

PRINCE EDWARD COUNTY COMMUNITY FOUNDATION
FINANCIAL STATEMENTS
AS AT JUNE 30, 2019

PRINCE EDWARD COUNTY COMMUNITY FOUNDATION
TABLE OF CONTENTS
AS AT JUNE 30, 2019

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Revenue, Expenditures and Fund Balances	4
Statement of Cash Flows	5
Notes to Financial Statements	6-12
Statement of Financial Position - Social Impact Projects	13
Statement of Revenue, Expenditures and Fund Balances - Social Impact Projects	14

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Prince Edward County Community Foundation

Opinion

We have audited the financial statements of Prince Edward County Community Foundation (the Organization), which comprise the statement of financial position as at June 30, 2019 and the statements of revenue, expenditures and fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at June 30, 2019, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

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 the Organization 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 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 these financial statements, management is responsible for assessing the Organization'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 the Organization, or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

**INDEPENDENT AUDITOR'S REPORT
(CONT'D)**

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 the Organization's 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 Organization'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 Organization 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.

Wilkinson & Company LLP

BELLEVILLE, Canada
January 20, 2020

Chartered Professional Accountants
Licensed Public Accountants

WILKINSON & COMPANY LLP - CHARTERED PROFESSIONAL ACCOUNTANTS

Telephone 613-966-5105 • Toll Free 1-888-728-3890 • Fax 613-962-7072
888 Sidney Street, Belleville, Ontario K8N 4Z5 • www.wilkinson.net

PRINCE EDWARD COUNTY COMMUNITY FOUNDATION
STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2019

	2019						
	Operating Fund \$	TCF Fund \$	Managed Funds \$	Vital Signs Projects \$	Social Impact Projects \$ Schedule 1	Total \$	Total 2018 \$ Note 2
ASSETS							
CURRENT							
Cash	78,325	36,155	2,777,909	16,487	86,684	2,995,560	2,387,239
Accounts receivable	38,883					38,883	4,000
Investments - Note 3	9,120		771,493			780,613	829,570
Government remittances receivable	6,074			1,042	2,397	9,513	7,925
Note receivable - Note 4			1,000,000			1,000,000	
	132,402	36,155	4,549,402	17,529	89,081	4,824,569	3,228,734
LIABILITIES							
CURRENT							
Interfund payables (receivables)	(51,681)		51,681				
Funds held on behalf of other parties			4,497,721			4,497,721	2,850,426
Accounts payable and accrued liabilities	8,254				3,941	12,195	12,518
Deferred contributions - Note 5	15,000			5,000	44,116	64,116	173,025
	(28,427)	NIL	4,549,402	5,000	48,057	4,574,032	3,035,969
FUND BALANCES							
FUND BALANCES	160,829	36,155	NIL	12,529	41,024	250,537	192,765
COMMITMENTS - Note 6							
APPROVED ON BEHALF OF THE BOARD							
_____ Director							
	132,402	36,155	4,549,402	17,529	89,081	4,824,569	3,228,734

The accompanying notes form an integral part of these financial statements

**PRINCE EDWARD COUNTY COMMUNITY FOUNDATION
STATEMENT OF REVENUE, EXPENDITURES AND FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2019**

	Operating Fund \$	TCF Fund \$	2019 Vital Signs Projects \$	Social Impact Projects \$ Schedule 2	Total \$	Total 2018 \$
REVENUES						
Donations	33,470	6,971	7,698	2,450	50,589	62,222
Investment income	927				927	971
Grants	30,000		12,500	166,746	209,246	249,475
Philanthropic service and investment management fees	57,185				57,185	22,307
Project management	19,241				19,241	4,279
Miscellaneous	5,388				5,388	350
	146,211	6,971	20,198	169,196	342,576	339,604
EXPENDITURES						
Advertising, promotion and communications	2,260		6,114		8,374	7,221
Bank charges	197				197	150
Computers, software and services	4,441		2,144		6,585	1,509
Consulting fees			693		693	36,714
Investment management fees	4,956				4,956	7,958
Grants	2,323	9,600			11,923	13,176
Meetings, conferences and training	2,728				2,728	
Liability insurance	1,522				1,522	1,499
Membership - CFC	450				450	450
Other	1,139			1,132	2,271	21,948
Professional fees	7,172				7,172	13,276
Rent	5,926		312		6,238	6,032
Grant writing fees				693	693	18,667
Subcontracted services	46,506		33,807	150,689	231,002	239,199
	79,620	9,600	43,070	152,514	284,804	367,799
EXCESS OF REVENUE OVER EXPENDITURES (EXPENDITURES OVER REVENUE) FOR YEAR	66,591	(2,629)	(22,872)	16,682	57,772	(28,195)
FUND BALANCES - BEGINNING OF YEAR	91,650	33,784	35,401	31,930	192,765	220,960
TRANSFER BETWEEN FUND BALANCES	2,588	5,000		(7,588)		
FUND BALANCES - END OF YEAR	160,829	36,155	12,529	41,024	250,537	192,765

The accompanying notes form an integral part of these financial statements

**PRINCE EDWARD COUNTY COMMUNITY FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019**

	2019	2018
	\$	\$
OPERATING ACTIVITIES		
Excess of revenue over expenditures (expenditures over revenue) for year	57,772	(28,195)
Loss on sale of portfolio investments	4,666	
Unrealized gain on portfolio investments	(12,754)	
Reinvested investment income	(40,079)	
	9,605	(28,195)
Net change in non-cash working capital balances related to operations - Note 7	1,501,592	2,148,441
CASH FLOWS PROVIDED FROM OPERATING ACTIVITIES	1,511,197	2,120,246
INVESTING ACTIVITIES		
Issue of note receivable	(1,000,000)	
Proceeds from disposition of portfolio investments	97,124	
CASH FLOWS PROVIDED FROM (USED IN) INVESTING ACTIVITIES	(902,876)	NIL
NET INCREASE IN CASH AND CASH EQUIVALENTS FOR YEAR	608,321	2,120,246
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	2,387,239	266,993
CASH AND CASH EQUIVALENTS - END OF YEAR	2,995,560	2,387,239
REPRESENTED BY:		
Cash	2,995,560	2,387,239

The accompanying notes form an integral part of these financial statements

**PRINCE EDWARD COUNTY COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

1. NATURE OF ORGANIZATION

Prince Edward County Community Foundation is a not-for-profit organization, incorporated under the laws of Ontario, without share capital.

The Organization works with private donors, communities and charitable organizations to stimulate charitable giving, establish permanent endowment funds, and support initiatives which make an ongoing difference in all areas of Prince Edward County.

The Organization is a registered charity under the Income Tax Act of Canada, and accordingly, is not subject to income tax.

2. ACCOUNTING POLICIES

Outlined below are those accounting policies adopted by the Organization considered to be particularly significant:

(a) Basis of Accounting

These financial statements are prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

(b) Accounting 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 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. The most significant management estimates relate to the valuation of deferred contributions. Actual results could differ from these estimates.

(c) Fund Accounting

The Organization maintains the following funds:

- (i) The Operating Fund is an unrestricted fund that accounts for the Organization's day-to-day operating and administrative activities.
- (ii) The Community Fund ("TCF") is a restricted fund established to make annual grants to other charities within Prince Edward County at the discretion of the Board of Directors.
- (iii) The Managed Funds is a restricted fund where the funds are held by the Organization on behalf of the donors. Funds are restricted and the income and capital is designated for the distribution at the direction of the donor.

**PRINCE EDWARD COUNTY COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

2. ACCOUNTING POLICIES (Cont'd)

(c) Fund Accounting (Cont'd)

- (iv) The Vital Signs Projects Fund is a restricted fund established to facilitate and support the co-ordination of activities related to the projects of the Vital Signs Projects working groups. Funds are restricted to the spending on its core areas: transportation, food security and learning.
- (v) The Social Impact Projects Fund is a restricted fund established to facilitate and support the co-ordination of social impact projects of the Organization. Funds are restricted to the various projects listed in Schedules 1 and 2.

(d) Contributed Services

A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

(e) Short-Term Investments

Short-term investments are acquired substantially for their income-earning potential and are initially recorded at their acquisition cost with interest accrued as at the year-end date. They are subsequently adjusted to fair value at the date of the statement of financial position and any corresponding gains and losses are recorded in the statement of revenue, expenditures and fund balances operations for the year.

(f) Tangible Capital Assets

Acquisitions and disposals of tangible capital assets are treated as disbursements and receipts in the year in which the transaction occurs. Tangible capital assets expensed during the year amounted to \$NIL (2018 - \$NIL).

(g) Revenue Recognition

The Organization follows the deferral method of accounting for contributions.

The Organization is funded primarily by government and specific private sector grants in support of well defined programs. Operating grants are recorded as revenue in the period in which they relate. Grants approved but not received at the end of the accounting period are accrued. Where a portion of the grant relates to a future period, it is deferred and recognized in that subsequent period. These financial statements reflect agreed arrangements approved by the Board with respect to the year ended June 30, 2019.

Pursuant to the related agreements, if the Organization does not meet the requirements set in the agreement, the funders are entitled to seek refunds.

**PRINCE EDWARD COUNTY COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

2. ACCOUNTING POLICIES (Cont'd)

(g) Revenue Recognition (Cont'd)

Unrestricted contributions are recognized as revenue when received or receivable if the amount can be reasonably estimated and all collection is reasonably assured. Unrestricted investment income is recognized as revenue when earned.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized.

Philanthropic fees, earned on funds held and managed on behalf of other parties, are accrued quarterly at the rates specified in the fund agreements.

(h) Cash and Equivalents

Cash and equivalents, primarily on behalf of the managed funds, consist of cash on deposit and bank term deposits in money market instruments with maturity dates of less than three months from the date they are acquired.

(i) Financial Instruments

(i) Measurement of Financial Instruments

The Organization initially measures its financial assets and liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Organization subsequently measures all its financial assets and financial liabilities at amortized costs, except for equities quoted in an active market and funds held on behalf of other parties, which are subsequently measured at fair value. Changes in fair value are recognized in funds held on behalf of other parties' liability.

Financial assets measured at amortized cost include cash and accounts receivable and government remittances receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

(ii) Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write down is reflected in excess (deficiency) of revenue over expenditures. When events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in excess (deficiency) of revenue over expenditures up to the amount previously recognized as impaired.

**PRINCE EDWARD COUNTY COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

3. INVESTMENTS

The book values and fair values of investments as at June 30 are as follows:

	2019		2018	
	Cost	Market	Cost	Market
	\$	Value	\$	Value
Mutual fund	762,727	780,613	824,438	829,570
<hr/>				
		2019		2018
		\$		\$
Operating fund		9,120		28,030
Managed funds		771,493		801,540
<hr/>				
		780,613		829,570
<hr/>				

During the year, the organization sold marketable securities for cash consideration of \$97,124, resulting in a realized loss on disposal of \$4,666. During the year, the organization recognized a current year increase in market value of \$12,574.

4. NOTE RECEIVABLE

Note receivable is non-interest bearing and is receivable in annual payments of various amounts. The note matures on June 30, 2021.

5. DEFERRED CONTRIBUTIONS

Deferred contributions represents the unearned portion of donations or contributions for a specified purpose. Details are as follows:

	2019		2018	
	Operating	TCF	Vital	Social
	Fund	Fund	Signs	Impact
	\$	\$	Projects	Projects
			\$	\$
Municipal grants				
- Grants co-ordinator			5,000	5,000
- Funds administrator	15,000			15,000
Ontario Trillium				
Foundation				44,116
Youth CI				
<hr/>				
	15,000	NIL	5,000	44,116
<hr/>				
				64,116
				173,025
<hr/>				

**PRINCE EDWARD COUNTY COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

6. LEASE COMMITMENTS

The Organization has entered into an agreement to lease office space. This operating lease expires on April 2020. The annual minimum rental payment required under this lease over the next year is as follows:

	\$
2020	5,039

7. NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES RELATED TO OPERATIONS

Cash provided from (used in) non-cash working capital is compiled as follows:

	2019 \$	2018 \$
(INCREASE) DECREASE IN CURRENT ASSETS		
Accounts receivable	(34,883)	(4,000)
Investments		(556,583)
Government remittances receivable	(1,588)	(7,925)
	(36,471)	(568,508)
INCREASE (DECREASE) IN CURRENT LIABILITIES		
Funds held on behalf of other parties	1,647,295	2,560,106
Accounts payable and accrued liabilities	(323)	12,518
Deferred contributions	(108,909)	144,325
	1,538,063	2,716,949
NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES RELATED TO OPERATIONS	1,501,592	2,148,441

**PRINCE EDWARD COUNTY COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

8. FINANCIAL RISKS AND CONCENTRATION OF RISKS

The risks that arise from transacting financial instruments include interest rate risk, liquidity risk and market (other price) risk. Price risk arises from changes in interest rates, foreign currency exchange rates and market prices.

(a) Market Risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of market factors. Market factors include three types of risk: currency risk, interest rate risk and equity risk.

(b) Interest Rate Risk:

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates. Management mitigates interest rate risk by holding diversified funds and any losses within managed funds reduces the related liability account.

The Organization is exposed to interest rate risk through its interest-bearing investments within the balanced fund as disclosed in Note 3 to these financial statements. As prevailing interest rates increase or decrease, the market value of the interest-bearing investments will change.

(c) Currency Risk:

Currency risk relates to the organization operating in different currencies and converting non-Canadian earnings at different points in time at different foreign exchange levels when adverse changes in foreign currency exchange rates occur.

The organization is not exposed to this risk as it does not deal in other currencies.

(d) Equity Risk:

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Organization is exposed to equity risk as it holds equity investments as described in Note 3 to these financial statements.

The risk is mitigated through the holding of diversified mutual fund and any losses within managed funds reduces the related liability account.

**PRINCE EDWARD COUNTY COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

8. FINANCIAL RISKS AND CONCENTRATION OF RISKS (Cont'd)

(e) Liquidity Risk:

Liquidity risk is the risk that the Organization will not be able to meet all cash outflow obligations as they come due.

The Organization's exposure to liquidity risk is dependent on the receipt of funds from its operations. The Organization mitigates this risk by monitoring cash activities and expected outflows. Management is of the opinion that the Organization will be able to meet all of its cash flow obligations as they come due and are not subject to significant liquidity risk.

There have been no significant changes from the previous period in the exposure to risk or policies, procedures and methods used to measure the risk.

(f) Credit Risk:

Credit risk is the risk of financial loss to the Organization if a debtor fails to make payments of interest and principal when due.

Accounts receivable are short term in nature and are not subject to material credit risk. The maximum exposure to credit risk and concentration of this risk is limited to the carrying value of these instruments.

There have been no significant changes from the previous period in the exposure to risk or policies used to measure risk.

PRINCE EDWARD COUNTY COMMUNITY FOUNDATION
STATEMENT OF FINANCIAL POSITION - SOCIAL IMPACT PROJECTS AS AT JUNE 30, 2019

	2019									Total 2018
	Laidlaw-Youth Fund \$	OTF-Youth Fund \$	CSWB Fund \$	Transportation Fund \$	Learning & Engagement Fund \$	Food CI Fund \$	Proceeds of Crime Fund \$	OTF Learning Fund \$	ROI Food Fund \$	Total \$
ASSETS										
CURRENT										
Cash			1,555	6,747	24,611		11,537	36,518	5,716	86,684
Government remittances receivable				60			41	1,568	728	2,397
	NIL	NIL	1,555	6,807	24,611	NIL	11,578	38,086	6,444	89,081
LIABILITIES										
CURRENT										
Accounts payable							3,941			3,941
Deferred contribution								44,116		44,116
	NIL	NIL	NIL	NIL	NIL	NIL	3,941	44,116	NIL	48,057
FUND BALANCES	NIL		1,555	6,807	24,611		7,637	(6,030)	6,444	41,024
	NIL	NIL	1,555	6,807	24,611	NIL	11,578	38,086	6,444	89,081

The accompanying notes form an integral part of these financial statements

PRINCE EDWARD COUNTY COMMUNITY FOUNDATION
STATEMENT OF REVENUE, EXPENDITURES AND FUND BALANCES - SOCIAL IMPACT PROJECTS
FOR THE YEAR ENDED JUNE 30, 2019

	2019									Total	Total
	Laidlaw-Youth Fund \$	OTF-Youth Fund \$	CSWB Fund \$	Transportation Fund \$	Learning & Engagement Fund \$	Food CI Fund \$	Proceeds of Crime Fund \$	OTF Learning Fund \$	ROI Food Fund \$	Total \$	2018 \$
REVENUES											
Donations								2,450		2,450	17,500
Grants	82,925			10,000	12,857		27,480	23,484	10,000	166,746	195,575
	82,925	NIL	NIL	10,000	12,857	NIL	27,480	25,934	10,000	169,196	213,075
EXPENDITURES											
Advertising, promotion and communications											133
Consulting fees											30,949
Other							1,132			1,132	15,258
Grant writing fees				693						693	10,000
Subcontracted services	81,834		5,889		3,246	45	18,501	32,618	8,556	150,689	197,872
	81,834	NIL	5,889	693	3,246	45	19,633	32,618	8,556	152,514	254,212
EXCESS OF REVENUE OVER EXPENDITURES (EXPENDITURES OVER REVENUE) FOR YEAR	1,091		(5,889)	9,307	9,611	(45)	7,847	(6,684)	1,444	16,682	(41,137)
FUND BALANCES- BEGINNING OF YEAR	(1,004)	674	10,085		15,000	7,175				31,930	70,234
TRANSFER BETWEEN FUND BALANCES	(87)	(674)	(2,641)	(2,500)		(7,130)	(210)	654	5,000	(7,588)	2,833
FUND BALANCES - END OF YEAR	NIL	NIL	1,555	6,807	24,611	NIL	7,637	(6,030)	6,444	41,024	31,930

The accompanying notes form an integral part of these financial statements