

Barrie Community Foundation
Financial Statements
For the year ended March 31, 2018

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Tel: 705-726-6331
Fax: 705-722-6588
www.bdo.ca

BDO Canada LLP
300 Lakeshore Drive
Suite 300
Barrie ON L4N 0B4 Canada

Independent Auditor's Report

To the Board of Directors of Barrie Community Foundation:

We have audited the accompanying financial statements of Barrie Community Foundation, which comprise the statement of financial position as at March 31, 2018, the statements of changes in fund balances, operations, 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 generally accepted 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, the Foundation derives revenue from lottery activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Foundation. Therefore, we were unable to determine whether any adjustments might be necessary to lottery revenues, excess of revenues over expenses and cash flows from operations for the years ended March 31, 2018 and 2017, current assets as at March 31, 2018 and 2017, and fund balances as at April 1 and March 31 for both the 2018 and 2017 years. Our audit opinion on the financial statements for the year ended March 31, 2017 was modified accordingly because of the possible effects of this limitation in scope.



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 Barrie Community Foundation as at March 31, 2018, 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Barrie, Ontario
July 17, 2018

Barrie Community Foundation Statement of Financial Position

March 31 2018 2017

Assets

Current

Cash (note 2)	\$ 27,390	\$ 29,794
Restricted cash (note 2)	370,987	275,462
Restricted short-term investments (note 3)	46,255	-
Accounts receivable	576	635
Interest receivable	831	696
GST/HST recoverable	7,601	4,309

453,640 310,896

Restricted Long-term Investments (note 4) 178,744 106,936

\$ 632,384 \$ 417,832

Liabilities and Fund Balances

Current Liabilities

Accounts payable and accrued liabilities	\$ 33,729	\$ 8,492
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Fund Balances

General fund	13,903	12,425
Restricted fund	358,016	185,358
Endowment fund	226,736	211,557

598,655 409,340

\$ 632,384 \$ 417,832

On behalf of the Board:

_____ Director

_____ Director

Barrie Community Foundation Statement of Changes in Fund Balances

For the year ended March 31	General Fund	Restricted Fund	Endowment Fund	2018 Total	2017 Total
Fund balances, beginning of year	\$ 12,425	\$ 185,358	\$ 211,557	\$ 409,340	\$ 508,367
Excess of revenues over expenses (expenses over revenues) for the year	23,056	159,188	7,071	189,315	(99,027)
Interfund transfers (note 5)	(21,578)	13,470	8,108	-	-
Fund balances, end of year	\$ 13,903	\$ 358,016	\$ 226,736	\$ 598,655	\$ 409,340

Barrie Community Foundation Statement of Operations

For the year ended March 31	General Fund	Restricted Fund	Endowment Fund	2018 Total	2017 Total
Revenues					
Donations and fundraising	\$31,315	\$232,208	\$7,820	\$271,343	\$453,803
Unrealized loss on investments	-	-	(749)	(749)	(520)
Lottery income	-	317,459	-	317,459	185,892
Interest income	8,719	1,771	-	10,490	2,202
	40,034	551,438	7,071	598,543	641,377
Expenses					
General					
Advertising and promotion	903	-	-	903	3,448
Dues and subscriptions	584	-	-	584	736
Functions and events	10,283	-	-	10,283	7,160
Insurance	900	-	-	900	864
Interest and bank charges	-	211	-	211	60
Office	1,130	-	-	1,130	1,357
Professional fees	778	-	-	778	6,100
Rent	2,400	-	-	2,400	2,400
Lottery					
Bank charges	-	979	-	979	1,123
Commissions	-	15,676	-	15,676	9,212
Electronic support fee	-	24,660	-	24,660	-
Licensing fees	-	723	-	723	3,900
Printing cost	-	499	-	499	8,531
Prize payout	-	158,853	-	158,853	89,938
Professional fees	-	5,733	-	5,733	-
Miscellaneous	-	1,647	-	1,647	61
Rent	-	41,560	-	41,560	28,774
	16,978	250,541	-	267,519	163,664
Excess of revenues over expenses before charitable grants	23,056	300,897	7,071	331,024	477,713
Charitable grants disbursed	-	141,709	-	141,709	576,740
Excess of revenues over expenses (expenses over revenues) for the year	\$ 23,056	\$ 159,188	\$ 7,071	\$ 189,315	\$(99,027)

Barrie Community Foundation Statement of Cash Flows

For the year ended March 31	2018	2017
Cash flows from operating activities		
Excess of revenues over expenses (expenses over revenues) for the year	\$ 189,315	\$ (99,027)
Net change in non-cash working capital balances related to operations		
Accounts receivable	59	8,701
Interest receivable	(135)	452
GST/HST recoverable	(3,292)	(1,105)
Prepaid expenses	-	430
Accounts payable and accrued liabilities	25,237	2,950
	211,184	(87,599)
Cash flows from investing activities		
Net change in investments	(213,588)	102,308
Increase (decrease) in cash during the year	(2,404)	14,709
Cash, beginning of the year	29,794	15,085
Cash, end of the year	\$ 27,390	\$ 29,794

Barrie Community Foundation

Notes to the Financial Statements

For the year ended March 31, 2018

1. Significant Accounting Policies

Nature and Purpose of Organization

The Barrie Community Foundation (the "Foundation") is incorporated without share capital under the Corporations Act (Ontario) as a charitable organization and is a registered charity under the Income Tax Act (Canada). The purpose of the Foundation is to promote philanthropy in the Barrie community and to prudently manage community endowments.

Basis of Accounting

These financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.

Fund Accounting

The Foundation follows the restricted fund method of accounting for contributions.

The General Fund comprises the unrestricted resources available for immediate purposes. This fund reports unrestricted contributions and other unrestricted revenues and expenses.

The Restricted Fund comprises the resources that are to be used for specific purposes as specified by the donor or project fund.

The Endowment Fund comprise the resources that are required by the donor to be maintained by the Foundation on a permanent basis. Investment income earned on resources of the Endowment Fund is reported in the General Fund.

Revenue Recognition

Restricted contributions are recognized as revenue of the appropriate restricted fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. However, if no appropriate restricted fund is presented, then the restricted contribution is recognized as revenue of the General Fund in the year in which the related expenses are incurred.

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions for endowments are recognized as revenue in the Endowment Fund.

Unrestricted net investment income earned on Endowment Fund resources is recognized as revenue of the General Fund. Net investment income earned on externally restricted fund resources are recognized as revenue of the Restricted Fund. All other investment income is recognized as revenue of the General Fund when earned.

Barrie Community Foundation

Notes to the Financial Statements

For the year ended March 31, 2018

1. Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in accordance 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 at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The principal estimate used in the preparation of these financial statements are the fair values of financial instruments. Actual results could differ from management's best estimates as additional information becomes available in the future.

Financial Instruments

Financial Instruments are recorded at fair value at initial recognition.

In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any change in fair value reported in income. All other financial instruments are reported at cost or amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.

Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in net income.

In-Kind Contributions

Contributions of materials are recognized in the period they are donated at their fair market value when a fair value can be reasonably estimated and when the materials are used in the normal course of the Foundation's operations and would otherwise have been purchased.

Contributed services are not recognized in the financial statements due to the inherent difficulty in valuing the time of volunteers.

Income Taxes

The Foundation is not subject to federal or provincial income taxes pursuant to exemptions accorded to registered charities in the income tax legislation.

Barrie Community Foundation Notes to the Financial Statements

For the year ended March 31, 2018

2. Cash and Restricted Cash

The Foundation's bank accounts are held at a chartered bank and a credit union and earn interest at variable rates dependent on the daily closing balances.

3. Restricted Short-term Investments

	<u>2018</u>	<u>2017</u>
Guaranteed Investment Certificate, interest at 2.20%, interest paid when redeemed, due June 4, 2018	\$ 4,364	\$ -
Guaranteed Investment Certificate, interest at 1.25% - year 1, 1.51% - year 2, and 2.65% - year 3, interest paid when redeemed, due August 20, 2018	31,613	-
Guaranteed Investment Certificate, interest at 1.25% - year 1, 1.51% - year 2, and 2.65% - year 3, interest paid when redeemed, due September 30, 2018	<u>10,278</u>	-
	<u>\$ 46,255</u>	<u>\$ -</u>

Barrie Community Foundation Notes to the Financial Statements

For the year ended March 31, 2018

4. Restricted Long-term Investments

	2018	2017
Cash	\$ -	\$ 1,118
Guaranteed Investment Certificate, interest at 2.20%, interest paid when redeemed, due June 4, 2018	-	4,270
Guaranteed Investment Certificate, interest at 1.25% - year 1, 1.51% - year 2, and 2.65% - year 3, interest paid when redeemed, due August 20, 2018	-	31,143
Guaranteed Investment Certificate, interest at 1.25% - year 1, 1.51% - year 2, and 2.65% - year 3, interest paid when redeemed, due September 30, 2018	-	10,125
Guaranteed Investment Certificate, interest at 1.50% - year 1, 1.75% - year 2, and 2.75% - year 3, interest paid when redeemed, due January 23, 2020	32,397	31,918
Canadian equities	146,347	28,362
	\$ 178,744	\$ 106,936

Guaranteed investment certificates are recorded at carrying value plus accrued interest, which approximates market value at March 31, 2018. During 2018, funds in the amount of \$140,00 were transferred to the Toronto Foundation to be pooled and managed by the Foundation. Investments in securities with an active market have been recorded at market value based on quoted market prices at March 31, 2018. The Foundation has recognized an unrealized loss in the amount of \$749 (2017 - \$520) related to the change in the fair value of the investments during the year. This loss has been recorded in the statement of operations.

Barrie Community Foundation Notes to the Financial Statements

For the year ended March 31, 2018

5. Transfers Between Funds

Interfund transfers to (from) funds consist of the following:

	General Fund	Restricted Funds	Endowment Funds
Administrative fees	\$ 2,115	\$ 6,660	\$ (8,775)
Incubator fees	(2,545)	-	2,545
Professional fees - audit	(5,733)	5,733	-
Interest earned by endowment funds	(8,719)	-	8,719
Other	(6,696)	1,077	5,619
	\$ (21,578)	\$ 13,470	\$ 8,108

6. Financial Instrument Risk

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Foundation is exposed to credit risk since the Foundation's cash deposits are in excess of the amount insured by the agencies of the federal government in the amounts of \$100,000 at March 31, 2018.

Market Risk

Market risk includes exposure to fluctuations in market values, currency rates and interest rates. The Foundation is exposed to fluctuations in equity markets on its investments. It mitigates this risk through investing in lower risk securities and diversification of the investment portfolios. This investment policy considers market risk and the Foundation has mitigated this risk to the financial statements as a whole.

There have been no changes to the Foundation's financial instrument exposure from the prior year.
