

Community Foundations of Canada
Financial Statements
For the year ended December 31, 2015

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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, 2015, 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, 2015, 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.

A handwritten signature in cursive script that reads "BDO Canada LLP".

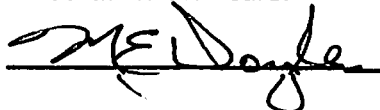
Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario
April 26, 2016

**Community Foundations of Canada
Statement of Financial Position**

December 31	2015	2014
Assets		
Current		
Cash	\$1,397,606	\$ 273,834
Investments (Note 2)	5,685,113	4,321,263
Accounts receivable	249,704	456,902
Prepaid expenses	7,739	70,755
	7,340,162	5,122,754
Investments (Note 2)	903,124	876,410
Tangible capital assets (Note 3)	82,293	90,031
	\$8,325,579	\$ 6,089,195
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities	\$ 216,245	\$ 443,700
Deferred revenues	-	174,785
Queen Elizabeth II Diamond Jubilee Scholarships Program deferred contributions (Note 6)	6,241,050	4,378,528
Other deferred contributions (Note 6)	882,377	180,992
	7,339,672	5,178,005
Leasehold Inducement	16,106	20,346
	7,355,778	5,198,351
Contractual obligations (Note 7)		
Net Assets		
Restricted for endowment purposes	853,056	849,256
Internally restricted	50,068	27,154
Invested in tangible capital assets	66,187	69,685
Unrestricted net assets (deficiency)	490	(55,251)
	969,801	890,844
	\$8,325,579	\$ 6,089,195

On behalf of the Board:

 Director

 Director

**Community Foundations of Canada
Statement of Changes in Fund Balances**

For the year ended December 31	Operations			Internally restricted	Restricted for endowment purposes	2015	2014
	Invested in tangible capital assets	Unrestricted	Value initiatives				
Balance, beginning of the year	\$ 69,685	\$ (55,251)	\$ -	\$ 27,154	\$ 849,256	\$ 890,844	\$ 514,159
Excess (deficiency) of revenues over expenses	-	(58,390)	133,547	-	-	75,157	(39,824)
Acquisition of tangible capital assets	21,382	(21,382)	-	-	-	-	-
Amortization of tangible capital assets	(29,120)	29,120	-	-	-	-	-
Amortization of leasehold inducement	4,240	(4,240)	-	-	-	-	-
Endowment contributions	-	-	-	-	3,800	3,800	416,509
Interfund transfers (Note 8)	-	110,633	(133,547)	22,914	-	-	-
Balance, end of the year	\$ 66,187	\$ 490	\$ -	\$ 50,068	\$ 853,056	\$ 969,801	\$ 890,844

The notes are an integral part of these financial statements.

**Community Foundations of Canada
Statement of Operations**

For the year ended December 31	Operations		Value Initiatives		Total	
	2015	2014	2015	2014	2015	2014
Revenues						
Membership support	\$ 1,055,551	\$ 939,018	\$ -	\$ -	\$ 1,055,551	\$ 939,018
Registration and fees	28,763	50,259	468,799	223,283	497,562	273,542
Donations, grants and sponsorships	114,332	256,861	4,915,673	2,561,088	5,030,005	2,817,949
Interest and other revenue	47,088	72,810	164,935	37,259	212,023	110,069
	<u>1,245,734</u>	<u>1,318,948</u>	<u>5,549,407</u>	<u>2,821,630</u>	<u>6,795,141</u>	<u>4,140,578</u>
Expenses						
Amortization of tangible capital assets	29,120	22,789	-	-	29,120	22,789
Board meetings	58,668	63,953	-	-	58,668	63,953
Consultants and professional fees	139,110	131,228	-	-	139,110	131,228
Foundation development	44,420	123,482	-	-	44,420	123,482
Fundraising	15,978	49,529	-	-	15,978	49,529
Office and administration	172,161	137,968	-	-	172,161	137,968
Professional development	24,027	36,859	-	-	24,027	36,859
Program costs	44,757	128,690	4,202,169	1,409,639	4,246,926	1,538,329
Public engagement	51,548	36,094	-	-	51,548	36,094
Salaries and benefits	599,214	436,217	1,213,691	1,474,600	1,812,905	1,910,817
Travel	125,121	129,354	-	-	125,121	129,354
	<u>1,304,124</u>	<u>1,296,163</u>	<u>5,415,860</u>	<u>2,884,239</u>	<u>6,719,984</u>	<u>4,180,402</u>
Excess (deficiency) of revenues over expenses	\$ (58,390)	\$ 22,785	\$ 133,547	\$ (62,609)	\$ 75,157	\$ (39,824)

The notes are an integral part of these financial statements.

Community Foundations of Canada Statement of Cash Flows

For the year ended December 31	2015	2014
Cash flows from operating activities		
Excess (deficiency) of revenues over expenses	\$ 75,157	\$ (39,824)
Items not affecting cash:		
Amortization of tangible capital assets	29,120	22,789
Amortization of leasehold inducement	(4,240)	(3,303)
	<u>100,037</u>	<u>(20,338)</u>
Changes in non-cash working capital:		
Accounts receivable	207,198	(97,922)
Prepaid expenses	63,016	268,141
Accounts payable and accrued liabilities	(227,455)	82,016
Deferred revenues	(174,785)	162,846
	<u>(31,989)</u>	<u>394,743</u>
Cash flows from investing activities		
Net change in investments	(1,390,564)	(4,692,926)
Acquisition of tangible capital assets	(21,382)	(17,673)
	<u>(1,411,946)</u>	<u>(4,710,599)</u>
Cash flows from financing activities		
Change in deferred contributions	2,563,907	3,897,205
Endowment contributions	3,800	416,509
	<u>2,567,707</u>	<u>4,313,714</u>
Net increase (decrease) in cash	1,123,772	(2,142)
Cash, beginning of the year	273,834	275,976
Cash, end of the year	\$ 1,397,606	\$ 273,834

Community Foundations of Canada

Notes to Financial Statements

December 31, 2015

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 and other endowments. Investment income earned on resources of the endowment fund is reported in the Operations Fund.</p> <p>The Internally Restricted Fund includes investment income generated on the Endowment Fund restricted by Board motion.</p>
Revenue Recognition	<p>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.</p> <p>Endowment contributions are recognized as direct increases in the Endowment Fund.</p> <p>Registration and fees are recognized as revenue when the seminars are held.</p> <p>Membership support is recognized as revenue proportionately over the year to which they relate.</p>

Community Foundations of Canada

Notes to Financial Statements

December 31, 2015

1. Accounting Policies (Continued)

Financial Instruments

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.

The financial instruments measured at amortized cost are accounts receivable and accounts payable and accrued liabilities.

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.

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:

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.

Community Foundations of Canada Notes to Financial Statements

December 31, 2015

2. Investments

	2015	2014
Cash, short-term deposits and money market fund	\$ 3,246,222	\$ 2,222,587
Canadian fixed income	3,342,015	2,631,330
Canadian equity	-	111,572
US equity	-	88,327
International equity	-	94,120
Other investments	-	49,737
	6,588,237	5,197,673
Less restricted investments:		
Betsy Martin Endowment	400,000	400,000
Other Endowments	453,056	449,256
Internally restricted	50,068	27,154
	903,124	876,410
	\$ 5,685,113	\$ 4,321,263

3. Tangible Capital Assets

	2015		2014	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment	\$ 84,808	\$ 62,527	\$ 77,084	\$ 47,769
Furniture	71,668	38,161	68,409	28,292
Software	3,055	3,055	3,055	2,802
Leasehold improvements	35,593	9,088	25,194	4,848
	\$ 195,124	\$ 112,831	\$ 173,742	\$ 83,711
Net value		\$ 82,293		\$ 90,031

Community Foundations of Canada Notes to Financial Statements

December 31, 2015

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. In 2013, the organization entered into a three-year agreement with the Rideau Hall Foundation to provide managerial services for the Rideau Hall Foundation. During the year, the organization charged the Rideau Hall Foundation a total of \$520,750 (2014 - \$305,000) for these services. At yearend, an amount of \$71,630 (2014 - \$13,072) 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, 2015, the organization had undrawn credit capacity under this facility of \$250,000.

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:

	<u>2015</u>	<u>2014</u>
Balance, beginning of year	\$ 4,378,528	\$ -
Plus: amounts received during the year	5,031,323	5,037,259
Less: amounts recognized as revenue in the year	<u>(3,168,801)</u>	<u>(658,731)</u>
Balance, end of year	<u>\$ 6,241,050</u>	<u>\$ 4,378,528</u>

Community Foundations of Canada Notes to Financial Statements

December 31, 2015

6. Deferred Contributions (Continued)

b) Other deferred contributions:

	<u>2015</u>	<u>2014</u>
Balance, beginning of year	\$ 180,992	\$ 662,315
Plus: amounts received during the year	2,562,589	1,677,895
Less: amounts recognized as revenue in the year	<u>(1,861,204)</u>	<u>(2,159,218)</u>
Balance, end of year	<u>\$ 882,377</u>	<u>\$ 180,992</u>

7. Contractual Obligations

The organization leases its premises under a lease expiring in September 2019. Future minimum lease payments total \$161,647 and include the following payments over the next four years:

2016	\$	43,106
2017	\$	43,106
2018	\$	43,106
2019	\$	32,329

8. Interfund Transfers

The Board of Directors has approved the transfer of the revenue earned on the Endowment Fund's investments of \$22,914 (2014 - \$30,154) to the Internally Restricted Fund. The Board of Directors also approved the transfer of \$-nil (2014 - \$75,000) from the Internally Restricted Fund to the Operations Fund to support the operations of the organization. These restricted amounts are not available for any other purpose without approval of the Board of directors.

The Operations Fund contributed \$-nil (2014 - \$62,609) to the Value Initiatives Fund to cover deficiency of revenues over expenses. The excess of revenues over expenses of \$133,547 (2014 - \$-nil) in the Value Initiatives Fund was transferred to the Operations Fund.

Community Foundations of Canada Notes to Financial Statements

December 31, 2015

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. The majority of the organization's receivables are from government sources and the organization works to ensure they meet all eligibility criteria in order to qualify to receive the corresponding funding.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. As at December 31, 2015, the foreign content of investments totals \$-nil (2014 - \$182,446).

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.

10. Comparative Figures

Certain figures for the previous year have been reclassified to conform to the presentation adopted in the current year.