

**Community Foundation Grey Bruce
Financial Statements
For the year ended December 31, 2015**

Community Foundation Grey Bruce
Financial Statements
For the year ended December 31, 2015

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Independent Auditor's Report

To the Members of Community Foundation Grey Bruce

We have audited the accompanying financial statements of the Community Foundation Grey Bruce, which comprise the balance sheet as at December 31, 2015, and the statements of operations and changes in fund balances 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 audit opinion.



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Community Foundation Grey Bruce as at December 31, 2015 and the results of its operations and changes in fund balances and 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

Owen Sound, Ontario
May 24, 2016

Community Foundation Grey Bruce Balance Sheet

December 31 2015 2014

Assets

Current

Cash	\$ 113,005	\$ 95,980
Investments (Note 2)	14,666,725	14,393,183
Cash surrender value of life insurance (Note 10)	15,234	17,537
Accounts receivable (Note 3)	16,679	15,761
Prepaid expenses	1,243	1,484

\$ 14,812,886 \$ 14,523,945

Liabilities and Fund Balances

Current

Accounts payable (Note 4)	\$ 13,053	\$ 9,958
Deferred revenue	-	2,743

13,053 12,701

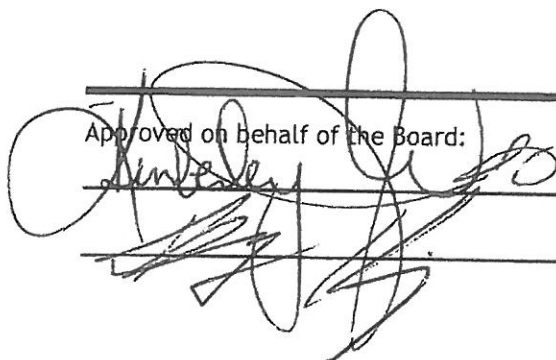
Fund balances

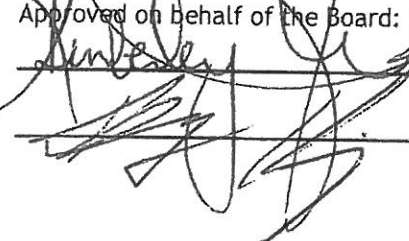
Externally restricted (Note 5)		
Endowments	12,865,335	12,442,674
Donor restricted	1,378,478	1,597,465
Operating	556,020	471,105

14,799,833 14,511,244

\$ 14,812,886 \$ 14,523,945

Approved on behalf of the Board:

 Director

 Director

Community Foundation Grey Bruce
Statement of Operations and Changes in Fund Balances

For the year ended December 31

	Operating Fund		Restricted Fund		Endowment Fund		Total
	2015	2014	2015	2014	2015	2014	2015 2014
Revenues							
Trillium grant	\$ 2,743	\$ 25,757	\$ -	\$ -	\$ -	\$ -	\$ 2,743 \$ 25,757
Donations and event revenue	11,930	20,295	143,341	139,578	511,550	858,857	666,821 1,018,730
Investment income (Note 6)	155,596	181,566	562,141	1,023,720	-	-	717,737 1,205,286
Cash surrender value of life insurance	-	-	-	20,265	-	-	- 20,265
	170,269	227,618	705,482	1,183,563	511,550	858,857	1,387,301 2,270,038
Expenses							
Administrative expenses (Schedule 1)	291,806	263,456	-	-	-	-	291,806 263,456
Insurance premium	-	-	2,303	2,728	-	-	2,303 2,728
Trillium expenses	2,743	30,741	-	-	-	-	2,743 30,741
Grants (Note 8)	-	-	801,860	698,975	-	-	801,860 698,975
	294,549	294,197	804,163	701,703	-	-	1,098,712 995,900
Excess (deficiency) of revenues over expenses before transfers	(124,280)	(66,579)	(98,681)	481,860	511,550	858,857	288,589 1,274,138
Interfund transfers (Note 9)	209,195	164,830	(120,306)	(328,383)	(88,889)	163,553	- -
Excess (deficiency) of revenues over expenses for the year	84,915	98,251	(218,987)	153,477	422,661	1,022,410	288,589 1,274,138
Fund balances, beginning of year	471,105	372,854	1,597,465	1,443,988	12,442,674	11,420,264	14,511,244 13,237,106
Fund balances, end of year	\$ 556,020	\$ 471,105	\$ 1,378,478	\$ 1,597,465	\$ 12,865,335	\$ 12,442,674	\$ 14,799,833 \$ 14,511,244

The accompanying notes are an integral part of these financial statements.

Community Foundation Grey Bruce
Statement of Cash Flows

<u>For the year ended December 31</u>	<u>2015</u>	<u>2014</u>
Cash flows from (used in)		
Operating activities		
Excess of revenue over expenses for the year	\$ 288,589	\$ 1,274,138
Items not involving cash		
Change in unrealized gain on investments	539,566	(258,192)
Donation of securities	(41,778)	(27,364)
	<u>786,377</u>	<u>988,582</u>
Changes in non-cash working capital balances		
Accounts receivable	(918)	(5,383)
Prepaid expenses	241	(240)
Accounts payable	3,095	(1,950)
Deferred revenue	(2,743)	2,743
	<u>786,052</u>	<u>983,752</u>
Investing activities		
Increase in investments	(771,330)	(980,069)
Change in cash surrender value of life insurance	2,303	(17,537)
	<u>(769,027)</u>	<u>(997,606)</u>
Increase (decrease) in cash during the year	17,025	(13,854)
Cash position, beginning of the year	<u>95,980</u>	<u>109,834</u>
Cash position, end of the year	<u>\$ 113,005</u>	<u>\$ 95,980</u>

The accompanying notes are an integral part of these financial statements.

Community Foundation Grey Bruce

Notes to Financial Statements

December 31, 2015

1. Summary of Significant Accounting Policies

Nature and Purpose of Organization

Community Foundation Grey Bruce is incorporated without share capital by letters patent under the laws of the Canada Corporations Act. The Community Foundation Grey Bruce is involved in raising and disbursing funds to not-for-profit organizations, charities, and educational and cultural organizations in Grey and Bruce Counties.

The Community Foundation Grey Bruce is a registered charity and, as such, is exempt from income tax and may issue income tax receipts to donors.

Basis of Accounting

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

These financial statements were prepared using the accrual basis of accounting. The accrual basis recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

Fund Accounting

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

The Operating Fund reports resources available for the Foundation's program delivery and administrative activities. The use of these funds is at the discretion of the Foundation's Board of Directors.

The Restricted Fund reports resources available for grant making purposes specified by the donor or endowment funder.

The Endowment Fund reports resources contributed for endowment that are not to be expended by the Foundation.

Community Foundation Grey Bruce Notes to Financial Statements

December 31, 2015

1. Summary of Significant Accounting Policies - (continued)

Revenue Recognition

Unrestricted contributions are recognized as revenue of the Operating Fund in the year received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Grant revenue is recorded in the period in which the related eligible expenses are incurred. Where a portion of a grant relates to a future period, it is deferred and recognized in a subsequent period.

Restricted contributions are recognized as revenue of the appropriate restricted fund when received.

Contributions for endowment are recognized as revenue in the Endowment Fund when received.

Investment income includes dividends, interest, realized gains (losses) and the net change in unrealized gains (losses) for the year, less investment counsel fees.

Investment income earned on resources of the Endowment Fund is reported in the Operating or Restricted Fund depending on the nature of any restrictions imposed by the contributors of the endowment. An allocation of Interest, determined annually by the Board of Director, is reported as an interfund transfer to the Endowment Fund to preserve the purchasing power of the capital.

Investment income earned on restricted funds is reported as revenue of the appropriate restricted fund and unrestricted investment income is recognized in operating fund when earned.

Financial instruments

Financial instruments are recorded at fair value when acquired or issued.

In subsequent periods, equities traded in an active market are reported at fair value, with any unrealized gains and losses reported in operations. In addition, all bonds and guaranteed investment certificates have been designated to be in the fair value category, with gains and losses reported in operations. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each balance sheet date.

Community Foundation Grey Bruce

Notes to Financial Statements

December 31, 2015

1. Summary of Significant Accounting Policies - (continued)

Financial Instruments	All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired.
Contributed Materials and Services	Volunteers contribute a substantial number of hours each year to assist the Foundation in carrying out its activities. Due to the difficulty in determining fair value, contributed goods and services are not recognized in the financial statements.
Foreign Currency Translation	At the transaction date, each asset, liability revenue and expense is translated into Canadian dollars by the use of the exchange rate in effect at that date. At the year-end date, monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at that date. The resulting foreign exchange gains and losses are included in income in the current year.

2. Investments

	2015		2014	
Notes	\$ 665,858	5 %	\$ 767,000	5 %
Fixed income				
Canadian	3,325,544	23 %	2,014,373	14 %
Foreign	473,155	3 %	141,141	1 %
Equities				
Canadian	3,228,526	22 %	7,621,865	53 %
Foreign	3,357,590	23 %	2,065,483	14 %
International pooled funds	2,935,344	19 %	1,401,653	10 %
	13,986,017	95 %	14,011,515	97 %
Cash and Cash equivalents				
Canadian	436,003	3 %	281,587	2 %
Foreign	244,705	2 %	100,081	1 %
	<u>\$ 14,666,725</u>	<u>100 %</u>	<u>\$ 14,393,183</u>	<u>100 %</u>

Community Foundation Grey Bruce

Notes to Financial Statements

December 31, 2015

2. Investments - (continued)

Cash equivalents include \$312,344 (2014 - \$175,752) in Canadian and \$129,014 (2014 - \$80,023) in US\$ money market units and \$Nil (2014 - \$22,394) in Canadian high interest savings accounts held in portfolios managed by professional investment managers.

Investments are held for safekeeping at authorized depositories, such as the Canadian Depository for Securities. Investments are made in accordance with the Foundation's investment policy as approved by the Board. The primary objective in investing the assets of the Community Foundation Grey Bruce is income generation through fixed income and dividends and the preservation and enhancement of the value of the capital through prudent diversification of high quality investments, currencies and asset classes.

The Foundation's investments are exposed to the following risks;

Market Risk

Market Risk is the risk that the value of the investments will fluctuate as a result of changes in market price. The Foundation is exposed to market risk on its investments in equities and pooled investments. The investments of the Foundation are subject to normal market fluctuations and to the risk inherent in investment in capital markets.

Interest Rate Risk

Interest Rate Risk is the risk that the value of the investments will fluctuate as a result of changes in market interest rates. Interest rate risk arises when the Foundation invests in interest-bearing financial instruments and, therefore, the Foundation is exposed to interest rate risk on its notes and bonds.

Currency Risk

Currency Risk is the risk that the value of the investments will fluctuate as a result of fluctuations in foreign exchange rates. The Foundation is exposed to currency risk on its foreign equities, pooled funds and cash as they are converted into Canadian dollars at the rate of exchange prevailing on December 31st to determine fair value.

The objective of the Foundation's investment policy is to control these risks with a balanced approach, with a diversified mix of equities and fixed income securities and cash. The Foundation's investments are measured against a benchmark consisting of relative weightings of S&P/TSX Composite Index, S&P 500 Index, Morgan Stanley EAFE Index, Morgan Stanley World Index and Dex Universe Bond Index.

Community Foundation Grey Bruce
Notes to Financial Statements

December 31, 2015

3. Accounts Receivable

There were no impairment allowances included in accounts receivable.

4. Accounts Payable

Included in accounts payable is \$71 (2014 - \$196) in government remittances payable. The Foundation is exposed to liquidity risk arising from its accounts payable.

5. Externally Restricted Net Assets

	2015	2014
Endowments		
Unrestricted Funds	\$ 255,337	\$ 266,040
Designated Funds	1,419,850	1,287,588
Smart and Caring	1,259,122	1,124,562
Field of Interest	461,056	461,056
Designated - Agency Fund	750,746	556,013
Donor Advised	7,545,647	7,363,171
Designated - Foundation Operations	1,173,577	1,384,244
	<u>\$ 12,865,335</u>	<u>\$ 12,442,674</u>
Donor Restricted Undistributed Fund Balance		
Endowment fund earnings available for granting	\$ 1,317,722	\$ 1,543,240
Flow Through Funds		
Owen Sound Physicians Recruitment	11,256	10,715
Community Waterfront	3,547	6,794
Cheetam	3,953	-
Wes for Youth	42,000	36,716
	<u>\$ 1,378,478</u>	<u>\$ 1,597,465</u>

Community Foundation Grey Bruce
Notes to Financial Statements

December 31, 2015

6. Investment Income

Investment income net of investment counsel fees is reported as follows:

	<u>2015</u>	<u>2014</u>
Dividends and interest	\$ 575,635	\$ 453,954
Realized gain	770,791	575,772
Change in unrealized gain	(539,566)	258,192
Investment council fees	<u>(89,123)</u>	<u>(82,632)</u>
Total investment income on endowment resources recognized as revenue in the year	<u>\$ 717,737</u>	<u>\$ 1,205,286</u>

Net investment income earned on endowment funds is reported as follows:

Operating	\$ 155,596	\$ 181,566
Restricted	<u>562,141</u>	<u>1,023,720</u>
Total investment income on endowment resources recognized as revenue in the year	<u>\$ 717,737</u>	<u>\$ 1,205,286</u>

7. Matched Funding

The Foundation has initialized a matching program utilizing up to \$600,000 of the funds received from the Betty McKay Estate. This program effective October 1, 2013 to December 31, 2016 is designed as follows:

- (a) All matching by the Foundation is on a \$1 per \$2 donated.
- (b) There is a minimum of \$5,000 and a maximum of \$10,000 to be matched for all other existing and new funds participating in the program.
- (c) All matched funds must remain with the Foundation if the Endowed fund is ever dissolved.
- (d) Annual investment income will be reinvested into the matched fund until endowed capital of the combined funds reaches \$25,000.

The Betty McKay Estate provided \$229,286 in matching funds in 2015 (2014 - \$61,098). In 2014, three Smart and Caring Funds were created with a total value of \$15,000 in favour of previous Executive Directors. The funding for this was from the matching programs.

Community Foundation Grey Bruce
Notes to Financial Statements

December 31, 2015

8. Grants

	<u>2015</u>	<u>2014</u>
Related to endowments	\$ 671,660	\$ 559,104
Related to flow through funds	<u>130,200</u>	<u>139,871</u>
	<u>\$ 801,860</u>	<u>\$ 698,975</u>

9. Interfund Transfers

An annual administration fee of 1.5% of the market value of the endowments and 1.5% of receipts for flow through funds is transferred to the Operating Fund from the Restricted Funds. In 2015 this resulted in a transfer of \$195,730 (2014 - \$177,745).

In 2015, \$13,465 was transferred from the Restricted Fund to the Operating Fund to cover the cost for the Vital Signs project and \$88,889 was transferred from the Endowed Fund to the Restricted Fund for the payment of grants.

In 2014, \$5,000 was transferred from the Operating Fund to the Endowment Fund to establish a Smart and Caring Fund in honour of Paul Martin; \$7,915 was transferred from the Operating Fund to a Donor Established Restricted Fund; \$15,080 was transferred from a Restricted Fund to an Endowment Fund; and \$143,473 was transferred from the Restricted Funds to the Endowment Fund to capitalize undistributed income from the transfer of amounts to establish a Dividend Pool of Endowment Funds.

10. Interest in Life Insurance Policies

The Community Foundation Grey Bruce is the assignee and owner of a life insurance policy totalling approximately \$185,000. The cash surrender value of \$15,234 relating to this policy has been recorded as an asset in these financial statements.

Community Foundation Grey Bruce

Notes to Financial Statements

December 31, 2015

11. Charitable Remainder Trust

The Community Foundation Grey Bruce is a residual capital beneficiary of the Jessie Calder Charitable Remainder Trust. Upon the death of the last income beneficiary, the Foundation will receive 2/3 of the capital that remains in the trust. No value related to this trust has been included in these financial statements.

Community Foundation Grey Bruce
Schedule 1 - Administrative Expenses

For the year ended December 31	2015	2014
Bank charges	\$ 700	\$ 37
Conferences, training and workshops	10,054	4,178
Environmental web site	-	208
Equipment	1,201	-
Insurance	1,960	1,675
Meetings (Note 1)	7,989	11,151
Membership dues and subscriptions	4,338	1,918
Miscellaneous	691	392
Office expenses	11,429	11,142
Promotional material and events (Note 2)	21,056	8,705
Professional fees	6,974	8,737
Rent	17,254	15,484
Salaries and benefits	185,784	190,828
Software	1,045	1,559
Telephone and internet	2,776	2,603
Travel	5,090	4,839
Vital signs	13,465	-
	<u>\$ 291,806</u>	<u>\$ 263,456</u>

Note 1

Revenue from information sessions	\$ 8,074	\$ 6,914
Less: meeting expense	(7,989)	(11,151)
	<u>\$ 85</u>	<u>\$ (4,237)</u>

Note 2

Advertising general	\$ 1,079	\$ 244
Asset development expenses	1,013	-
Design and consultants	2,020	104
Media	11,030	3,115
Yearly report and mailing	5,914	5,242
	<u>\$ 21,056</u>	<u>\$ 8,705</u>

The Foundation's operating expenses involves asset development and activities related to grant making, leadership and philanthropic services. These activities are not necessarily related to the donations received in any one year and the asset development methodology used by the Foundation creates normal gift delays which may result in costs preceding the receipt of the gifts by several years. The ratio of total operating expenses to average total assets has been used to evaluate operating costs.

Total assets, beginning of the year	\$ 14,523,945	\$ 13,249,014
Total assets, end of the year	\$ 14,812,886	\$ 14,523,945
Average total assets	\$ 14,668,416	\$ 13,886,480
Administrative expenses	\$ 291,806	\$ 263,456
Administrative expenses as a percentage of total assets	1.99 %	1.90 %