

Community Foundation Grey Bruce
Financial Statements
For the year ended December 31, 2021

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Financial Statements
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Contents

Independent Auditor's Report	2 - 3
Financial Statements	
Statement of Financial Position	4
Statement of Operations and Changes in Fund Balances	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 14
Schedule 1 - Administrative Expenses	15



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Independent Auditor's Report

To the Members of the
Community Foundation Grey Bruce

Opinion

We have audited the financial statements of the Community Foundation Grey Bruce (the Foundation), which comprise the statement of financial position as at December 31, 2021, and the statements of operations, changes in 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 Foundation as at December 31, 2021, and its results of operations and cash flows for the year then ended in accordance with 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 Foundation 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 these financial statements in accordance with 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 the financial statements, management is responsible for assessing the Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

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



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 Foundation'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 Foundation'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 Foundation 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.

Chartered Professional Accountants, Licensed Public Accountants

Owen Sound, Ontario
August 8, 2022

Community Foundation Grey Bruce
Statement of Financial Position

December 31	2021	2020
Assets		
Current		
Cash	\$ 202,011	\$ 193,208
Investments (Note 2)	21,205,921	18,356,618
Cash surrender value of life insurance (Note 3)	7,754	10,054
Accounts receivable (Note 4)	19,257	13,593
Prepaid expenses	1,243	1,243
	\$21,436,186	\$ 18,574,716

Liabilities and Fund Balances

Current		
Accounts payable (Note 5)	\$ 13,530	\$ 21,726
Fund balances		
Externally restricted (Note 6)		
Endowments	16,796,410	15,768,855
Donor restricted	4,044,059	2,458,790
Operating	582,187	325,345
	21,422,656	18,552,990
	\$21,436,186	\$ 18,574,716

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	
	2021	2020	2021	2020	2021	2020	2021	2020
Revenues								
Donations and event revenue	\$ -	\$ 1,733	\$ 35,392	\$ 62,239	\$1,026,555	\$ 359,625	\$1,061,947	\$ 423,597
Project funds	-	-	70,709	440,676	-	-	70,709	440,676
Investment income (Note 7)	348,080	129,028	2,445,518	1,143,270	-	-	2,793,598	1,272,298
Federal wage subsidies	-	23,086	-	-	-	-	-	23,086
	<u>348,080</u>	<u>153,847</u>	<u>2,551,619</u>	<u>1,646,185</u>	<u>1,026,555</u>	<u>359,625</u>	<u>3,926,254</u>	<u>2,159,657</u>
Expenses								
Administrative expenses (Schedule 1)	356,113	348,990	3,723	18,696	-	-	359,836	367,686
Insurance premium	-	-	2,300	2,689	-	-	2,300	2,689
Grants (Note 8)	1,000	-	693,452	699,834	-	-	694,452	699,834
	<u>357,113</u>	<u>348,990</u>	<u>699,475</u>	<u>721,219</u>	<u>-</u>	<u>-</u>	<u>1,056,588</u>	<u>1,070,209</u>
Excess (deficiency) of revenues over expenses before transfers	(9,033)	(195,143)	1,852,144	924,966	1,026,555	359,625	2,869,666	1,089,448
Interfund transfers (Note 9)	265,875	261,585	(266,875)	(262,585)	1,000	1,000	-	-
Excess (deficiency) of revenues over expenses for the year	256,842	66,442	1,585,269	662,381	1,027,555	360,625	2,869,666	1,089,448
Fund balances, beginning of year	325,345	258,903	2,458,790	1,796,409	15,768,855	15,408,230	18,552,990	17,463,542
Fund balances, end of year	<u>\$ 582,187</u>	<u>\$ 325,345</u>	<u>\$4,044,059</u>	<u>\$ 2,458,790</u>	<u>\$16,796,410</u>	<u>\$15,768,855</u>	<u>\$21,422,656</u>	<u>\$18,552,990</u>

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

Community Foundation Grey Bruce
Statement of Cash Flows

For the year ended December 31	2021	2020
Cash flows from (used in)		
Operating activities		
Excess of revenue over expenses for the year	\$ 2,869,666	\$ 1,089,448
Items not involving cash		
Change in unrealized gain on investments	(1,540,950)	(632,681)
Donation of securities	(99,309)	(73,047)
	<u>1,229,407</u>	<u>383,720</u>
Changes in non-cash working capital balances		
Accounts receivable	(5,664)	15,435
Accounts payable	(8,196)	(21,294)
	<u>1,215,547</u>	<u>377,861</u>
Investing activities		
Increase in investments	(1,209,044)	(265,794)
Change in cash surrender value of life insurance	2,300	(4,311)
	<u>(1,206,744)</u>	<u>(270,105)</u>
Increase in cash during the year	8,803	107,756
Cash position, beginning of the year	<u>193,208</u>	<u>85,452</u>
Cash position, end of the year	<u>\$ 202,011</u>	<u>\$ 193,208</u>

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

Community Foundation Grey Bruce Notes to Financial Statements

December 31, 2021

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 encourages endowment building and the net investment income earned from endowments is disbursed 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, 2021

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 Directors, is reported as an interfund transfer to the Endowment Fund to preserve the purchasing power of the capital. No allocation was made in 2021 or 2020.

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, 2021

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

	2021		2020	
Fixed income				
Canadian	\$ 4,541,083	21 %	\$ 4,995,436	27 %
Equities				
Canadian	6,087,946	29 %	5,005,381	27 %
Foreign	5,026,486	24 %	3,924,198	21 %
International pooled funds	4,389,456	21 %	3,776,892	21 %
	20,044,971	95 %	17,701,907	96 %
Cash and Cash equivalents				
Canadian	947,410	4 %	249,654	1 %
Foreign	213,540	1 %	405,057	3 %
	1,160,950	5 %	654,711	4 %
	\$21,205,921	100 %	\$ 18,356,618	100 %

Community Foundation Grey Bruce Notes to Financial Statements

December 31, 2021

2. Investments - (continued)

Cash equivalents include \$707,402 (2020 - \$65,932) in Canadian and \$202,668 (2020 - \$343,822) in US\$ money market units.

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 MSCI Emerging Markets C\$ Net, FTSE Canada 91 Day Treasury Bill Index, MSCI EAFE Index C\$ Net, S&P 500 Index C\$, FTSE Canada Mid-term Index, FTSE Canada Short Index and S&P/TSX Composite Index.

Community Foundation Grey Bruce
Notes to Financial Statements

December 31, 2021

3. 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 \$7,754 relating to this policy has been recorded as an asset in these financial statements.

4. Accounts Receivable

There were no impairment allowances included in accounts receivable. The Foundation is exposed to credit risk arising from their accounts receivable.

5. Accounts Payable

There were no government remittances included in accounts payable. The Foundation is exposed to liquidity risk arising from its accounts payable.

Community Foundation Grey Bruce
Notes to Financial Statements

December 31, 2021

6. Externally Restricted Net Assets

	2021	2020
Endowments		
Designated - Agency Fund	\$ 1,277,723	\$ 1,146,720
Community Funds	1,163,604	1,055,700
Designated Funds	1,574,752	1,554,336
Smart and Caring	1,486,726	1,451,491
Donor Advised	9,091,947	8,838,449
Education Funds	305,947	278,947
Field of Interest	461,056	461,056
Designated - Foundation Operations	1,434,655	982,156
	\$16,796,410	\$ 15,768,855
Endowment fund earnings undistributed	\$ 4,004,196	\$ 2,420,112
Flow Through Funds		
Institute of Southern Georgian Bay	2,179	992
Cheetam	-	248
Bannerman	9,500	9,000
Emergency Community Support	-	10
Georgian Bay Centre for Arts	2,595	450
Georgian Bay Centre for Arts- Donor Matched	3,590	4,690
Project Funds		
RBC Future Launch	-	3,409
Glow Project	643	1,643
Investment Readiness Program	-	18,236
Poverty Alleviation	19,000	-
Vital Conversations	2,356	-
	\$ 4,044,059	\$ 2,458,790

Community Foundation Grey Bruce
Notes to Financial Statements

December 31, 2021

7. Investment Income

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

	<u>2021</u>	<u>2020</u>
Dividends and interest	\$ 705,962	\$ 371,955
Realized gain	639,907	355,077
Change in unrealized gain	1,540,950	632,681
Investment council fees	<u>(93,221)</u>	<u>(87,415)</u>
Total investment income on endowment resources recognized as revenue in the year	<u>\$ 2,793,598</u>	<u>\$ 1,272,298</u>

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

Operating	\$ 348,080	\$ 129,028
Restricted	2,131,505	1,140,797
Restricted - not available for distribution (see below)	<u>314,013</u>	<u>2,473</u>
Total investment income on endowment resources recognized as revenue in the year	<u>\$ 2,793,598</u>	<u>\$ 1,272,298</u>

Restricted Income: Income relates to that earned in the Regular Pool and the Dividend Pool. The Dividend pool does not pay out any unrealized amounts. This represents \$314,013 (2020 - \$2,473) in respect of the income earned in the year.

8. Grants

	<u>2021</u>	<u>2020</u>
Related to endowments	\$ 612,672	\$ 278,521
Related to project funds	50,209	389,131
Related to flow through funds	<u>31,571</u>	<u>32,182</u>
	<u>\$ 694,452</u>	<u>\$ 699,834</u>

Community Foundation Grey Bruce
Notes to Financial Statements

December 31, 2021

9. Interfund Transfers

	2021	2020
Transfers to Operating Fund		
Annual administration fee of 1.5% of the market value of the endowments and 5% of receipts for flow through funds	\$ 266,875	\$ 262,585
Establishment of Endowed Funds	(1,000)	(1,000)
	\$ 265,875	\$ 261,585
Transfers from Restricted Fund		
Annual administration fee of 1.5% of the market value of the endowments and 5% of receipts for flow through funds	\$ (266,875)	\$ (262,585)
Transfer from restricted funds to establish endowments	-	-
	\$ (266,875)	\$ (262,585)
Transfers to Endowment Fund		
Transfer from operating funds to establish endowments	\$ 1,000	\$ 1,000
Transfer from restricted funds to establish endowments	-	-
	\$ 1,000	\$ 1,000

10. Impacts of COVID-19

COVID-19 has had a significant effect on the financial markets. The Foundation's investments (Note 2) include a mix of fixed, equity and pooled funds held in a fund administered by the Community Foundation Grey Bruce. These investments are reported in these financial statements at their fair values on December 31, 2021. The Foundation receives monthly reporting on the previous month's performance of the fund that is reviewed by the Finance and Investment Committee of the Board of Management. Annually, the Board of Management reviews its Statement of Finance and Investment Policy and Guidelines. The primary investment objectives of the Foundation are preservation of capital and the provision of a total maximum return through income and capital appreciation. The extent of impact on the Foundation's investments or operations, as a result of COVID-19, is unknown.

Community Foundation Grey Bruce
Schedule 1 - Administrative Expenses

For the year ended December 31	2021	2020
Operating Expenses		
Bank charges	\$ 2,830	\$ 2,238
Conferences, training and workshops	428	1,451
Equipment and furnishings	191	133
Insurance	2,262	1,885
Meetings	686	214
Membership dues and subscriptions	5,252	4,608
Miscellaneous	1,615	1,359
Office expenses	3,516	3,853
Promotional material and events	11,311	12,271
Professional fees	12,319	20,293
Rent	20,677	19,515
Salaries and benefits	272,210	255,857
Software and website	17,730	21,451
Telephone and internet	3,477	3,688
Travel	677	174
Vital signs	932	-
	<u>\$ 356,113</u>	<u>\$ 348,990</u>

The Foundation's operating expenses involve 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. Comparative amounts have been reclassified to conform to the current year financial statement presentation.

Total assets, beginning of the year	\$18,574,716	\$ 17,506,562
Total assets, end of the year	\$21,436,186	\$ 18,574,716
Average total assets	\$20,005,451	\$ 18,040,639
Administrative expenses	\$ 356,113	\$ 348,990
Administrative expenses as a percentage of total assets	1.78 %	1.93 %

Project Fund Expenses		
RBC Future Launch	\$ -	\$ 2,591
GLOW Project	1,000	5,750
Investment Readiness Program	1,170	10,355
Vital Conversations	1,553	-
	<u>\$ 3,723</u>	<u>\$ 18,696</u>