



# GOOD REDDEN KLOSLER

Supporting Growth. Providing Direction.

Chartered Professional Accountants

## 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, 2022, 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, 2022, 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 October 31, 2022 and 2021, current assets as at October 31, 2022 and 2021 and net assets as at November 1 and October 31 for both the 2022 and 2021 years.

Our audit opinion on the financial statements for the year ended October 31, 2021 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

May 8, 2023

# NORFOLK COMMUNITY FOUNDATION

## STATEMENT OF FINANCIAL POSITION

As at October 31, 2022

	2022	2021
<b>ASSETS</b>		
Current		
Cash	133,298	112,590
Accounts receivable	1,500	1,175
Harmonized sales taxes recoverable	3,910	2,941
Prepaid expenses	2,770	1,601
	141,478	118,307
Investments	4,031,208	4,208,093
Cash surrender value of life insurance policies	8,120	7,532
	<b>4,180,806</b>	<b>4,333,932</b>
<b>LIABILITIES AND FUND BALANCES</b>		
Current		
Accounts payable and accrued liabilities	15,282	25,495
<b>Fund Balances</b>		
Unrestricted	20,278	11,651
Externally restricted	4,145,246	4,296,786
	4,165,524	4,308,437
	<b>4,180,806</b>	<b>4,333,932</b>

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



# NORFOLK COMMUNITY FOUNDATION

## STATEMENT OF OPERATIONS

For the year ended October 31, 2022

	General Funds (Schedule 1)	Restricted Managed Endowment Funds (Schedule 1)	2022	2021
<b>Revenue</b>				
Donations	23,350	179,000	202,350	156,345
Management fees	30,402	-	30,402	30,399
Investment income - Note 3	(911)	(249,054)	(249,965)	789,268
	52,841	(70,054)	(17,213)	976,012
<b>Operating Expenses</b>				
Office and administrative	23,702	30,402	54,104	69,593
<b>Excess of Revenue over Operating Expenses before Other Revenue</b>	29,139	(100,456)	(71,317)	906,419
<b>Other Revenue</b>				
Donations - life insurance	257	-	257	513
<b>Distributions</b>				
Bursaries	-	39,684	39,684	28,000
Grants - Note 5	7,000	25,500	32,500	76,155
Cost of life insurance	(331)	-	(331)	(48)
	6,669	65,184	71,853	104,107
<b>Excess of Revenues over Expenses</b>	<b>22,727</b>	<b>(165,640)</b>	<b>(142,913)</b>	<b>802,825</b>



# NORFOLK COMMUNITY FOUNDATION

## STATEMENT OF CHANGES IN NET ASSETS

For the year ended October 31, 2022

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	General Fund	Restricted Funds	Managed Funds	Endowment Funds	2022	2021
Fund Balance, Beginning of Year	11,651	266,498	115,443	3,914,845	4,308,437	3,505,612
Interfund transfers	(14,100)	(3,940)	-	18,040	-	-
Excess of Revenues over Expenses	22,727	(1,105)	(8,241)	(156,294)	(142,913)	802,825
<b>Fund Balance, End of Year</b>	<b>20,278</b>	<b>261,453</b>	<b>107,202</b>	<b>3,776,591</b>	<b>4,165,524</b>	<b>4,308,437</b>

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# NORFOLK COMMUNITY FOUNDATION

## STATEMENT OF CASH FLOWS

For the year ended October 31, 2022

	2022	2021
<b>Operating Activities</b>		
Excess of revenue over expenses	(142,913)	802,825
Market value adjustment on investments	350,754	(685,078)
	207,841	117,747
Changes in non-cash working capital accounts		
Accounts receivable	(325)	-
Harmonized sales tax recoverable	(969)	(223)
Prepaid expenses	(1,169)	-
Cash surrender value of life insurance policies	(587)	(561)
Accounts payable and accrued liabilities	(10,214)	(9,778)
	194,577	107,185
<b>Investing Activities</b>		
Proceeds from sale of investments	(173,869)	(78,705)
<b>Net Cash Flow</b>	20,708	28,480
<b>Cash Balance at Beginning of Year</b>	112,590	84,110
<b>Cash Balance at End of Year</b>	<b>133,298</b>	<b>112,590</b>



# NORFOLK COMMUNITY FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended October 31, 2022

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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 McKiee Memorial Scholarship Fund, the Irene McKiee Bursary Fund, the Matthew O'Donnell Memorial Fund, the Doug and Starr Demeyere Family Fund, the Thomas James Howe Fund, the Delhi Belgian Club Fund and the Starr Gallery Fund.



# NORFOLK COMMUNITY FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended October 31, 2022

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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, 2022

### 3. INVESTMENT INCOME

	2022	2021
Dividends and interest	100,789	104,190
Net gain (loss) on investments	(350,754)	685,078
	<b>(249,965)</b>	<b>789,268</b>

### 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 at year end.

#### 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, 2022

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### 5. GRANTS

	2022	2021
Indwell	6,000	14,500
The Gathering Food Centre	6,000	6,000
Norfolk General Hospital Foundation	5,000	26,443
Delhi Imperial Place Community Health Centre Inc.	5,000	5,000
Lynnwood Arts	5,000	-
Simcoe Special Olympics	5,000	-
Lighthouse Festival Theatre	1,000	2,500
Girl Guides of Canada - Delhi Unit	500	-
Alzheimer Society of Haldimand Norfolk	-	4,000
Norfolk Association for Community Living	-	3,612
Friends of the Library	-	3,000
Old Town Hall Association	-	2,500
Norfolk County - Mural Project	-	2,500
Arcady Ensemble	-	2,500
Junior Achievement of South Western Ontario Inc.	-	1,300
Delhi Belgian Club	-	1,300
Norfolk Musical Arts Festival	-	1,000
Simcoe Little Theatre	(1,000)	-
	<b>32,500</b>	<b>76,155</b>

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# NORFOLK COMMUNITY FOUNDATION

## SCHEDULE OF FUNDS

For the year ended October 31, 2022

Schedule 1

	Balance November 1 2021	Donations	Contributions and Other	Investment Income (Loss)	Expenditures	Bursaries Grants & Other	Balance October 31 2022
<b>GENERAL FUNDS</b>	11,651	23,607	30,402	(911)	23,371	21,100	20,278
<b>RESTRICTED FUNDS</b>							
Sarah Wallace Fund	21,279	-	-	(1,235)	-	500	19,544
Lynnwood Arts Centre Fund	5,002	-	-	(290)	-	-	4,712
Norfolk Historical Society Fund	15,033	-	-	(872)	-	-	14,161
CFUW/Norfolk Trustees of the Mabel O'Brien Award	63,333	-	-	(3,674)	-	1,000	58,659
Rotary Club of Simcoe - Gord Watts Scholarship Fund	45,141	850	-	(2,660)	-	3,000	40,331
Harry B Barrett Fund	31,747	3,000	-	(1,876)	-	-	32,871
Norfolk Arts and Culture Fund	18,278	-	-	(1,060)	-	-	17,218
Stix 'N Pix Fund	30,395	1,475	-	(1,780)	-	-	30,090
Dave McArthur HUB Fund	3,860	-	-	80	-	3,940	-
Rotary Club of Simcoe - Jeff Scott	32,430	14,975	-	(2,038)	-	1,500	43,867
	266,498	20,300	-	(15,405)	-	9,940	261,453
<b>ENDOWMENT FUNDS</b>							
Norfolk Pros Fund	385,526	-	3,940	(22,598)	2,803	5,500	358,565
W. B. & Christie Jackson Fund	531,748	-	-	(29,906)	3,764	11,000	487,078
B. Wallace and M. Estelle Anderson Family Fund	536,619	-	-	(31,110)	3,884	(1,000)	502,625
Hazel Race Education Bursary Fund	132,046	-	-	(7,636)	954	-	123,456
Kilpatrick Scholarship Fund	38,620	-	-	(2,234)	277	1,000	35,109
Century Fund - General	208,442	25,000	-	(12,143)	1,551	3,550	216,198
Century Fund - Marian McKiee	699,878	-	-	(40,485)	5,030	16,634	637,729
Irene McKiee Bursary	831,547	200	-	(48,105)	5,986	12,500	765,156
Doug & Starr Demeyere Family	167,606	-	7,050	(9,789)	1,207	5,000	158,660
Mathew O'Donnell Memorial Fund	133,987	9,300	7,050	(8,132)	1,016	5,000	136,189
M. E. Vincent Fund	222,126	-	-	(12,846)	1,605	-	207,675
Delhi Belgian Club Fund	26,700	51,457	-	(1,544)	290	-	76,323
Starr Gallery/Lynnwood Arts Centre Fund	-	72,743	-	(463)	452	-	71,828
	3,914,845	158,700	18,040	(226,991)	28,819	59,184	3,776,591
<b>MANAGED FUNDS</b>							
Simcoe Senior's Centre Fund	16,752	-	-	(968)	161	-	15,623
Silver Lake Rowing Club	98,691	-	-	(5,690)	1,422	-	91,579
	115,443	-	-	(6,658)	1,583	-	107,202
<b>Total</b>	<b>4,308,437</b>	<b>202,607</b>	<b>48,442</b>	<b>(249,965)</b>	<b>53,773</b>	<b>90,224</b>	<b>4,165,524</b>

