

Financial statements of

**The Community Foundation of Mississauga**

December 31, 2018

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## INDEPENDENT AUDITOR'S REPORT

To the Members of  
**The Community Foundation of Mississauga**

### Opinion

We have audited the financial statements of The Community Foundation of Mississauga ("the Foundation"), which comprise the statement of financial position as at December 31, 2018, and the statements of operations and changes in net assets, 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, 2018, 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.

### 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 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 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 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.

March 27, 2019  
TORONTO, Ontario

Licensed Public Accountants

# THE COMMUNITY FOUNDATION OF MISSISSAUGA

## Statement of Financial Position

As at December 31	2018	2017
<b>Assets</b>		
Cash	\$ 186,923	\$ 304,628
Accounts receivable (note 2)	81,478	75,615
Prepaid expenses	20,110	19,873
Investments (note 3)	24,953,995	22,338,825
Capital assets (note 4)	5,448	13,342
	<b>\$ 25,247,954</b>	<b>\$ 22,752,283</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	\$ 35,970	\$ 24,381
<b>Net assets</b>		
Endowment fund (note 5)	19,848,585	21,675,458
Flow through fund	4,829,787	443,522
Operating fund	172,301	203,421
Capital fund	5,448	13,342
Reserve fund	355,863	392,159
	<b>25,211,984</b>	<b>22,727,902</b>
	<b>\$ 25,247,954</b>	<b>\$ 22,752,283</b>

See accompanying notes to financial statements

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# THE COMMUNITY FOUNDATION OF MISSISSAUGA

## Statement of Operations and Changes in Net Assets

Year ended December 31	Endowment Fund	Flow Through Fund	Operating Fund	Capital Fund	Reserve Fund	2018 Total	2017 Total
<b>Revenue</b>							
Donations	\$ 190,419	\$ 4,983,198	\$ 62,070	\$ -	\$ -	\$ 5,235,687	\$ 351,044
Grants	-	-	5,000	-	-	5,000	5,935
Investment income (loss) (note 6)	(785,240)	3,272	15,199	-	-	(766,769)	1,654,843
Management fees	-	-	345,801	-	-	345,801	303,150
Special events	-	-	143,651	-	-	143,651	127,907
	(594,821)	4,986,470	571,721	-	-	4,963,370	2,442,879
<b>Expenses</b>							
Administration	-	-	461,169	-	5,556	466,725	409,042
Amortization	-	-	-	7,894	-	7,894	21,007
Fund development	-	-	37,944	-	-	37,944	35,531
Grants	883,181	543,584	-	-	-	1,426,765	1,682,062
Investment management fees	289,202	56,621	71,770	-	-	417,593	375,823
Special events	-	-	91,627	-	-	91,627	96,695
Vital Signs / Vital Conversations Program	-	-	-	-	30,740	30,740	5,219
	1,172,383	600,205	662,510	7,894	36,296	2,479,288	2,625,379
Excess (deficiency) of revenue over expenses	(1,767,204)	4,386,265	(90,789)	(7,894)	(36,296)	2,484,082	(182,500)
Net Assets, beginning	21,675,458	443,522	203,421	13,342	392,159	22,727,902	22,910,402
Interfund transfers (note 7)	(59,669)	-	59,669	-	-	-	-
Net Assets, ending	\$ 19,848,585	\$ 4,829,787	\$ 172,301	\$ 5,448	\$ 355,863	\$ 25,211,984	\$ 22,727,902

See accompanying notes to financial statements.

**THE COMMUNITY FOUNDATION OF MISSISSAUGA****Statement of Cash Flows**

Year ended December 31	2018	2017
Cash provided from (used for):		
Operating activities		
Excess (deficiency) of revenue over expenses	\$ 2,484,082	\$ (182,500)
Charges to income not requiring cash payments		
Amortization	7,894	21,007
Changes in non-cash working capital		
Accounts receivable	(5,863)	2,369
Prepaid expenses	(237)	(11,955)
Accounts payable and accrued liabilities	11,589	(2,046)
Funds held for others	-	(29,341)
	<b>2,497,465</b>	<b>(202,466)</b>
Investing activities		
Net change to investments	<b>(2,615,170)</b>	186,818
Purchase of capital assets	-	(2,340)
	<b>(2,615,170)</b>	<b>184,478</b>
Net decrease in cash	<b>(117,705)</b>	<b>(17,988)</b>
Cash, beginning of year	<b>304,628</b>	<b>322,616</b>
Cash, end of year	<b>\$ 186,923</b>	<b>\$ 304,628</b>

See accompanying notes to financial statements.

# THE COMMUNITY FOUNDATION OF MISSISSAUGA

## Notes to Financial Statements

December 31, 2018

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### **Purpose of the Organization**

The purpose of The Community Foundation of Mississauga ("the Foundation") is to create sustainable support for community needs in Mississauga. The Foundation provides cost effective, flexible options for donors to build their philanthropic legacy, makes grants that support the broadest range of programs and services for people in Mississauga and works to convene community resources in sharing knowledge and addressing community needs.

The Foundation is incorporated without share capital under the Canada Corporations Act and, as such, is exempt from income taxes and able to issue donation receipts for income tax purposes. The Registered Charitable Number is 892395112RR0001.

### **1 Summary of significant accounting policies**

#### **(a) Basis of accounting**

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

#### **(b) Cash**

The Foundation's policy is to disclose bank balances under cash.

#### **(c) Fund accounting**

The Foundation follows the restricted fund method of accounting for contributions. The specific purpose of each fund is explained below:

##### **Endowment Fund**

Donations are allocated to the various funds which have been established by the Foundation. Allocations among the funds are determined on the basis of the donors' instructions. Amounts placed in the Endowment Fund are considered to be permanent in nature, pursuant to restrictions established at the time that donations are received, and generally only the investment income earned from the investment of such funds is disbursed to charitable organizations. Amounts are disbursed to qualified donee organizations that meet the criteria related to the purpose for which the Endowment Fund was established.

##### **Flow Through Fund**

Gifts to the Foundation for the Flow Through Fund are generally not expected to be held in perpetuity. The capital and investment income from the funds will be granted to qualified donees in accordance with the terms of the fund agreement.

##### **Operating Fund**

The Operating Fund reports the general revenues and expenses from the Foundation's operations. The use of the Operating Fund is governed by the budget established annually by the Foundation's Board.

##### **Capital Fund**

The Capital Fund was established by transfers from the Operating Fund for the acquisition of capital assets that have been approved by the Foundation's Board.

##### **Reserve Fund**

The Reserve Fund is an internally restricted fund to provide for any special purposes as approved by the Board of Directors.

# THE COMMUNITY FOUNDATION OF MISSISSAUGA

## Notes to Financial Statements

December 31, 2018

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### 1 Significant accounting policies (continued)

#### (d) Contributed materials and services

The Board of Directors and other volunteers contribute materials and services to the Foundation in carrying out its operating activities. Because of the difficulty in determining the fair value of these contributed services, they are not recognized in the financial statements.

#### (e) Capital assets

Capital assets are recorded at cost. Amortization is calculated based on the estimated useful life of the assets on straight line basis as follows:

Computer hardware	-	5 year straight line
Furniture and fixtures	-	5 year straight line
Computer software	-	5 year straight line

In the year of acquisition of an asset, the above rates are reduced by 50%.

#### (f) Revenue recognition

Unrestricted fund additions, grants, donations and special events are recognized as revenue when received in the Operating Fund. Restricted and endowment contributions are recognized as revenue in the applicable restricted fund when received. Investment income and management fees are recognized as earned and recorded in the applicable fund.

#### (g) Financial instruments

The Foundation initially measures its financial assets and financial liabilities at fair value. The Foundation subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the applicable fund in the period incurred.

Financial instruments measured at amortized cost include cash, accounts receivable, accounts payable and accrued liabilities.

Financial instruments measured at fair value include investments and funds held for others. Management has elected to measure fixed income investments at fair value. Investment income includes interest and dividends received during the year, realized and unrealized gains and losses. Investment income is allocated to the investment pool containing the endowment fund, flow through fund, operating fund and funds held for others.

#### (h) Use of estimates

The Foundation's financial statements are prepared in conformity with Canadian accounting standards for not-for-profit organizations. This requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in operations in the period in which they become known. Actual results in the future may differ from those estimates made.



# THE COMMUNITY FOUNDATION OF MISSISSAUGA

## Notes to Financial Statements

December 31, 2018

### 2 Accounts receivable

As at December 31	2018		2017	
Accounts receivable from Investment Managers	\$	54,601	\$	53,463
Interest receivable		3,588		573
Sales tax recoverable		17,289		16,579
Sponsorship receivable		6,000		5,000
	\$	81,478	\$	75,615

### 3 Investments

The funds within the Foundation Pool are subject to the Investment Management Policy of the Foundation. The asset mix of the Foundation Pool is as follows:

As at December 31	2018	%	2017	%
<b>Community Foundation of Mississauga Pooled Funds</b>				
Cash and cash equivalents (overdraft)	\$ 24,386	0.1	\$ (55,353)	(0.4)
Fixed income	7,770,968	46.4	3,262,235	25.0
Canadian equities	2,957,917	17.7	3,789,386	29.1
Global equities and other	5,985,130	35.8	6,033,792	46.3
	16,738,401	100.0	13,030,060	100.0
<b>Investments managed by Personal Investment Advisors</b>	8,215,594		9,308,765	
	\$ 24,953,995		\$ 22,338,825	

Pursuant to agreement with donors, investments managed by "personal investment advisors" are managed by investment professionals recommended by the donor.

### 4 Capital assets

As at December 31	2018				2017	
	Cost	Accumulated Amortization		Cost	Accumulated Amortization	
Computer hardware	\$	18,573	\$	14,239	\$	18,573
Furniture and fixtures		15,802		14,688		15,802
Computer software		74,079		74,079		74,079
	\$	108,454	\$	103,006	\$	108,454
					\$	95,112
Net book value		\$	5,448		\$	13,342

# THE COMMUNITY FOUNDATION OF MISSISSAUGA

## Notes to Financial Statements

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### 5 Endowment Fund

The Endowment Fund includes the original capital gift restricted by the donor along with retained earnings on the endowed capital gift. As a result, the Endowment Fund includes both externally restricted funds and funds restricted by Foundation policy. The breakdown is as follows:

As at December 31	2018	2017
Funds restricted by donor	\$ 17,047,432	\$ 16,857,014
Funds restricted by Foundation policy	2,801,153	4,818,444
Total Endowment Fund	\$ 19,848,585	\$ 21,675,458

### 6 Investment income (loss)

As at December 31	2018	2017
Interest, dividend and other income	\$ 451,311	\$ 461,504
Realized and unrealized gains, net of losses	(1,218,080)	1,193,339
	\$ (766,769)	\$ 1,654,843

### 7 Interfund transfers

Transfers represent reallocations within the equity funds of the Foundation. Grants may be designated by fundholders from the Endowment Fund to the Operating Fund. Transfers from the Operating Fund to the Capital Fund are based on the annual operating budget, while transfers to and from the Reserve Fund are based on the Board resolutions from time to time.

### 8 Commitment

The Foundation is committed to annual lease payments for its office space. The future minimum payments required for each of the next five fiscal years are as follows:

2019	\$ 13,548
2020	13,548
2021	13,548
2022	13,548
2023	9,032
	<u>\$ 63,224</u>

# THE COMMUNITY FOUNDATION OF MISSISSAUGA

## Notes to Financial Statements

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### 9 Financial instrument risk

The Foundation actively manages the market risks that arise from the use of financial instruments including interest risk, currency risk and price risk. The Foundation adheres to an investment policy that outlines the objectives, constraints and parameters related to investing activities. This policy prescribes limits around the quality and concentrations of investments held by the Foundation. Management regularly reviews the Foundation investments to ensure all activities adhere to the investment policy. There has been no change to the risk exposure of the Foundation from the prior year.

#### **Interest risk**

A portion of investments of the Foundation is invested in bonds and debentures which bear interest at a fixed rate. As a result, a change in market interest rate will have an impact on the fair value of these investments.

#### **Currency risk**

A portion of the investments of the Foundation is invested in foreign securities. As a result, the Foundation is exposed to risk that arises from fluctuation of foreign exchange rates.

#### **Price risk**

A portion of the investments of the Foundation are invested in equities. As a result the Foundation is exposed to risk that arises from fluctuation in market prices and the degree of volatility of investment markets.