

# **WindsorEssex Community Foundation**

Financial Statements  
**June 30, 2016**



November 1, 2016

## **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, 2016 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.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

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**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of WindsorEssex Community Foundation as at June 30, 2016 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, 2016

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	2016 \$	2015 \$
<b>Assets</b>		
<b>Cash and cash equivalents</b>	107,080	164,778
<b>Prepays and other assets</b>	15,374	27,411
<b>Investments</b> (note 3)	13,536,279	12,745,596
<b>Property, plant and equipment</b> (note 4)	11,469	7,309
	<hr/> 13,670,202	<hr/> 12,945,094
<b>Liabilities</b>		
<b>Accounts payable and accrued liabilities</b> (note 5)	12,328	19,458
<b>Managed funds</b> (note 6)	3,274,233	3,133,951
	<hr/> 3,286,561	<hr/> 3,153,409
<b>Net assets</b>		
<b>Community Fund Unrestricted</b>	1,155,626	1,263,491
<b>Endowment Fund</b> (notes 7 and 8)	8,028,144	7,310,775
<b>Restricted Fund</b> (note 7)	1,199,871	1,217,419
	<hr/> 10,383,641	<hr/> 9,791,685
	<hr/> 13,670,202	<hr/> 12,945,094
<b>Commitments</b> (note 12)		

### 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, 2016

	Community Fund Unrestricted \$	Endowment Fund \$	Restricted Fund \$	2016 \$	2015 \$
<b>Revenue</b>					
Donations (note 8)	93,070	821,715	-	914,785	1,332,382
Investment income	53,075	122,889	22,218	198,182	328,315
	<u>146,145</u>	<u>944,604</u>	<u>22,218</u>	<u>1,112,967</u>	<u>1,660,697</u>
<b>Operating expenses</b>					
Advertising and promotion, net	9,424	-	-	9,424	31,176
Amortization	2,716	-	-	2,716	2,346
Automotive and travel	2,260	-	-	2,260	3,218
Bank charges	1,954	-	-	1,954	1,969
Education and training	3,556	-	-	3,556	7,755
Insurance premiums (note 9)	6,273	-	-	6,273	6,584
Investment and management fees	16,213	35,704	6,766	58,683	51,293
Licenses, memberships and dues	4,461	-	-	4,461	4,116
Office supplies and miscellaneous	21,631	-	-	21,631	26,765
Other: Board and committee work	5,025	-	-	5,025	8,080
Professional fees	19,886	-	-	19,886	19,943
Rent	24,185	-	-	24,185	34,643
Wages and employee benefits	159,870	-	-	159,870	157,588
	<u>277,454</u>	<u>35,704</u>	<u>6,766</u>	<u>319,924</u>	<u>355,476</u>
<b>Other expenses</b>					
Administrative (recovery) fees	(75,262)	57,652	12,000	(5,610)	(3,598)
	<u>(56,047)</u>	<u>851,248</u>	<u>3,452</u>	<u>798,653</u>	<u>1,308,819</u>
<b>Grants and bursaries</b>					
Grants and bursaries made by the organization from restricted and unrestricted assets	51,818	133,879	21,000	206,697	464,062
	<u>(107,865)</u>	<u>717,369</u>	<u>(17,548)</u>	<u>591,956</u>	<u>844,757</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, 2016

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	Community Fund Unrestricted \$	Endowment Fund \$	Restricted Fund \$	Total \$
<b>Balance - June 30, 2014</b>	1,526,511	6,194,770	1,225,647	8,946,928
Net (expenses) revenue	(263,020)	1,091,005	16,772	844,757
Transfers in (out)	-	25,000	(25,000)	-
<b>Balance - June 30, 2015</b>	1,263,491	7,310,775	1,217,419	9,791,685
Net (expenses) revenue	(107,865)	717,369	(17,548)	591,956
<b>Balance - June 30, 2016</b>	1,155,626	8,028,144	1,199,871	10,383,641

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

# WindsorEssex Community Foundation

## Statement of Cash Flows

For the year ended June 30, 2016

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	2016 \$	2015 \$
<b>Cash flows provided by (used in)</b>		
<b>Operating activities</b>		
Net revenue for the year	591,956	844,757
Adjustments for		
Amortization of property, plant and equipment	2,716	2,346
	<u>594,672</u>	<u>847,103</u>
Net change in non-cash working capital		
Decrease (increase) in prepaids and other assets	12,037	(14,969)
(Decrease) increase in accounts payable and accrued liabilities	(7,130)	6,678
	<u>599,579</u>	<u>838,812</u>
<b>Investing activities</b>		
Purchase of property plant and equipment	(6,876)	(2,945)
Increase in investments, net of changes in managed funds	(650,401)	(833,209)
	<u>(657,277)</u>	<u>(836,154)</u>
<b>Net change in cash and cash equivalents</b>	(57,698)	2,658
<b>Cash and cash equivalents - Beginning of year</b>	<u>164,778</u>	<u>162,120</u>
<b>Cash and cash equivalents - End of year</b>	<u>107,080</u>	<u>164,778</u>

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

# WindsorEssex Community Foundation

## Notes to Financial Statements

June 30, 2016

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### 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.

### 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.

#### 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.



# WindsorEssex Community Foundation

## Notes to Financial Statements

June 30, 2016

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### 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.

### 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.

# WindsorEssex Community Foundation

## Notes to Financial Statements

June 30, 2016

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### 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 the Foundation are administered by TD Waterhouse Private Investment Counsel, Fidelity Focused Equity Institutional Trust (formerly Pyramis Global Advisors), 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.

	2016 \$	2015 \$
<b>Fair value</b>		
TD Waterhouse Private Investment Counsel	10,394,713	9,751,819
Fidelity Focused Equity Institutional Trust (formerly Pyramis Global Advisors)	2,593,029	2,511,972
BMO Nesbitt Burns	447,898	389,308
Windsor Family Credit Union	100,639	92,497
	<hr/> 13,536,279	<hr/> 12,745,596
<b>Cost</b>		
TD Waterhouse Private Investment Counsel	9,374,931	8,532,587
Fidelity Focused Equity Institutional Trust (formerly Pyramis Global Advisors)	1,724,098	2,434,750
BMO Nesbitt Burns	403,796	361,909
Windsor Family Credit Union	100,639	92,497
	<hr/> 11,603,464	<hr/> 11,421,743

# WindsorEssex Community Foundation

## Notes to Financial Statements

June 30, 2016

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### 4 Property, plant and equipment

	2016		
	Cost \$	Accumulated amortization \$	Net \$
Computer equipment	9,866	7,911	1,955
Furniture and fixtures	18,152	8,638	9,514
	28,018	16,549	11,469

  

	2015		
	Cost \$	Accumulated amortization \$	Net \$
Computer equipment	9,866	6,909	2,957
Furniture and fixtures	11,276	6,924	4,352
	21,142	13,833	7,309

### 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 (2015 - \$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 Fidelity Focused Equity Institutional Trust 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

June 30, 2016

Fund movements during the year are summarized below:

	2016 \$	2015 \$
<b>Balance - Beginning of year</b>	3,133,951	2,819,148
Contributions	273,838	233,103
Grants and disbursements	(208,424)	-
Administrative fees	(5,610)	(3,598)
Investment income, net	80,478	85,298
<b>Balance - End of year</b>	<u>3,274,233</u>	<u>3,133,951</u>

### 7 Restricted net assets

	Endowment \$	Other \$	Total \$
<b>Balance - June 30, 2014</b>	6,194,770	1,225,647	7,420,417
Donations (note 8)	1,250,904	-	1,250,904
Investment income	182,259	43,611	225,870
Transfers in (out)	25,000	(25,000)	-
Investment and management fees	(28,439)	(6,448)	(34,887)
Administrative fees	(18,321)	(5,891)	(24,212)
Grants and bursaries	(295,398)	(14,500)	(309,898)
<b>Balance - June 30, 2015</b>	7,310,775	1,217,419	8,528,194
Donations (note 8)	821,715	-	821,715
Investment income	122,889	22,218	145,107
Investment and management fees	(35,704)	(6,766)	(42,470)
Administrative fees	(57,652)	(12,000)	(69,652)
Grants and bursaries	(133,879)	(21,000)	(154,879)
<b>Balance - June 30, 2016</b>	<u>8,028,144</u>	<u>1,199,871</u>	<u>9,228,015</u>

### 8 Donations

Included in Donations is an amount of \$300,000 (2015 - \$242,514) 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.

### 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 are 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.

# WindsorEssex Community Foundation

## Notes to Financial Statements

June 30, 2016

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### 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.

### 12 Commitments

The Foundation has entered into an operating lease for rent expiring May 2019. The minimum annual lease payments are as follows:

	\$
2017	15,273
2018	15,273
2019	14,000
	<hr/>
	44,546
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