

Community Foundations of Canada
Financial Statements
For the year ended December 31, 2016

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Independent Auditor's Report

To the members of
Community Foundations of Canada

We have audited the accompanying financial statements of Community Foundations of Canada, which comprise the statement of financial position as at December 31, 2016, and the statements of operations, changes in 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 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 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 Community Foundations of Canada as at December 31, 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.

BDO Canada LLP

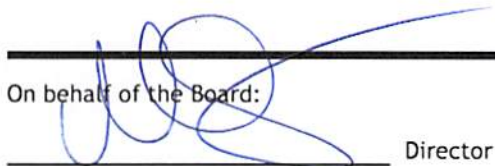
Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario
April 18, 2017

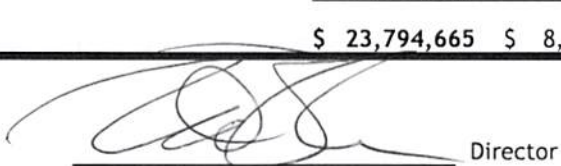
Community Foundations of Canada Statement of Financial Position

December 31	2016	2015
Assets		
Current		
Cash	\$ 4,618,314	\$ 1,397,606
Investments (Note 2)	5,752,054	5,685,113
Accounts receivable	312,319	249,704
Prepaid expenses	51,487	7,739
	10,734,174	7,340,162
Investments (Note 2)	12,990,307	903,124
Tangible capital assets (Note 3)	70,184	82,293
	\$ 23,794,665	\$ 8,325,579
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities	\$ 267,520	\$ 216,245
Queen Elizabeth II Diamond Jubilee Scholarships Program deferred contributions (Note 6)	8,042,753	6,241,050
Other deferred contributions (Note 6)	2,454,254	882,377
	10,764,527	7,339,672
Leasehold inducement	12,167	16,106
	10,776,694	7,355,778
Contractual obligations (Note 7)		
Net Assets		
Restricted for endowment purposes	12,857,752	853,056
Internally restricted	55,875	50,068
Invested in tangible capital assets	58,017	66,187
Unrestricted net assets	46,327	490
	13,017,971	969,801
	\$ 23,794,665	\$ 8,325,579

On behalf of the Board:



Director



Director

Community Foundations of Canada Statement of Changes in Fund Balances

For the year ended December 31	<u>Operations</u>				Restricted for endowment purposes	2016	2015
	Invested in tangible capital assets	Unrestricted	Value initiatives	Internally restricted			
Balance, beginning of the year	\$ 66,187	\$ 490	\$ -	\$ 50,068	\$ 853,056	\$ 969,801	\$ 890,844
Excess (deficiency) of revenues over expenses	-	(339,362)	382,836	-	-	43,474	75,157
Acquisition of tangible capital assets	5,182	(5,182)	-	-	-	-	-
Amortization of tangible capital assets	(17,291)	17,291	-	-	-	-	-
Amortization of leasehold inducement	3,939	(3,939)	-	-	-	-	-
Endowment contributions	-	-	-	-	12,004,696	12,004,696	3,800
Interfund transfers (Note 8)	-	377,029	(382,836)	5,807	-	-	-
Balance, end of the year	\$ 58,017	\$ 46,327	\$ -	\$ 55,875	\$ 12,857,752	\$ 13,017,971	\$ 969,801

The notes are an integral part of these financial statements.

Community Foundations of Canada Statement of Operations

	Operations		Value Initiatives		Total	
	2016	2015	2016	2015	2016	2015
For the year ended December 31						
Revenues						
Donations, grants and sponsorships	\$ 262,209	\$ 114,332	\$ 15,221,413	\$ 4,915,673	\$ 15,483,622	\$ 5,030,005
Membership support	1,128,665	1,055,551	-	-	1,128,665	1,055,551
Interest and other revenue	128,149	47,088	289,755	164,935	417,904	212,023
Registration and fees	101,113	28,763	6,480	468,799	107,593	497,562
	1,620,136	1,245,734	15,517,648	5,549,407	17,137,784	6,795,141
Expenses						
Amortization of tangible capital assets	17,291	29,120	-	-	17,291	29,120
Board meetings	91,277	58,668	-	-	91,277	58,668
Consultants and professional fees	151,435	139,110	-	-	151,435	139,110
Foundation development	173,976	44,420	-	-	173,976	44,420
Fundraising	18,132	15,978	-	-	18,132	15,978
Office and administration	197,271	172,161	-	-	197,271	172,161
Professional development	50,407	24,027	-	-	50,407	24,027
Program costs	193,405	44,757	14,176,773	4,202,169	14,370,178	4,246,926
Public engagement	25,545	51,548	-	-	25,545	51,548
Salaries and benefits	824,515	599,214	958,039	1,213,691	1,782,554	1,812,905
Travel	216,244	125,121	-	-	216,244	125,121
	1,959,498	1,304,124	15,134,812	5,415,860	17,094,310	6,719,984
Excess (deficiency) of revenues over expenses	\$ (339,362)	\$ (58,390)	\$ 382,836	\$ 133,547	\$ 43,474	\$ 75,157

The notes are an integral part of these financial statements.

Community Foundations of Canada Statement of Cash Flows

For the year ended December 31	2016	2015
Cash flows from operating activities		
Excess of revenues over expenses	\$ 43,474	\$ 75,157
Items not affecting cash:		
Amortization of tangible capital assets	17,291	29,120
Amortization of leasehold inducement	(3,939)	(4,240)
	<u>56,826</u>	<u>100,037</u>
Changes in non-cash working capital:		
Accounts receivable	(62,615)	207,198
Prepaid expenses	(43,748)	63,016
Accounts payable and accrued liabilities	51,275	(227,455)
Deferred revenues	-	(174,785)
	<u>1,738</u>	<u>(31,989)</u>
Cash flows from investing activities		
Net change in investments	(12,154,124)	(1,390,564)
Acquisition of tangible capital assets	(5,182)	(21,382)
	<u>(12,159,306)</u>	<u>(1,411,946)</u>
Cash flows from financing activities		
Change in deferred contributions	3,373,580	2,563,907
Endowment contributions	12,004,696	3,800
	<u>15,378,276</u>	<u>2,567,707</u>
Net increase in cash	3,220,708	1,123,772
Cash, beginning of the year	1,397,606	273,834
Cash, end of the year	\$ 4,618,314	\$ 1,397,606

Community Foundations of Canada

Notes to Financial Statements

December 31, 2016

1. Accounting Policies

Purpose of Organization	Community Foundations of Canada is a not-for-profit organization incorporated without share capital under the Canada Not-for-profit Corporations Act. The organization's purpose is to build stronger communities by enhancing the philanthropic leadership of community foundations. The organization is a registered charity under the Income Tax Act and, as such, is exempt from income taxes and may issue income tax receipts to donors.
Basis of Accounting	The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.
Use of Estimates	The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses for the year covered. The main estimates relate to fair value of investments and useful lives of tangible capital assets.
Fund Accounting	<p>The Operations Fund includes the revenues and expenses of the core operations.</p> <p>The Value Initiatives Fund includes the revenues and expenses of separately funded programs.</p> <p>The Endowment Fund reports resources contributed for the Betsy Martin endowment, Queen Elizabeth II Diamond Jubilee Scholarships Program endowment and other endowments. Investment income earned on resources of the Queen Elizabeth II Diamond Jubilee Scholarships Program endowment is reported in the Value Initiatives Fund as it is restricted for bursaries based on the endowment agreement. Investment income earned on resources of the Betsy Martin endowment and other endowments is reported in the Operations Fund.</p> <p>The Internally Restricted Fund includes investment income restricted by the Board of Directors motion.</p>

Community Foundations of Canada

Notes to Financial Statements

December 31, 2016

1. Accounting Policies (Continued)

Revenue Recognition

The organization follows the deferral method of accounting for contributions including donations and sponsorships. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Endowment contributions are recognized as direct increases in the Endowment Fund.

Registration and fees are recognized as revenue when the seminars are held.

Membership support is recognized as revenue proportionately over the year to which they relate.

Financial Instruments

Initial and subsequent measurement

The organization initially measures its financial assets and liabilities at fair value. The organization subsequently measures all its financial assets and liabilities at amortized cost, except for cash and investments, which are measured at fair value. Changes in fair value of these financial instruments are recognized in the statement of operations.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment.

Transaction costs

The organization recognizes its transaction costs in the statement of operations in the year incurred for financial instruments measured at fair value. Financial instruments that are subsequently measured at amortized cost are adjusted by the transaction costs in the initial measurement of the asset or liability.

Community Foundations of Canada Notes to Financial Statements

December 31, 2016

1. Accounting Policies (Continued)

Tangible Capital Assets	Tangible capital assets are stated at cost less accumulated amortization. Amortization is provided on the basis of their useful lives using the following methods and annual rates:								
	<table> <tr> <td>Computer equipment</td> <td>33% diminishing balance basis</td> </tr> <tr> <td>Furniture</td> <td>20% diminishing balance basis</td> </tr> <tr> <td>Software</td> <td>50% diminishing balance basis</td> </tr> <tr> <td>Leasehold improvements</td> <td>Straight-line over the term of the lease</td> </tr> </table>	Computer equipment	33% diminishing balance basis	Furniture	20% diminishing balance basis	Software	50% diminishing balance basis	Leasehold improvements	Straight-line over the term of the lease
Computer equipment	33% diminishing balance basis								
Furniture	20% diminishing balance basis								
Software	50% diminishing balance basis								
Leasehold improvements	Straight-line over the term of the lease								
Contributed Materials and Services	Contributed materials and services which are used in the normal course of the organization's operations and would otherwise have been purchased are recorded at their fair value at the date of contribution if fair value can be reasonably estimated.								
Conference and Summit Expenses	Conference and summit expenses are recognized as expenses in the year the services or goods are received by the organization. As such, timing of revenues and expenses might not be in the same year.								

2. Investments

	2016	2015
Cash, short-term deposits and money market fund	\$ 3,939,986	\$ 3,246,222
Canadian fixed income	7,566,525	3,342,015
Canadian equity	3,608,137	-
International equity	3,627,713	-
	18,742,361	6,588,237
Less restricted investments:		
Betsy Martin Endowment	400,000	400,000
Queen Elizabeth II Diamond Jubilee Scholarships Program Endowment	12,079,080	-
Other Endowments	455,352	453,056
Internally restricted	55,875	50,068
	12,990,307	903,124
	\$ 5,752,054	\$ 5,685,113

**Community Foundations of Canada
Notes to Financial Statements**

December 31, 2016

3. Tangible Capital Assets

	2016		2015	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment	\$ 89,990	\$ 69,759	\$ 84,808	\$ 62,527
Furniture	71,668	44,281	71,668	38,161
Software	3,055	3,055	3,055	3,055
Leasehold improvements	35,593	13,027	35,593	9,088
	\$ 200,306	\$ 130,122	\$ 195,124	\$ 112,831
Net value		\$ 70,184		\$ 82,293

4. Due from / Due to Related Parties and Related Party Transactions

The organization exercises significant influence over the Rideau Hall Foundation due to the sharing of key management personnel. The organization provides managerial services for the Rideau Hall Foundation. During the year, the organization charged the Rideau Hall Foundation a total of \$124,792 (2015 - \$520,750) for these services. At yearend, an amount of \$33,532 (2015 - \$71,630) was included in accounts receivable for both managerial services and supplies ordered on behalf of the Rideau Hall Foundation.

Related party transactions in the normal course of operations are recorded at the exchange amount.

5. Line of Credit

The organization has an authorized operating line of credit of \$250,000 that is due on demand and bears interest at the bank's prime rate plus 1%, calculated and payable monthly. It is secured by a general security agreement covering all assets. At December 31, 2016, the organization had undrawn credit capacity under this facility of \$250,000.

Community Foundations of Canada Notes to Financial Statements

December 31, 2016

6. Deferred Contributions

Deferred contributions represent funds received in the current year to cover operating expenses in the subsequent year. The variations in the balance of deferred contributions is as follows:

a) Queen Elizabeth II Diamond Jubilee Scholarships Program deferred contributions:

	2016	2015
Balance, beginning of the year	\$ 6,241,050	\$ 4,378,528
Plus: amounts received during the year	8,127,382	5,031,323
Less: amounts recognized as revenue in the year	(6,325,679)	(3,168,801)
Balance, end of the year	\$ 8,042,753	\$ 6,241,050

b) Other deferred contributions:

	2016	2015
Balance, beginning of the year	\$ 882,377	\$ 180,922
Plus: amounts received during the year	12,383,982	2,562,659
Less: amounts recognized as revenue in the year	(10,812,105)	(1,861,204)
Balance, end of the year	\$ 2,454,254	\$ 882,377

7. Contractual Obligations

The organization leases its premises under a lease expiring in March 2027. Future minimum payments for the lease and leasehold improvements total \$2,138,138 and include the following payments over the next five years:

2017	\$	174,269
2018	\$	195,125
2019	\$	203,033
2020	\$	209,360
2021	\$	215,687

As of January 30 2017, the organization entered into a construction agreement for a total of \$815,372 relating to leasehold improvements for their new leased premises.

Community Foundations of Canada Notes to Financial Statements

December 31, 2016

8. Interfund Transfers

The Board of Directors has approved the transfer of the revenue earned on the Betsy Martin endowment and other endowments investments of \$5,807 (2015 - \$22,914) to the Internally Restricted Fund. These restricted amounts are not available for any other purpose without approval of the Board of directors.

The excess of revenues over expenses of \$382,836 (2015 - \$133,547) in the Value Initiatives Fund was transferred to the Operations Fund.

9. Financial Instruments

Credit risk

The organization is exposed to credit risk with respect to accounts receivable. The organization assesses, on a continuous basis, accounts receivable on the basis of amounts it is virtually certain to receive.

Interest rate risk

The organization is exposed to interest rate risk on its fixed and variable interest rate financial instruments. Fixed interest instruments subject the organization to a fair value risk, since fair value fluctuates inversely to changes in market interest rates. Variable rate instruments subject the organization to a related cash flow risk.

Other price risk

The organization is exposed to other price risk through its investments since they are measured at fair value.