

Brant Community Foundation
Financial Statements
For the year ended May 31, 2015

	<u>Contents</u>
Independent Auditor's Report	2
Financial Statements	
Statement of Financial Position	4
Statement of Revenues, Expenses and Changes in Fund Balances	5
Statement of Cash Flows	6
Notes to Financial Statements	7
Auditor's Comments on Supplementary Financial Information	14
Supplementary Schedules	15

Independent Auditor's Report

To the Directors of
Brant Community Foundation

We have audited the financial statements of Brant Community Foundation, which comprise the statement of financial position as at May 31, 2015 and the statements of revenues, expenses and change 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 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 qualified opinion.



Basis for Qualified Opinion

In common with many charitable organizations, the entity derives revenue from contributions, the completeness of which is not susceptible to satisfactory audit verification. Accordingly our verification of these revenues was limited to the amounts recorded in the records of the organization. We were unable to determine whether any adjustments might be necessary to revenues, excess of revenue over expense, assets and fund balances.

Qualified Opinion

In our opinion, except for the 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 Brant Community Foundation as at May 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 black ink that reads "BDO Canada LLP". The letters are written in a cursive, slightly slanted style.


Chartered Professional Accountants, Licensed Public Accountants

Brantford, Ontario
September 10, 2015

**Brant Community Foundation
Statement of Financial Position**

As at May 31	2015	2014
Assets		
Current		
Cash (Note 2)	\$ 133,844	\$ 56,733
Other receivable	11,568	12,073
Service fee receivable	1,880	75,380
Prepaid expenses	3,834	3,834
	151,126	148,020
Restricted cash - endowment funds	549,757	1,022,126
Restricted cash - investment and reserve funds (Note 3)	60,000	60,000
Investments (Note 4)	9,587,846	7,805,593
	\$ 10,348,729	\$ 9,035,739
Liabilities and Fund Balances		
Current		
Accounts payable and accrued liabilities (Note 5)	\$ 8,010	\$ 4,906
Deferred revenue (Note 8)	40,833	40,831
	48,843	45,737
Fund Balances		
Endowment funds		
Field of Interest Funds	2,612,927	2,389,206
Donor Designated Funds	1,619,672	1,420,583
Non Designated Funds	5,905,004	5,017,930
	10,137,603	8,827,719
Investment fund (Note 3)	30,000	30,000
Reserve fund (Note 3)	30,000	30,000
Operating fund	102,283	102,283
	10,299,886	8,990,002
	\$ 10,348,729	\$ 9,035,739

On behalf of the Board:


_____, Director


_____, Director

The accompanying notes are an integral part of these financial statements.

Brant Community Foundation
Statement of Revenues, Expenses and Changes in Fund Balances

<i>For the year ended May 31</i>	2015	2014
Revenue		
Investment income	\$ 265,829	\$ 269,019
Realized loss on investments	(56,183)	(69,732)
Unrealized gain on investments	119,721	440,084
Foreign exchange gain	367,715	88,289
Contributions and sundry	1,040,544	1,481,557
Services	181,520	181,889
Fundraising	9,788	18,862
	<u>1,928,934</u>	<u>2,409,968</u>
Expenses		
Grants and Leadership Projects	290,066	306,347
Fund management	111,122	123,618
Administration - Schedule	148,083	156,936
Investment fees	57,275	46,779
Insurance	12,504	12,504
	<u>619,050</u>	<u>646,184</u>
Excess of revenue over expenses for the year	1,309,884	1,763,784
Fund balances, beginning of year	<u>8,990,002</u>	<u>7,226,218</u>
Fund balances, end of year	<u>\$ 10,299,886</u>	<u>\$ 8,990,002</u>

**Brant Community Foundation
Statement of Cash Flows**

<u>For the year ended May 31</u>	<u>2015</u>	<u>2014</u>
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenses for the year	\$ 1,309,884	\$ 1,763,784
Foreign exchange gain on cash and cash equivalents held in foreign currency	(4,794)	(4,028)
Changes in non-cash working capital balances		
Other receivable	505	(5,277)
Service fee receivable	73,500	(21,718)
Accounts payable and accrued liabilities	3,104	221
Deferred revenue	2	11,566
Prepaid expenses	-	(58)
	<u>1,382,201</u>	<u>1,744,590</u>
Investing activities		
Change in investments	(1,782,253)	(1,244,726)
Restricted cash in investment account	472,369	(519,058)
	<u>(1,309,884)</u>	<u>(1,763,784)</u>
Foreign exchange gain on cash and cash equivalents held in foreign currency	<u>4,794</u>	<u>4,028</u>
Increase (decrease) in cash during the year	77,111	(15,166)
Cash, beginning of year	<u>56,733</u>	<u>71,899</u>
Cash, end of year	\$ 133,844	\$ 56,733

Brant Community Foundation Notes to the Financial Statements

May 31, 2015

1. Significant Accounting Policies

Nature of Organization

Brant Community Foundation (the "Foundation") was incorporated without share capital. The purpose of the Foundation is to act as a community leader and catalyst and to be a vehicle to provide a way for donors to improve their community forever by building and holding a permanent endowment, the income of which is to be used to meet the changing needs and opportunities across all sectors of the communities of Brantford and Brant County through grant making and community leadership projects.

The Foundation is a public foundation registered 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.

Fund Accounting

The Foundation follows the restricted fund method of accounting for contributions. The Foundation ensures, as part of its fiduciary responsibilities, that all funds received with a restricted purpose are expended for that purpose.

For financial reporting purposes, the accounts have been classified into the following funds:

i) Endowment Funds

The endowment funds report resources that are required to be maintained by the Foundation on a permanent basis. The major components of these funds are:

a) *Field of Interest Funds* - the donors specify the area of interest where they wish to direct grants. The major components of this fund are the Sheridan Place Fund, the Kiwanis Lifeline Senior Fund, the Ontario Endowment Fund for Children and Youth in Recreation, Arts and Culture Fund and the Environment Fund; and

b) *Donor Designated Funds* - the donor chooses a specific charity to be the perpetual beneficiary of the income from their fund. The major components of this fund are the D.A.R.E. Fund, Glenhurst Art Gallery Fund, Brantford Symphony Orchestra Fund, Canadian Military Heritage Museum Fund and the 56th Field Artillery Regiment RCA Senate fund; and

Brant Community Foundation Notes to the Financial Statements

May 31, 2015

Fund Accounting (cont'd)

c) Non-Designated Funds - reports resources that are available for which no purpose was specified by the Donor or the Foundation's Board of Directors. The major components of this fund are the Bill and Dorothy Campbell Fund, the John and Leah Huijzenbos Fund, the Terry and Joan Stewart Fund, the Donald and JoAnne Wilkin Fund, the City of Brantford Mayors Fund, the Calbeck Family Memorial Fund and an Anonymous Donor Fund.

ii) Operating Fund

The Operating fund reports resources available for the Foundation's general operating activities. These activities include asset development, grantmaking and philanthropic services to the community. The general costs of supporting these activities are reported as expenses in the Operating fund.

iii) Reserve Fund

The reserve fund is an internal restriction to provide contingency funds to cover a major shortfall in operating revenues.

iv) Investment fund

The investment fund is an internal restriction to provide contingency funds to counter market fluctuations.

Revenue Recognition

Restricted contributions related to general operations are recognized as revenue of the Operating Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Unrestricted contributions are recognized as revenue of the appropriate unrestricted fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions for endowment are recognized as revenue in the Endowment fund.

Services are recognized as revenue when the amount to be received can be reasonably estimated and collection is reasonably assured.

Brant Community Foundation Notes to the Financial Statements

May 31, 2015

Investment income

The assets held by the Foundation are pooled for investment purposes. The investment income is recognized as revenue when earned and allocated to the Endowment and Operating funds as follows:

(i) Endowment

a) Field of Interest Funds

- Income earned on funds which the donor has stipulated the income be added to principal or that must be spent on donor designated fields of interest; and
- Income equal to the amount required to preserve the purchasing power of the endowed capital as determined by the Foundation's Board of Directors.

b) Donor Designated Funds

- Income earned on resources of these funds that must be spent on donor designated fields of interest; and
- Income earned to the amount determined by the Board and/or the donor to be available for granting purposes.

c) Non Designated Funds

- Income earned on resources of the Non Designated funds.

(ii) Operating fund

- Income earned on the assets held in the Operating fund; and,
- Income earned on funds which the donor has stipulated the income be used for operations; and,
- An amount equal to the aggregate of the administrative fee charged to each Endowed and Managed fund.

Contributed goods 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.

Brant Community Foundation Notes to the Financial Statements

May 31, 2015

Use of Estimates	The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and may have impact on future periods.
Financial Instruments	Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any unrealized gains and losses reported in operations. In addition, all bonds and guaranteed investment certificates have been designated to be in the fair value category, with gains and losses reported in operations. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.
Foreign Currency Translation	Foreign currency transactions are translated at the rates of exchange in effect at the dates of the transaction. Resulting foreign currency denominated monetary assets and liabilities are translated at the rates of exchange in effect at the balance sheet date.
Expense Allocation	<p>The Foundation incurs a number of general and administrative support expenses that are common to the administration of the Funds.</p> <p>The allocation of the general and administrative support expenses are in accordance with an agreement with the donors.</p>

Brant Community Foundation Notes to the Financial Statements

May 31, 2015

2. Cash

The Foundation's bank accounts are held at one chartered bank. The bank account is non-interest bearing. The cash in investment account balance includes \$29,998 (2014 - \$87,710) denominated in US dollars.

3. Restricted Funds

Reserve Fund

The board of directors of Brant Community Foundation has implemented a policy to establish a restricted reserve fund to maintain operational and financial stability. The restricted reserve fund is available as a contingency reserve to cover unexpected significant financial events, including but not limited to a major shortfall in operating revenues or unexpected necessary expenditures. The use of the restricted reserve fund is at the discretion of the board of directors.

Endowment Funds

At year end, the Board of Directors approved a transfer of \$45,538 from the Operating Fund to each of the Endowment funds; Field of Interest, Donor Designated, and Non-Donor Designated for \$12,751, \$8,197 and \$24,590 respectively.

Investment Fund

The board of directors of Brant Community Foundation has implemented a policy to establish a restricted investment fund. The restricted investment fund is available as a contingency reserve to cover market fluctuations. The use of the restricted reserve fund is at the discretion of the board of directors.

4. Investments

	2015	2014
Government of Canada Bonds	\$ 52,217	\$ 143,488
Provincial Bonds	580,439	-
Corporate Bonds	2,277,210	2,028,811
Common Shares	6,418,336	5,277,681
Preferred Shares	229,326	309,959
GIC's	30,318	45,654
	<u>\$ 9,587,846</u>	<u>7,805,593</u>

The Government of Canada bond has a cost of \$50,360 (2014 - \$150,892) and effective interest rate of %1.75 (2014 - %) per annum. This investment will mature March 2019.

Brant Community Foundation Notes to the Financial Statements

May 31, 2015

Investments (Continued)

The Provincial bonds have a cost of \$573,215 (2014 - \$ nil) and effective interest rate of 1.25 to 6.7% (2014 - nil) per annum. These investments will mature between March 2019 and November 2020.

The corporate bonds have a cost of \$2,233,543 (2014 - \$1,984,031) and effective interest rates of 2.26% to 7.1% (2014 - 2.2% to 7.1%) per annum. These investments will mature between June 2015 and December 2026.

The common shares consist of Canadian and U.S. equities. The balance includes \$1,698,782 denominated in US dollars. The common shares have a cost of \$5,517,447 (2014 - \$4,463,067). The shares have no fixed maturity dates and are generally not exposed to interest rate risk. Dividends are generally declared on an annual basis.

The preferred shares have a cost of 223,949 (2014 - \$302,916). The preferred dividend yields range from 4.5% to 6.25% (2014 - 4.5% to 6.5%) per annum.

5. Accounts payable and accrued liabilities

The government remittances payable at the year end was \$2,560 (2014 - \$1,901).

6. Financial Instrument Risk Exposure and Management

Management has established policies and procedures to manage risks related to financial instruments, with the objective of minimizing any adverse effects on financial performance. A brief description of management's assessments of these risks is as follows:

(a) General Objective, Policies and Processes:

The Board and management are responsible for the determination of the Foundation's risk management objectives and policies and designing operating processes that ensure the effective implementation of the objectives and policies. In general, the Foundation measures and monitors risk through the preparation and review of monthly reports by management.

(b) Interest Rate Risk:

The Foundation is exposed to interest rate risk arising from fluctuations in interest rates depending on prevailing rates at renewal of investments. To manage interest rate exposure, the Foundation invests in fixed income vehicles backed by the federal and provincial governments as well as chartered banks.

(c) Liquidity Risk:

Liquidity risk is the risk the Foundation will not be able to meet its financial obligations as they come due. The Foundation has taken steps to ensure that it will have sufficient working capital available to meet its obligations.

Brant Community Foundation Notes to the Financial Statements

May 31, 2015

Financial Instrument Risk Exposure and Management (Continued)

(d) Foreign Exchange Risk:

The Foundation is exposed to currency risk through holdings of investments in foreign currencies. Fluctuations in the relative value of foreign currencies against the Canadian dollar can result in a positive or negative effect on the fair value and future cash flows of these investments.

7. Related Party Transactions

Contributions include \$17,605 (2014 - \$25,938) of donations from its directors. These transactions are in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

8. Deferred Revenue

Deferred revenue represent restricted operating funding received in the current period that is related to a subsequent period.

9. Comparative Figures

The prior year comparative amounts in the financial statements have been reclassified to conform with the current year presentation.

Auditor's Comments on Supplementary Financial Information

To the Directors of
Brant Community Foundation

We have audited the financial statements of Brant Community Foundation, which comprise the statement of financial position as at May 31, 2015 and the statements of revenues, expenses and change in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have issued our report thereon dated September 10, 2015 which contained a qualified opinion on those financial statements. The audit was performed to form an opinion on the financial statements as a whole. The supplementary financial information is presented for the purposes of additional analysis and is not a required part of the financial statements. Such supplementary information is the responsibility of management and was derived from the underlying accounting and other records used to prepare the financial statements.

The supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements as a whole and certain additional procedures, including comparing and reconciling such supplementary information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Brantford, Ontario
September 10, 2015

**Brant Community Foundation
Field of Interest Fund Balance Schedule
(Unaudited)**

<u>For the year ended May 31</u>	<u>2015</u>	<u>2014</u>
Revenue		
Investment income	\$ 73,809	\$ 79,804
Realized loss on investments	(15,731)	(20,222)
Unrealized gain on investments	33,522	127,624
Foreign exchange gain	102,960	25,604
Contributions and sundry	133,822	16,377
	<u>328,382</u>	<u>229,187</u>
Expenses		
Grants and Leadership Projects	72,033	54,637
Fund management	29,341	35,473
Investment fees	16,038	13,566
	<u>117,412</u>	<u>103,676</u>
Excess of revenue over expenses for the year	210,970	125,511
Fund balance, beginning of year	2,389,206	2,250,382
Interfund transfer (Note 3)	12,751	13,313
Fund balance, end of year	\$ 2,612,927	\$ 2,389,206

Brant Community Foundation
 Donor Designated Fund Balance Schedule
 (Unaudited)

<u>For the year ended May 31</u>	<u>2015</u>	<u>2014</u>
Revenue		
Investment income	\$ 45,954	\$ 47,324
Realized loss on investments	(10,113)	(12,552)
Unrealized gain on investments	21,550	79,215
Foreign exchange gain	66,189	15,892
Contributions and sundry	151,023	26,764
	<u>274,603</u>	<u>156,643</u>
Expenses		
Grants and Leadership Projects	42,950	36,435
Fund management	17,948	20,546
Investment fees	10,309	8,420
Insurance	12,504	12,504
	<u>83,711</u>	<u>77,905</u>
Excess of revenue over expenses for the year	190,892	78,738
Fund balance, beginning of year	1,420,583	1,333,582
Interfund transfer (Note 3)	8,197	8,263
Fund balance, end of year	\$ 1,619,672	\$ 1,420,583

Brant Community Foundation
Non-Designated Fund Balance Schedule
(Unaudited)

<u>For the year ended May 31</u>	<u>2015</u>	<u>2014</u>
Revenue		
Investment income	\$ 146,066	\$ 141,891
Realized loss on investments	(30,339)	(36,958)
Unrealized gain on investments	64,649	233,245
foreign exchange gain	198,566	46,793
Contributions and sundry	753,361	1,431,798
	<u>1,132,303</u>	<u>1,816,769</u>
Expenses		
Grants and Leadership Projects	175,058	210,748
Fund management	63,833	67,599
Investment fees	30,928	24,793
	<u>269,819</u>	<u>303,140</u>
Excess of revenue over expenses for the year	862,484	1,513,629
Fund balance, beginning of year	5,017,930	3,479,971
Interfund transfer (Note 3)	24,590	24,130
Fund balance, end of year	<u>\$ 5,905,004</u>	<u>\$ 5,017,930</u>

Brant Community Foundation
Operating Fund Balance Schedule
(Unaudited)

For the year ended May 31	2015	2014
Revenue		
Contributions and sundry	\$ 2,338	\$ 6,618
Services	181,520	181,889
Fundraising	<u>9,788</u>	<u>18,852</u>
	<u>193,646</u>	<u>207,369</u>
Expenses		
Grants and Leadership Projects	25	4,527
Administration - Schedule	<u>148,083</u>	<u>156,936</u>
	<u>148,108</u>	<u>161,463</u>
Excess of revenue over expenses for the year	45,538	45,906
Fund balance, beginning of year	102,283	102,283
Interfund transfer (Note 3)	<u>(45,538)</u>	<u>(45,906)</u>
Fund balance, end of year	<u>\$ 102,283</u>	<u>\$ 102,283</u>

**Brant Community Foundation
Administration Expenses Schedule
(Unaudited)**

<u>For the year ended May 31</u>	<u>2015</u>	<u>2014</u>
Advertising	\$ 800	\$ 520
Conference, training, and AGM	15,496	9,233
Forums and fundraising events	9,605	8,558
Insurance	1,841	1,485
Memberships and dues	2,941	2,099
Office	101,702	112,089
Professional fees	15,698	15,528
Youth Advisory Committee	-	7,424
	<hr/>	<hr/>
	\$ 148,083	\$ 156,936
