

DUFFERIN COMMUNITY FOUNDATION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

DUFFERIN COMMUNITY FOUNDATION
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YEAR ENDED DECEMBER 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of: Dufferin Community Foundation

Opinion

We have audited the accompanying financial statements of Dufferin Community Foundation, which comprise the statement of financial position as at December 31, 2022 and the statements of changes in net assets, revenues and expenditures and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, these financial statements present fairly, in all material respects, the financial position of Dufferin Community Foundation as at December 31, 2022 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 of 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 Dufferin Community 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 a 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 judgement 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 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.

Guelph, Ontario
May 16, 2023



Chartered Professional Accountants
Licensed Public Accountants

DUFFERIN COMMUNITY FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022

	2022	2021
ASSETS		
CURRENT		
Cash	\$ 917,812	\$ 225,426
Investments (note 4)	1,515,018	1,288,069
Accounts receivable	10,229	2,633
Prepaid expenses	<u>1,022</u>	<u>419</u>
	<u>\$ 2,444,081</u>	<u>\$ 1,516,547</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	<u>\$ 12,267</u>	<u>\$ 8,748</u>
NET ASSETS		
UNRESTRICTED FUNDS	91,681	78,406
RESTRICTED FUND	7,920	17,558
ENDOWMENT FUNDS	<u>2,332,213</u>	<u>1,411,835</u>
	<u>2,431,814</u>	<u>1,507,799</u>
	<u>\$ 2,444,081</u>	<u>\$ 1,516,547</u>

DUFFERIN COMMUNITY FOUNDATION
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022

	2021	Revenues	Operating Expenditures	Grants	Surplus	Administration Fees	Transfers	2022
UNRESTRICTED FUNDS	\$ 78,406	\$ 200,686	\$ (178,824)	\$ (10,980)	\$ 10,882	\$ 29,671	\$ (27,278)	\$ 91,681
RESTRICTED FUND								
Dufferin Emergency Support	17,558	3,600	(78)	(13,000)	(9,478)	(260)	100	7,920
ENDOWMENT FUNDS								
Dufferin Vision	47,613	45,590	(731)	0	44,859	(1,203)	155	91,424
Environment	32,748	6,537	(136)	(2,400)	4,001	(661)	13,152	49,240
Mulmur Community Arts, Culture and Heritage	2,168	1,415	(24)	0	1,391	(47)	0	3,512
Donor Advised 1038	1,204	11,328	(5)	0	11,323	(209)	13,000	25,318
Donor Advised 1099	562,795	451,619	(416)	(18,000)	433,203	(9,865)	677	986,810
Donor Advised 1066	253,877	(12,296)	(193)	0	(12,489)	(4,596)	29	236,821
Donor Advised 1132	411,430	(32,892)	(313)	0	(33,205)	(7,449)	65	370,841
Big Brothers Big Sisters of Dufferin and District	100,000	392,595	(146)	0	392,449	(4,030)	0	488,419
Refugee Resettlement	0	25,550	(137)	0	25,413	(508)	0	24,905
Rosemary Molesworth Memorial 3D Art	0	28,720	(57)	0	28,663	(306)	100	28,457
Shelburne Community	0	25,500	0	0	25,500	(510)	0	24,990
	0	1,504	(1)	0	1,503	(27)	0	1,476
	<u>1,411,835</u>	<u>945,170</u>	<u>(2,159)</u>	<u>(20,400)</u>	<u>922,611</u>	<u>(29,411)</u>	<u>27,178</u>	<u>2,332,213</u>
Total	\$ <u>1,507,799</u>	\$ <u>1,149,456</u>	\$ <u>(181,061)</u>	\$ <u>(44,380)</u>	\$ <u>924,015</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>2,431,814</u>

See notes to the financial statements

DUFFERIN COMMUNITY FOUNDATION
STATEMENT OF REVENUES AND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	2021
REVENUES		
Donations (note 6)	\$ 1,145,897	\$ 879,762
Fundraising	110,220	0
Grants	10,000	0
Partnership management fees	5,000	0
Investment (loss) income (note 5)	<u>(121,661)</u>	<u>65,268</u>
	<u>1,149,456</u>	<u>945,030</u>
OPERATING EXPENDITURES		
Fundraising events	97,196	0
Office and administration	53,694	28,221
Professional fees	23,305	11,015
Communications	5,122	5,012
Insurance	1,344	1,677
Honorariums	<u>400</u>	<u>1,075</u>
	<u>181,061</u>	<u>47,000</u>
GRANTS	<u>44,380</u>	<u>43,609</u>
SURPLUS for the year	<u>\$ 924,015</u>	<u>\$ 854,421</u>

DUFFERIN COMMUNITY FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	2021
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Net surplus for the year	\$ 924,015	\$ 854,421
Unrealized loss (gain) on investments during the year	<u>109,009</u>	<u>(20,002)</u>
	1,033,024	834,419
Changes in non-cash working capital		
Accounts receivable	(7,596)	(611)
Prepaid expenses	(603)	0
Accounts payable and accrued liabilities	<u>4,369</u>	<u>2,055</u>
	<u>1,029,194</u>	<u>835,863</u>
CASH (USED IN) INVESTING ACTIVITIES		
Investments	<u>(336,808)</u>	<u>(722,522)</u>
NET INCREASE IN CASH	692,386	113,341
NET CASH, BEGINNING OF YEAR	<u>225,426</u>	<u>112,085</u>
NET CASH, END OF YEAR	<u>\$ 917,812</u>	<u>\$ 225,426</u>

DUFFERIN COMMUNITY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

1. NATURE OF OPERATIONS

Dufferin Community Foundation (the "Foundation") is a public foundation that was incorporated under the Canada Not For Profit Act on December 4, 2017 and was granted charitable status on February 14, 2018. The Foundation exists to help improve the quality of life in Dufferin and area by building and managing permanent endowed funds for community betterment. Charitable endeavours in areas such as health, education, arts and culture, recreation, the environment, and social services, are supported by distributing, via grants, the income earned on the permanent endowment funds. The Foundation is a registered charity under the Income Tax Act (Canada), and, accordingly, is exempt from income taxes, provided certain requirements of the Income Tax Act (Canada) are met.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian accounting standards for not for profit organizations and include the following significant accounting policies:

(a) REVENUE RECOGNITION

The Foundation follows the restricted fund method of accounting for contributions in which externally restricted and endowment contributions including of donations and grants are recognized upon receipt in the appropriate fund corresponding to the purpose for which they were contributed. Externally restricted contributions of the general fund are recognized as revenue when the related expenditure occurs. Unrestricted contributions are recognized in the general fund when received and collection is reasonably assured.

Revenue from partnership management fees is recognized at the time the service is provided and investment income is accrued over the period earned.

Fundraising revenue, which includes revenue generated from event ticket sales, is included in revenue when the event occurs.

(b) USE OF ESTIMATES

The preparation of financial statements in conformity with Canadian generally accepted accounting principles for not for profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

(c) FINANCIAL INSTRUMENTS

Measurement of financial instruments

The Foundation initially measures its financial assets and liabilities at fair value.

The Foundation subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments, which are measured at fair value. Changes in fair value are recognized in net surplus.

Transaction costs

The Foundation recognizes its transaction costs in net income in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

DUFFERIN COMMUNITY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) FINANCIAL INSTRUMENTS (continued)

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. If an impairment has occurred, the carrying amount of financial assets measured at amortized cost is reduced to the greater of the discounted future cash flows expected or the proceeds that could be realized from the sale of the financial asset. The amount of the write-down is recognized in net surplus. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net surplus.

(d) FUND ACCOUNTING

The Foundation utilized the restricted fund method of accounting for contributions and expenditures. A summary and description of the funds is as follows:

Unrestricted funds

The unrestricted funds reports resources available for the Foundation's general operating activities. Unrestricted funds are comprised of funds for:

- General operations which is used for general operating activities.
- Flow through funds that do not have their own restricted fund. These would include funds received for sponsored grants such as booster grant recipients or funds received from donors who wish their funds to go to a specified charity and the funds are then granted out.
- Dufferin sustainability funds which donors can donate to fund general operating activities.

Restricted fund

The externally restricted fund report resources that are not to be held as endowments and are, therefore, disbursed as grants on a current basis.

The Dufferin Emergency Support Fund supports the immediate needs of charities adversely affected by a state of emergency in the community (such as COVID-19).

Endowment funds

The endowment funds report resources that are to be held as permanent endowments. The unexpended investment income earned on these endowment funds is restricted and is to be expended for specific purposes. These funds are externally restricted.

The Dufferin Vision Fund directs grants to meet ever-changing community priorities through annual grants to qualified donees.

The Environment Fund provides grants to local qualified donees carrying out projects to either protect the environment, educate people about the environment, or getting people out into the local environment.

The Mulmur Community Fund supports projects that can demonstrate they contribute to improving the quality of life in the Township of Mulmur.

DUFFERIN COMMUNITY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) FUND ACCOUNTING (continued)

The Arts, Culture and Heritage Fund supports local organizations promoting local arts and cultural events, as well as celebration of local history.

The Greenwood Family Fund is a donor advised fund created by the Greenwood Family to support charitable activities within Dufferin, with priorities on assisting in the relief of poverty, and to address issues of concern faced by youth and/or to provide related programs and services aimed at assisting youth.

The Cedar Fund is a donor advised fund to support charitable activities within Dufferin, with a priority toward assisting with poverty relief and to address women's and children's health.

The Woodlot Fund is a donor advised fund created by the Wood Family to support charitable activities within Dufferin, with a priority toward assisting with children's welfare and healthcare.

The Edelbrock Community Fund will support charitable activities related to scholarships and spiritual and health care, as advised by the donor, along with other purposes deemed important by the Foundation.

The Big Brothers Big Sisters of Dufferin and District Charitable Endowment Fund is an agency fund to support its charitable goals and organizational growth.

The Refugee Resettlement Fund is a field-of-interest fund designated to support new refugees to Canada who wish to settle within Dufferin County.

The Rosemary Molesworth Memorial 3D Art Fund is a donor advised fund created for the purpose of purchasing 3D art (including, but not limited to, sculptures, pottery, carvings, etc.) produced by local artists to be displayed in public buildings or grounds in Dufferin County.

The Shelburne Community Fund supports projects that can demonstrate they contribute to improving the quality of life in the Town of Shelburne.

(e) GIFTS IN KIND CONTRIBUTIONS

Gifts in kind contributions, which could include gifts of shares or other similar investments, are recorded at fair value when the fair value is easily obtainable.

DUFFERIN COMMUNITY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

3. FINANCIAL INSTRUMENTS

Unless otherwise noted, it is management's opinion that the Foundation is not exposed to significant interest, credit, currency, liquidity, or other price risks arising from the financial instruments.

The Foundation is subject to market risk including price risk, foreign currency risk, and interest rate risk with respect to its investment portfolio. To manage these risks, the Foundation has established a target mix of investment types designed to achieve the optimal return within reasonable risk tolerances.

The extent of the Foundation's exposure to these risks did not change in 2022 compared to the previous period.

The Foundation does not have a significant exposure to any individual customer or counterparty.

4. INVESTMENTS

Investments are comprised of the following:

	2022	2021
RBC Wealth Management cash account	\$ 894	\$ 814
RBC Wealth Management mutual funds	1,444,068	1,287,255
TD Direct, GIC, 3.10% interest, due April 17, 202	52,056	0
TD Direct mutual funds	<u>18,000</u>	<u>0</u>
	<u>\$ 1,515,018</u>	<u>\$ 1,288,069</u>

5. INVESTMENT (LOSS) INCOME

Investment (loss) income consists of the following:

	2022	2021
Capital (losses) gains	\$ (147)	\$ 6,472
Market value (decrease) increase	(109,009)	64,768
Dividend and interest income	654	244
Management fees	<u>(13,159)</u>	<u>(6,216)</u>
	<u>\$ (121,661)</u>	<u>\$ 65,268</u>

6. GIFTS IN KIND CONTRIBUTIONS

During the year, the Foundation received the gifts in kind contributions of shares with a fair value of \$29,620 (2021 \$281,422).

DUFFERIN COMMUNITY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

7. IMPACT OF THE COVID-19 PANDEMIC

As the pandemic continues to evolve with the emergence of new variants, organizations may experience conditions often associated with general economic downturn, including but not limited to, financial market volatility, declining credit, potential return of government intervention, changes in labour markets, and other restructuring activities. The continuation of these circumstances could have a negative impact on an organization's financial conditions and results. Further, inflation, supply-chain disruptions, and labour shortages are affecting organizations to varying degrees.

The ongoing impact of the COVID-19 pandemic and the uncertain economic conditions affecting major markets and economies still remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Foundation for future periods.