

**GRAND BEND COMMUNITY FOUNDATION
FINANCIAL STATEMENTS
DECEMBER 31, 2016**

***VODDEN, BENDER & SEEBACH* LLP
Chartered Professional Accountants**

INDEPENDENT AUDITOR'S REPORT

To the Directors of Grand Bend Community Foundation

We have audited the accompanying financial statements of Grand Bend Community Foundation, which comprise the statement of financial position as at December 31, 2016, and the statements of operations and fund balances and cash flows for the year then ended, and 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 generally accepted accounting principles 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 is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the organization derives revenue from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues are limited to the amounts recorded in the records of the organization and we are not able to determine whether any adjustments might be necessary to donation revenues, excess of expenditures over revenue, assets and fund balances.

Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Grand Bend Community Foundation as at December 31, 2016 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles for not-for-profit organizations.

Vodden, Bender & Seebach LLP

Chartered Professional Accountants
Licensed Public Accountants
Clinton, Ontario
April 4, 2017

**GRAND BEND COMMUNITY FOUNDATION
STATEMENT OF FINANCIAL POSITION**

As at December 31	2016	2015
ASSETS		
Current assets		
Cash	121,348	106,782
Accrued interest receivable	326	8,267
Other accounts receivable	9,864	4,801
Other assets	108,613	105,976
	<u>240,151</u>	<u>225,826</u>
Investments	2,200,913	2,197,171
	<u>\$ 2,441,064</u>	<u>\$ 2,422,997</u>
LIABILITIES AND FUND BALANCES		
Current liabilities		
Accounts payable and accrued liabilities	6,058	6,058
	<u>6,058</u>	<u>6,058</u>
Fund balances		
General fund	-	-
Flow through fund	-	905
Unrestricted fund	2,071,416	2,058,514
Restricted fund	363,590	357,520
	<u>2,435,006</u>	<u>2,416,939</u>
	<u>\$ 2,441,064</u>	<u>\$ 2,422,997</u>

The accompanying notes are an integral part of this financial statement

**GRAND BEND COMMUNITY FOUNDATION
FOUNDATION – STATEMENT OF OPERATIONS AND FUND BALANCES**

For the Year Ended December 31	General Fund	Flow Through	Unrestricted Fund	Restricted Fund	Total 2016	Total 2015
Revenue						
Donations	-	71,384	14,363	16,776	102,523	150,587
Investment income (loss) note 5	-	-	97,402	13,374	110,776	85,524
	-	71,384	111,765	30,150	213,299	236,111
Investment counsel fees	-	-	(11,373)	(1,562)	(12,935)	(13,101)
	-	71,384	100,392	28,588	200,364	223,010
Expenses						
Marketing and promotion	2,215	-	-	-	2,215	1,062
Donor life insurance policy premiums	-	2,959	-	3,594	6,553	6,232
Staff contracts	36,899	-	-	-	36,899	36,899
General insurance	2,507	-	-	-	2,507	2,507
Memberships and professional development	712	-	-	-	712	694
Office and travel	168	-	-	-	168	357
Communications	561	-	-	-	561	562
Legal and audit	2,962	-	-	-	2,962	2,936
	46,024	2,959	-	3,594	52,577	51,249
Cost recovery allocation	(46,024)	-	40,057	5,967	-	-
	-	2,959	40,057	9,561	52,577	51,249
Net revenue before grants and distributions	-	68,425	60,335	19,027	147,787	171,761
Less: Grants and distributions	-	69,330	47,433	12,957	129,720	122,685
Excess of revenue over expenses, grants and distributions	-	(905)	12,902	6,070	18,067	49,076
Fund balance, beginning of year	-	905	2,058,514	357,520	2,416,939	2,367,863
Fund balance, end of year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,071,416</u>	<u>\$ 363,590</u>	<u>\$ 2,435,006</u>	<u>\$ 2,416,939</u>

The accompanying notes are an integral part of this financial statement

**GRAND BEND COMMUNITY FOUNDATION
STATEMENT OF CASH FLOWS**

For the Year Ended December 31	2016	2015
Operating activities		
Net income year	18,067	49,076
Cash provided by (used for) changes in working capital		
Accrued interest receivable	7,941	(101)
Other accounts receivable	(5,063)	(724)
Other assets	(2,637)	(5,125)
Accounts payable and accrued liabilities	-	259
Cash provided by (used for) operations	<u>18,308</u>	<u>43,385</u>
Investing and financing activities		
Net disposals (purchases) of investments	<u>(3,742)</u>	<u>(86,290)</u>
Cash provided by (used for) investing and financing activities	<u>(3,742)</u>	<u>(86,290)</u>
Increase (decrease) in cash	14,566	(42,905)
Cash beginning of year	<u>106,782</u>	<u>149,687</u>
Cash end of year	<u><u>\$ 121,348</u></u>	<u><u>\$ 106,782</u></u>

The accompanying notes are an integral part of this financial statement

GRAND BEND COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2016

1. Nature of organization

The Grand Bend Community Foundation ("Foundation") and its donors strengthen the Grand Bend and area community by building and managing permanent funds, distributing strategic and effective grants, and providing community leadership as a resource and a partner.

The Foundation is a public foundation incorporated as a corporation without share capital under the laws of the Province of Ontario on May 16, 2000. The Foundation is a registered charity and is classified as a public foundation under the Income Tax Act (Canada) (the "Tax Act") and as such, is exempt from income taxes and able to issue donation receipts for income tax purposes. To maintain its status as a public foundation registered under the Tax Act, the Foundation must meet certain requirements within the Tax Act. In the opinion of management, these requirements are being met.

2. Significant accounting policies

The financial statements are the responsibility of management prepared in accordance with Canadian generally accepted accounting principles. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of the periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgment in the light of available information. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below.

(a) Fund accounting

In order to ensure observance of limitation 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 five fund groups: General Fund, Invested in Capital Assets, Flow Through Fund, Unrestricted Fund, and Restricted Fund.

- (i) The General Fund accounts for the Foundation's administrative and operational revenues and expenses. Net expenditures of the General Fund are financed primarily by donor contributions directed to general operations and from investment income earned on the contributions on which the donor has placed no restriction on the use of that income. The distribution of income for granting purposes is determined by the Board of Directors each year according to the most pressing needs of the community.
- (ii) The Invested in Capital Assets fund reports resources spent on capital assets and therefore not available for future spending.
- (iii) The Flow Through Fund reports amounts that are available to be used for purposes specified by the donor.
- (iv) To shelter the Unrestricted Fund and the Restricted Fund from the effects of inflation, any annual income that is not used for administration or granting will be added to the base capital of the fund.

(b) Investments

The investments are recorded at their market value. Realized and unrealized gains and losses are recorded in the year they occur.

For the Year Ended December 31, 2016

2. Significant accounting policies (continued)

(c) Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. The related contribution is deferred and amortized on the same basis as the related capital assets are amortized.

Amortization is provided on a straight line basis of the estimated useful lives of the assets as follows:

Office furniture and equipment	5 years
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(d) Revenue recognition

The Foundation follows the restricted fund method of accounting for contributions. All donations and bequests are recorded as revenue only as received, or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Life insurance policies that have named the Foundation as owner/beneficiary are recorded at the cash surrender value of the policy. The increase in cash surrender value from year to year is recorded as a donation.

Investment income includes interest, dividends, realized gains (losses) and the net change in unrealized gains (losses) for the year.

(e) Contributed services

Volunteers and organizations contribute many labour hours and other services to assist the Foundation in carrying out its fundraising, operational and granting activities. Because of the difficulty in determining fair value, contributed services are not recognized in the financial statements.

(f) Donations in kind

Donated materials, which would otherwise be paid for by the Foundation, are recorded at fair value when provided if such an amount can be reasonably determined.

3. Investments

The Foundation's funds are invested in cash, bonds and equities. Those investments are subject to market value fluctuations and the Foundation records these investments at market value. Accordingly, year end market values and investment income for the year include unrealized gains and losses on these investments.

Investments, stated at market value, consist of the following:

	2016	2015
Federal, provincial and corporate bonds	939,700	1,035,303
Equities	<u>1,261,213</u>	<u>1,161,868</u>
	<u>\$ 2,200,913</u>	<u>\$ 2,197,171</u>

4. Financial instruments

The carrying values of cash, amounts receivable and accounts payable and accrued liabilities are considered to be representative of their respective fair values due to the immediate or short-term maturity of these financial instruments.

For the Year Ended December 31, 2016

5. Investment income

The assets held by the Foundation are pooled for investment purposes. The investment income is allocated to the General Fund and the Unrestricted and Restricted Funds in accordance with stated accounting policies.

	2016	2015
Investment income earned during the year:		
Interest and dividends	62,276	67,452
Realized gains (losses)	151,976	48,418
Unrealized gains (losses)	<u>(103,476)</u>	<u>(30,346)</u>
	110,776	85,524
Less: investment counsel fees	<u>12,935</u>	<u>13,101</u>
	<u>\$ 97,841</u>	<u>\$ 72,423</u>
Allocated to:		
General Fund	-	-
Unrestricted Fund	86,029	63,495
Restricted Fund	<u>11,812</u>	<u>8,928</u>
	<u>\$ 97,841</u>	<u>\$ 72,423</u>

6. Income taxes

The Foundation is claiming exemption from income taxes as a registered charitable organization as provided under section 149(1)(f) of the Income Tax Act (Canada).

7. Interest in life insurance policies

The insurance policies are for life insurance on the donors of the premiums. The Foundation is the legal owner and beneficiary of the policies.

Term life insurance policies: The organization has been named the owner/beneficiary on life insurance policies in the face amount of \$350,000 from insured donors to date. The annual premiums for these policies are funded by the donors and are recorded as donations. Similar amounts are also recorded as donor life insurance policy premium expenses.

Other life insurance policies: The organization has been named the owner/beneficiary on life insurance policies in the face amount of \$150,000 from insured donors to date. The annual premiums for these policies are funded by the donors and are recorded as donations. Similar amounts are also recorded as donor life insurance policy premium expenses. These policies have a cash surrender value of \$108,613 as at December 31, 2016 (2015 : \$105,976) and therefore, this cash surrender value is shown under other assets on the organization's statement of financial position and included in the restricted fund balance. The premiums paid by the donors during the year were \$4,472 (including pure life insurance premium costs of \$4,472).

8. Commitments

The Foundation has outstanding pledges to the Municipality of Lambton Shores (Grand Bend) totalling \$22,000 for two projects as follows:

Beach Enhancement Project for the Native Garden	
November 15, 2017	\$ 5,000
Rotary Community Stage	
November 15, 2017	\$ 17,000