ON N4G 1Z5  
T 519.842.4246 F 519.842.6656

*Our Reports and Certificates are issued on the understanding that unless they are reproduced in their entirety, any summaries thereof, excerpts therefrom, or references thereto, shall be submitted to us for approval.*

# NORFOLK COMMUNITY FOUNDATION

## STATEMENT OF FINANCIAL POSITION

As at October 31, 2017

(With comparative figures as at October 31, 2016)

	2017	2016
	\$	\$
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	106,169	45,165
Accounts receivable	-	3,708
Harmonized sales taxes recoverable	2,661	1,788
Prepaid expenses	1,600	1,600
Total current assets	110,430	52,261
<b>Long-Term Assets</b>		
Investments - note 3	3,079,827	2,445,998
Cash surrender value of life insurance policies	32,659	30,123
Total long-term assets	3,112,486	2,476,121
<b>Total Assets</b>	<b>3,222,916</b>	<b>2,528,382</b>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	23,753	23,377
<b>Fund Balances</b>		
Unrestricted	37,757	34,193
Externally restricted	3,161,406	2,470,812
Total fund balances	3,199,163	2,505,005
<b>Total Liabilities and Fund Balances</b>	<b>3,222,916</b>	<b>2,528,382</b>

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



# NORFOLK COMMUNITY FOUNDATION

## STATEMENT OF OPERATIONS

For the year ended October 31, 2017

(With comparative figures for the year ended October 31, 2016)

	General Funds (Schedule 1) \$	Restricted Managed Endowment Funds (Schedule 1) \$	2017 \$	2016 \$
<b>Revenue</b>				
Investment income - note 4	3,505	253,752	257,257	102,702
Donations	35,506	531,991	567,497	134,440
Fundraising event	-	-	-	31,099
Management fees	2,901	-	2,901	1,887
Total revenue	41,912	785,743	827,655	270,128
<b>Operating Expenses</b>				
Office and administrative expenses	37,942	2,901	40,843	33,214
<b>Excess of Revenue over Operating Expenses before Other Revenues</b>	3,970	782,842	786,812	236,914
<b>Other Revenue</b>				
Donations - life insurance	9,107	-	9,107	9,107
<b>Distributions</b>				
Grants - note 6	2,931	71,700	74,631	70,199
Income distribution	-	548	548	587
Bursaries	-	20,000	20,000	20,500
Cost of life insurance	6,572	-	6,572	6,690
Lottery	10	-	10	988
Total distributions	9,513	92,248	101,761	98,964
<b>Excess of Revenues over Expenses for the Year</b>	3,564	690,594	694,158	147,057



# NORFOLK COMMUNITY FOUNDATION

## STATEMENT OF CHANGES IN NET ASSETS

For the year ended October 31, 2017

(With comparative figures for the year ended October 31, 2016)

---

	General Fund \$	Restricted Funds \$	Managed Funds \$	Endowment Funds \$	2017 \$	2016 \$
Fund Balance, Beginning of Year	34,193	109,043	244,167	2,117,602	2,505,005	2,357,948
Excess of Revenues Over Expenses for the Year	3,564	11,425	22,106	657,063	694,158	147,057
Fund Balance, End of Year	<b>37,757</b>	<b>120,468</b>	<b>266,273</b>	<b>2,774,665</b>	<b>3,199,163</b>	<b>2,505,005</b>

---



# NORFOLK COMMUNITY FOUNDATION

## STATEMENT OF CASH FLOWS

For the year ended October 31, 2017

(With comparative figures for the year ended October 31, 2016)

	2017	2016
	\$	\$
<b>Cash Flows from Operating Activities</b>		
Excess of revenue over expenses for the year	694,158	147,057
Adjustments for non-cash items		
Market value adjustment on investments	(186,524)	18,009
	507,634	165,066
Changes in non-cash working capital accounts		
Decrease (increase) in accounts receivable	3,708	(3,708)
Decrease (increase) in harmonized sales tax recoverable	(873)	2,046
Decrease (increase) prepaid expenses	-	(11)
Decrease (increase) in cash surrender of life insurance policies	(2,535)	(2,417)
Increase (decrease) in accounts payable and accrued liabilities	375	15,629
Cash flows from (applied to) operating activities	508,309	176,605
<b>Cash Flows from Investing Activities</b>		
Net of proceeds and disbursements for investments	(447,305)	(279,436)
<b>Increase (Decrease) in Cash During the Year</b>	61,004	(102,831)
<b>Cash at Beginning of Year</b>	45,165	147,996
<b>Cash at End of Year</b>	106,169	45,165



# NORFOLK COMMUNITY FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended October 31, 2017

---

### 1. NATURE OF ORGANIZATION

The Norfolk Community 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, 2017

---

### 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) Capital Assets

Capital assets are included as an expenditure in the year purchased.

#### d) 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.

#### e) 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 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.

#### f) 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, 2017

### 3. INVESTMENTS

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Mutual and money market funds	2,629,413	2,121,097
Common and preference shares	450,414	324,901
	<b>3,079,827</b>	<b>2,445,998</b>

### 4. INVESTMENT INCOME

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Dividends and interest	70,733	120,717
Net gain on investments	186,524	(18,015)
	<b>257,257</b>	<b>102,702</b>

In 2017, unrealized gains of \$141,965 (2016 - unrealized losses - \$49,753) were posted to investment income.





# NORFOLK COMMUNITY FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended October 31, 2017

---

### 5. 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, 2017.

#### **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 comprises 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 (other than those arising from interest rate risk or currency risk), 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 this risk on an ongoing basis. The Foundation does not use derivative instruments to hedge these risks. The Foundation is exposed to currency risk through a cash balance only; the balance in this account at year-end was \$7,443 USD.

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, 2017

---

### 6. GRANTS

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Norfolk General Hospital Foundation	38,650	25,948
Fanshawe College Foundation	10,000	10,000
Alzheimer Society of Haldimand Norfolk	6,000	2,547
Port Rowan South Walsingham Heritage Association	5,862	-
Delhi Imperial Place Community Health Centre Inc.	5,000	5,000
Simcoe Firefighter's Association	5,000	-
Waterford Old Town Hall	2,000	-
Norfolk Association for Community Living	1,119	-
Simcoe Little Theatre	1,000	1,000
Indwell Community Gardens Gazebo	-	10,000
Waterford Heritage Trails Association	-	3,500
Norfolk County - Port Dover Public Library	-	3,333
Delhi BIA	-	2,171
St. Vincent De Paul Society	-	1,500
Norfolk County - Port Rowan Park	-	1,200
Simcoe Caring Cupboard	-	1,000
Salvation Army	-	1,000
Delhi Sharing Pantry	-	500
Mission Food Bank	-	500
Life Line Food Bank	-	500
Waterford Food Cupboard	-	500
	<b>74,631</b>	<b>70,199</b>

---



# NORFOLK COMMUNITY FOUNDATION

SCHEDULE OF FUNDS  
For the year ended October 31, 2017

Schedule 1

	Balance November 1 2016 \$	Donations \$	Contributions and Other \$	Investment Income (Loss) \$	Expenditures \$	Bursaries Grants & Other \$	Balance October 31 2017 \$
<b>GENERAL FUNDS</b>	34,193	44,613	2,891	3,505	44,514	2,931	37,757
<b>RESTRICTED FUNDS</b>							
Sarah Wallace Fund	17,158	-	-	1,759	-	-	18,917
Lynnwood Arts Centre Fund	3,637	-	-	373	-	-	4,010
Norfolk Historical Society Fund	12,654	-	-	1,297	548	-	13,403
Rising from the Ashes Fund	383	-	-	39	-	-	422
London Prostate Project	35	-	-	4	-	-	39
CFUW/Norfolk Trustees of the Mabel O'Brien Award	44,681	-	-	4,579	-	2,000	47,260
Rotary Club of Simcoe - Gord Watts Scholarship Fund	30,495	3,796	-	3,126	-	1,000	36,417
	109,043	3,796	-	11,177	548	3,000	120,468
<b>ENDOWMENT FUNDS</b>							
Norfolk Pros Fund	334,649	-	-	34,299	-	10,000	358,948
Wm. B. & Christie Jackson Fund	556,068	-	-	56,993	-	44,931	568,130
B. Wallace and M. Estelle Anderson Family Fund	374,846	-	-	38,419	-	13,119	400,146
Hazel Race Education Bursary Fund	123,674	-	-	12,676	-	3,650	132,700
Kilpatrick Scholarship Fund	32,576	500	-	3,339	-	1,000	35,415
Century Fund - General	168,007	2,000	-	17,219	-	6,000	181,226
Century Fund - Marian McKiee	235,717	166,469	-	24,159	-	5,000	421,345
Irene McKiee Bursary	173,461	338,524	-	17,778	-	5,000	524,763
Doug & Starr Demeyere Family	118,604	-	-	12,156	-	-	130,760
Mathew O'Donnell Memorial Fund	-	20,702	-	530	-	-	21,232
	2,117,602	528,195	-	217,568	-	88,700	2,774,665
<b>MANAGED FUNDS</b>							
Simcoe Senior's Centre Fund	166,610	-	-	17,076	1,710	-	181,976
Silver Lake Rowing Club	77,557	-	-	7,931	1,191	-	84,297
	244,167	-	-	25,007	2,901	-	266,273
<b>Total</b>	<b>2,505,005</b>	<b>576,604</b>	<b>2,891</b>	<b>257,257</b>	<b>47,963</b>	<b>94,631</b>	<b>3,199,163</b>

