

WindsorEssex Community Foundation

Financial Statements
June 30, 2014



November 17, 2014

Independent Auditor's Report

To the Directors of WindsorEssex Community Foundation

We have audited the accompanying financial statements of WindsorEssex Community Foundation, which comprise the statement of financial position as at June 30, 2014 and the statements of revenue and expenses, changes in net assets and cash flows for the year then ended, and the related notes, which comprise 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.

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We believe that the audit evidence we have obtained in our audit 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 WindsorEssex Community Foundation as at June 30, 2014 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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

WindsorEssex Community Foundation

Statement of Financial Position

As at June 30, 2014

	2014 \$	2013 \$
Assets		
Cash and cash equivalents	162,120	21,656
Prepays and other assets	12,442	9,641
Investments (note 3)	11,597,584	8,943,676
Property, plant and equipment (note 4)	6,710	3,994
	<hr/> 11,778,856	<hr/> 8,978,967
Liabilities		
Accounts payable and accrued liabilities (note 5)	12,780	12,928
Managed funds (note 6)	2,819,148	2,443,825
	<hr/> 2,831,928	<hr/> 2,456,753
Net assets		
Community Fund Unrestricted	1,526,511	1,435,853
Endowment Fund (notes 7 and 8)	6,194,770	4,010,217
Restricted Fund (note 7)	1,225,647	1,076,144
	<hr/> 8,946,928	<hr/> 6,522,214
	<hr/> 11,778,856	<hr/> 8,978,967

Approved by the Board of Directors

_____ Director _____ Director

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

WindsorEssex Community Foundation

Statement of Revenue and Expenses

For the year ended June 30, 2014

	Community Fund Unrestricted \$	Endowment Fund \$	Restricted Fund \$	2014 \$	2013 \$
Revenue					
Donations (note 8)	5,444	1,808,263	-	1,813,707	130,103
1812 event administrative services	-	-	-	-	10,000
Investment income	369,211	573,559	167,974	1,110,744	447,954
	<u>374,655</u>	<u>2,381,822</u>	<u>167,974</u>	<u>2,924,451</u>	<u>588,057</u>
Operating expenses					
Advertising and promotion, net	16,939	-	-	16,939	9,470
Amortization	1,843	-	-	1,843	1,159
Automotive and travel	1,662	-	-	1,662	1,867
Bank charges	1,213	-	-	1,213	1,123
Education and training	1,140	-	-	1,140	5,009
Insurance premiums (note 9)	4,860	-	-	4,860	4,860
Investment and management fees	11,973	17,736	7,471	37,180	49,030
Licenses, memberships and dues	3,769	-	-	3,769	4,020
Office supplies	5,209	-	-	5,209	2,567
Other: Board and committee work	2,982	-	-	2,982	5,106
Professional fees	13,442	-	-	13,442	17,427
Rent	18,169	-	-	18,169	20,670
Wages and employee benefits	93,576	-	-	93,576	75,348
	<u>176,777</u>	<u>17,736</u>	<u>7,471</u>	<u>201,984</u>	<u>197,656</u>
Other (income) expenses					
Administrative (recovery) fees	(7,596)	7,173	-	(423)	(395)
	<u>205,474</u>	<u>2,356,913</u>	<u>160,503</u>	<u>2,722,890</u>	<u>390,796</u>
Grants and bursaries					
Grants and bursaries made by the organization from restricted and unrestricted assets	114,816	172,360	11,000	298,176	158,621
	<u>90,658</u>	<u>2,184,553</u>	<u>149,503</u>	<u>2,424,714</u>	<u>232,175</u>

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

WindsorEssex Community Foundation

Statement of Changes in Net Assets

For the year ended June 30, 2014

	Community Fund Unrestricted \$	Endowment Fund \$	Restricted Fund \$	Total \$
Balance - June 30, 2012	1,480,175	3,796,950	1,012,914	6,290,039
Net (expenses) revenue	(44,322)	213,267	63,230	232,175
Balance - June 30, 2013	1,435,853	4,010,217	1,076,144	6,522,214
Net revenue	90,658	2,184,553	149,503	2,424,714
Balance - June 30, 2014	1,526,511	6,194,770	1,225,647	8,946,928

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

WindsorEssex Community Foundation

Statement of Cash Flows

For the year ended June 30, 2014

	2014 \$	2013 \$
Cash flows from operating activities		
Net revenue for the year	2,424,714	232,175
Adjustments for		
Amortization of property, plant and equipment	1,843	1,159
	<u>2,426,557</u>	<u>233,334</u>
Net change in non-cash working capital balances		
Increase (decrease) in prepaids and other assets	(2,801)	568
(Decrease) increase in accounts payable and accrued liabilities	(148)	2,180
Decrease in deferred revenue	-	(25,000)
	<u>2,423,608</u>	<u>211,082</u>
Cash flows from investing activities		
Purchase of property plant and equipment	(4,559)	-
Increase in investments, net of changes in managed funds	(2,278,585)	(267,046)
	<u>(2,283,144)</u>	<u>(267,046)</u>
Net change in cash and cash equivalents	140,464	(55,964)
Cash and cash equivalents - Beginning of year	<u>21,656</u>	<u>77,620</u>
Cash and cash equivalents - End of year	<u>162,120</u>	<u>21,656</u>

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

WindsorEssex Community Foundation

Notes to Financial Statements

June 30, 2014

1 Status of organization

WindsorEssex Community Foundation (the "Foundation") was incorporated by Special Act Chapter Pr 36, S.O. on December 16, 1983 as a corporation without share capital. The Foundation operates as a charitable organization as defined in the Income Tax Act (Canada).

Canada Revenue Agency has granted the Foundation permission to accumulate property of up to \$1,000,000 to establish and construct a linear parkway along the Windsor riverfront. The approval was effective July 1, 1997 and expires June 30, 2017.

On June 18, 2008, Application for Supplementary Letters Patent were filed changing the name of the organization from The Greater Windsor Community Foundation to WindsorEssex Community Foundation.

2 Summary of significant accounting policies

Basis of presentation

The Foundation prepares its financial statements in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") as issued by the Canadian Accounting Standards Board. The policies applied in these financial statements are described below.

Fund accounting

In order to ensure observance of limitations and restrictions placed on the use of resources available to the Foundation, the accounts of the Foundation are maintained in accordance with the principles of "fund accounting". Under these principles, resources are classified for accounting and reporting purposes into funds that are in accordance with specified activities or objectives. The Foundation uses three fund groups: Community Fund, Endowment Fund and Restricted Fund.

Community Fund

The Community Fund accounts for the Foundation's administrative and operational revenues and expenses. Net expenditures of the Community Fund are financed primarily by donor contributions directed to general operations and from investment income earned. The distribution of income for granting purposes is determined by the Board of Directors each year.

Endowment Fund

These represent funds donated to the organization to which the contributor restricts any future distribution of the capital, but allows discretion on the distribution of income. Income allocated to these funds is determined on a pro rata basis from the return on the commingled investments.

WindsorEssex Community Foundation

Notes to Financial Statements

June 30, 2014

Restricted Fund

These represent funds donated to the organization or segregated by Board resolution for specific purposes. The capital can be distributed in accordance with the specific purpose. Income allocated to these funds is determined on a pro rata basis from the return on the commingled investments.

Revenue recognition

Restricted donations and contributions are recognized as revenue in the corresponding restricted fund when received.

Restricted donations, contributions or government grants for which no corresponding restricted fund is presented are deferred and recognized as revenue over the same period as the related expenses.

Unrestricted contributions are recognized as revenue of the Community Fund in the period they are received.

Dividend and interest income are recognized in the corresponding fund when received and are included in investment income.

Funds pledged to the organization are not recorded until they are received.

Cash and cash equivalents

Cash and cash equivalents consist of cash and short term deposits.

Property, plant and equipment

Property, plant and equipment are recorded at cost, less accumulated amortization. Amortization is calculated on a declining balance basis at the following annual rates:

Computer equipment	30%
Furniture and fixtures	20%

Financial instruments

Cash and cash equivalents, investments and managed funds are recorded at fair value. Subsequent changes in the fair value of investments are recorded in the statement of revenue and expenses and included in investment income.

Accounts payable and accrued liabilities are recorded at amortized cost.

Financial assets are tested for impairment at the end of each reporting period when there are indications that the assets may be impaired.

WindsorEssex Community Foundation

Notes to Financial Statements

June 30, 2014

Donated services

A number of people donate significant time and expertise to the Foundation. However, since no objective basis exists for recording and assigning fair values to donated services, the value of this time has not been reflected in these financial statements.

Use of estimates

The preparation of financial statements in conformity with ASNPO 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 dates of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates and may have an impact on future periods.

3 Investments

Investments of WindsorEssex Community Foundation are administered by TD Waterhouse Private Investment Counsel, McLean Budden, BMO Nesbitt Burns and Windsor Family Credit Union and are invested in various GICs, bonds, debentures, stocks and equity funds and are stated at market value.

	2014	2013
	\$	\$
Fair value		
TD Waterhouse Private Investment Counsel	8,907,750	6,687,299
McLean Budden	2,434,750	2,048,088
BMO Nesbitt Burns	162,587	118,821
Windsor Family Credit Union	92,497	89,468
	<hr/> 11,597,584	<hr/> 8,943,676
Cost		
TD Waterhouse Private Investment Counsel	7,759,782	6,468,189
McLean Budden	2,048,088	1,724,098
BMO Nesbitt Burns	139,080	111,864
Windsor Family Credit Union	92,497	89,468
	<hr/> 10,039,447	<hr/> 8,393,619

WindsorEssex Community Foundation

Notes to Financial Statements

June 30, 2014

4 Property, plant and equipment

	2014		
	Cost \$	Accumulated amortization \$	Net \$
Computer equipment	9,866	5,476	4,390
Furniture and fixtures	8,331	6,011	2,320
	18,197	11,487	6,710

	2013		
	Cost \$	Accumulated amortization \$	Net \$
Computer equipment	5,307	4,405	902
Furniture and fixtures	8,331	5,239	3,092
	13,638	9,644	3,994

5 Government remittances

Government remittances consist of amounts (such as property taxes, sales tax and payroll withholding taxes) required to be paid to government authorities, and are recognized when the amounts become due. In respect of government remittances, \$Nil (2013 - \$Nil) is included within accounts payable and accrued liabilities.

6 Managed funds

These represent managed funds beneficially owned by other organizations for which the income and capital is designated for the benefit of these organizations. Certain of these funds have restrictions with respect to the type of investments that can be made and are to be kept separate from other investments of the organization. Income allocated to these funds is determined from the return on the specific restricted investments. These funds are held in the McLean Budden investment account (note 3).

The remaining managed funds have no restrictions with respect to the type of investments that can be made and therefore are commingled with the other investments of the Foundation. Income allocated to these funds is determined on a pro rata basis from the return on the commingled investments. The excess of income allocated over disbursements is added to the capital of the fund.

WindsorEssex Community Foundation

Notes to Financial Statements

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Fund movements during the year are summarized below:

Managed funds

	2014 \$	2013 \$
Balance - Beginning of year	2,443,825	2,206,770
Contributions	14,005	11,118
Grants and disbursements	(69,561)	(22,590)
Administrative fees	(423)	(395)
Investment income, net	431,302	248,922
	<hr/>	<hr/>
Balance - End of year	2,819,148	2,443,825

7 Restricted net assets

	Endowment \$	Other \$	Total \$
Balance - June 30, 2012	3,796,950	1,012,914	4,809,864
Donations	127,376	-	127,376
Investment income	212,886	76,583	289,469
Investment and management fees	(26,304)	(7,353)	(33,657)
Administrative fees	(6,651)	-	(6,651)
Grants and bursaries	(94,040)	(6,000)	(100,040)
	<hr/>	<hr/>	<hr/>
Balance - June 30, 2013	4,010,217	1,076,144	5,086,361
Donations (note 8)	1,808,263	-	1,808,263
Investment income	573,559	167,974	741,533
Investment and management fees	(17,736)	(7,471)	(25,207)
Administrative fees	(7,173)	-	(7,173)
Grants and bursaries	(172,360)	(11,000)	(183,360)
	<hr/>	<hr/>	<hr/>
Balance - June 30, 2014	6,194,770	1,225,647	7,420,417

8 Donations

Included in Donations is an amount of \$220,338 received under the Endowment Incentives Component of the Canada Cultural Investment Fund. In accordance with the agreement, these funds must be capitalized in perpetuity and, as such, have been included in the Endowment Fund.

WindsorEssex Community Foundation

Notes to Financial Statements

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9 Life insurance policies

The Foundation has been named irrevocable beneficiary and owner of a life insurance policy with an aggregate insured value of approximately \$119,000.

Future benefits to the Foundation in connection with this policy is contingent on the continuance of the payment of premiums by the donor and are only recorded in the accounts of the organization to the extent of proceeds received.

10 Financial instruments and market risk

The Foundation's investments are susceptible to market risk which is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Foundation's market risk is affected by changes in the level or volatility of market rates or prices, such as interest rates, foreign exchange rates and equity prices.

Interest rate risk

The Foundation is subject to cash flow interest rate risk due to fluctuations in the prevailing levels of market interest rates on interest rate sensitive investments.

Currency risk

The Foundation holds segregated funds denominated in Canadian dollars. To the extent that the funds hold individual investments denominated in a currency other than the Canadian dollar, the value of the investment is exposed to currency fluctuations when measured in Canadian dollars.

Other price risk

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 (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

11 Income tax status

The Foundation is a registered charity under the Income Tax Act (Canada) and, accordingly, is exempt from income taxes provided certain requirements of the Income Tax Act (Canada) are met.