



# 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, 2023, 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, 2023, 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, 2023 and 2022, current assets as at October 31, 2023 and 2022 and net assets as at November 1 and October 31 for both the 2023 and 2022 years.

Our audit opinion on the financial statements for the year ended October 31, 2022 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

March 27, 2024

# NORFOLK COMMUNITY FOUNDATION

## STATEMENT OF FINANCIAL POSITION

As at October 31, 2023

	2023	2022
<b>ASSETS</b>		
Current		
Cash	118,126	133,297
Accounts receivable	-	1,500
Harmonized sales taxes recoverable	3,913	3,910
Prepaid expenses	1,787	2,770
	123,826	141,477
Investments	4,221,236	4,031,208
Cash surrender value of life insurance policies	-	8,120
	<b>4,345,062</b>	<b>4,180,805</b>
<b>LIABILITIES AND FUND BALANCES</b>		
Current		
Accounts payable and accrued liabilities	10,110	15,281
<b>Fund Balances</b>		
Unrestricted	41,136	20,278
Externally restricted	4,293,816	4,145,246
	4,334,952	4,165,524
	<b>4,345,062</b>	<b>4,180,805</b>

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



# NORFOLK COMMUNITY FOUNDATION

## STATEMENT OF OPERATIONS

For the year ended October 31, 2023

	General Funds (Schedule 1)	Restricted Managed Endowment Funds (Schedule 1)	2023	2022
<b>Revenue</b>				
Donations	15,901	178,084	193,985	202,349
Management fees	33,379	-	33,379	30,402
Life insurance	373	-	373	-
Investment income - Note 4	444	161,040	161,484	(249,965)
	50,097	339,124	389,221	(17,214)
<b>Operating Expenses</b>				
Office and administrative	29,239	33,378	62,617	54,105
<b>Excess of Revenue over Operating Expenses before Other Revenue</b>	20,858	305,746	326,604	(71,319)
<b>Other Revenue</b>				
Donations - life insurance	-	-	-	257
<b>Distributions</b>				
Bursaries	-	45,800	45,800	39,684
Grants - Note 6	-	111,376	111,376	32,500
Cost of life insurance	-	-	-	(331)
	-	157,176	157,176	71,853
<b>Excess of Revenues over Expenses</b>	<b>20,858</b>	<b>148,570</b>	<b>169,428</b>	<b>(142,915)</b>



# NORFOLK COMMUNITY FOUNDATION

## STATEMENT OF CHANGES IN NET ASSETS

For the year ended October 31, 2023

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	General Fund	Restricted Funds	Managed Funds	Endowment Funds	2023	2022
Fund Balance, Beginning of Year	20,278	261,453	107,202	3,776,591	4,165,524	4,308,439
Interfund transfers	-	-	-	-	-	-
Excess of Revenues over Expenses	20,858	19,762	2,648	126,160	169,428	(142,915)
<b>Fund Balance, End of Year</b>	<b>41,136</b>	<b>281,215</b>	<b>109,850</b>	<b>3,902,751</b>	<b>4,334,952</b>	<b>4,165,524</b>

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# NORFOLK COMMUNITY FOUNDATION

## STATEMENT OF CASH FLOWS

For the year ended October 31, 2023

	2023	2022
<b>Operating Activities</b>		
Excess of revenue over expenses	169,428	(142,915)
Market value adjustment on investments	(13,919)	350,754
	155,509	207,839
Changes in non-cash working capital accounts		
Accounts receivable	1,500	(325)
Harmonized sales tax recoverable	(4)	(969)
Prepaid expenses	983	(1,169)
Cash surrender value of life insurance policies	8,120	(587)
Accounts payable and accrued liabilities	(5,170)	(10,213)
	160,938	194,576
<b>Investing Activities</b>		
Proceeds from sale of investments	691,301	519,548
Purchase of investments	(867,410)	(693,417)
<b>Net Cash Flow</b>	(15,171)	20,707
<b>Cash Balance at Beginning of Year</b>	133,297	112,590
<b>Cash Balance at End of Year</b>	<b>118,126</b>	<b>133,297</b>



# NORFOLK COMMUNITY FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended October 31, 2023

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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 Norfolk Pros Fund, the W. B. & Christie Jackson 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 Doug and Starr Demeyere Family Fund, the Matthew O'Donnell Memorial Fund, the M.E. Vincent Fund, the Delhi Belgian Club Fund, the Starr Gallery/Lynnwood Arts Centre Fund and the Y.T. Chou Memorial Scholarship Fund.



# NORFOLK COMMUNITY FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended October 31, 2023

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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, 2023

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### 3. CASH SURRENDER VALUE OF LIFE INSURANCE POLICIES

During the year the foundation cashed in a policy no longer being funded by the original life insurer. Proceeds received were \$8,493.

### 4. INVESTMENT INCOME

	2023	2022
Dividends and interest	147,565	100,789
Net gain (loss) on investments	13,919	(350,754)
	<b>161,484</b>	<b>(249,965)</b>

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### 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 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, 2023

### 6. GRANTS

	2023	2022
Norfolk General Hospital Foundation	20,000	5,000
Lynnwood Arts	17,376	5,000
Indwell Community Homes - Dogwood Suites	11,500	6,000
Camp Fire Circle (Camp Trillium)	10,000	-
Waterford Skateboard Park	10,000	-
Delhi Imperial Place Community Health Centre Inc.	5,000	5,000
Alzheimer Society of Haldimand Norfolk	5,000	-
Norfolk Association for Community Living	5,000	-
South Coast Community Services for Cancer	5,000	-
Port Dover Minor Baseball	5,000	-
AFFA4Kids	5,000	-
Long Point Basin Land Trust	4,000	-
Art with Heart	4,000	-
Port Dover Senior Centre	4,000	-
The Gathering Food Centre	500	6,000
Simcoe Special Olympics	-	5,000
Lighthouse Festival Theatre	-	1,000
Girl Guides of Canada - Delhi Unit	-	500
Simcoe Little Theatre	-	(1,000)
	<b>111,376</b>	<b>32,500</b>



# NORFOLK COMMUNITY FOUNDATION

## SCHEDULE OF FUNDS

For the year ended October 31, 2023

## Schedule 1

	Balance November 1 2022	Donations	Contributions and Other	Investment Income (Loss)	Expenditures	Bursaries Grants & Other	Balance October 31 2023
<b>GENERAL FUNDS</b>	20,278	15,901	33,752	444	29,239	-	41,136
<b>RESTRICTED FUNDS</b>							
Sarah Wallace Fund	19,544	-	-	771	-	500	19,815
Lynnwood Arts Centre Fund	4,712	-	-	186	-	-	4,898
Norfolk Historical Society Fund	14,161	-	-	559	-	-	14,720
CFUW/Norfolk Trustees of the Mabel O'Brien Award	58,659	-	-	2,314	-	2,500	58,473
Rotary Club of Simcoe - Gord Watts Scholarship Fund	40,331	500	-	1,633	-	1,500	40,964
Harry B Barrett Fund	32,871	10,000	-	1,019	-	2,000	41,890
Norfolk Arts and Culture Fund	17,218	-	-	679	-	4,000	13,897
Stix 'N Pix Fund	30,090	-	-	1,187	-	-	31,277
Rotary Club of Simcoe - Jeff Scott	43,867	11,553	-	1,361	-	1,500	55,281
	261,453	22,053	-	9,709	-	12,000	281,215
<b>ENDOWMENT FUNDS</b>							
Norfolk Pros Fund	358,565	-	-	14,691	2,739	35,000	335,517
W. B. & Christie Jackson Fund	487,078	-	-	19,863	3,818	18,500	484,623
B. Wallace and M. Estelle Anderson Family Fund	502,625	-	(25,000)	19,933	3,934	15,000	478,624
Hazel Race Education Bursary Fund	123,456	-	-	4,896	985	-	127,367
Kilpatrick Scholarship Fund	35,109	-	-	1,392	278	1,000	35,223
Century Fund - General	216,198	-	-	8,574	1,713	6,300	216,759
Century Fund - Marian McKiee	637,729	-	-	25,291	5,060	15,000	642,960
Irene McKiee Bursary	765,156	100	-	30,410	6,068	12,500	777,098
Doug & Starr Demeyere Family	158,660	-	-	6,502	1,247	5,000	158,915
Mathew O'Donnell Memorial Fund	136,189	2,195	-	5,370	1,096	-	142,658
M. E. Vincent Fund	207,675	-	-	8,597	1,574	21,500	193,198
Delhi Belgian Club Fund	76,323	-	-	3,027	609	-	78,741
Starr Gallery/Lynnwood Arts Centre Fund	71,828	57,408	25,000	1,047	1,706	12,376	141,201
Y.T. Chou Memorial Scholarship Fund	-	96,328	-	(2,533)	928	3,000	89,867
	3,776,591	156,031	-	147,060	31,755	145,176	3,902,751
<b>MANAGED FUNDS</b>							
Simcoe Senior's Centre Fund	15,623	-	-	621	166	-	16,078
Silver Lake Rowing Club	91,579	-	-	3,650	1,457	-	93,772
	107,202	-	-	4,271	1,623	-	109,850
<b>Total</b>	<b>4,165,524</b>	<b>193,985</b>	<b>33,752</b>	<b>161,484</b>	<b>62,617</b>	<b>157,176</b>	<b>4,334,952</b>

