

ONTARIO CREDIT UNION CHARITABLE FOUNDATION
FINANCIAL STATEMENTS

DECEMBER 31, 2012

INDEX

	PAGE
INDEPENDENT AUDITORS' REPORT	2 - 3
STATEMENT OF FINANCIAL POSITION	4
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES	5
STATEMENT OF NET ASSETS	6
STATEMENT OF CASH FLOWS	7
NOTES TO THE FINANCIAL STATEMENTS	8 - 9

INDEPENDENT AUDITORS' REPORT

To the Members of Ontario Credit Union Charitable Foundation

We have audited the accompanying financial statements of Ontario Credit Union Charitable Foundation, which comprise the statements of financial position and net assets as at December 31, 2012, the statement of operations and changes in fund balances and cash flows for the year then ended, and notes, comprising 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.

Auditors' 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 our 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, we consider 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 audit opinion.

Basis for Qualified Opinion

In common with many not-for-profit organizations, Ontario Credit Union Charitable Foundation derives revenue from fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of Ontario Credit Union Charitable Foundation. Therefore, we were not able to determine whether, as at and for the year ended December 31, 2012, any adjustments might be necessary to fundraising revenues and excess of revenues over expenses reported in the statement of operations, excess of revenues over expenses reported in the statement of cash flows and current assets and unrestricted net assets reported in the statement of financial position.

Qualified 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 Ontario

Credit Union Charitable Foundation as at December 31, 2012, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Comparative Information

Without modifying our opinion, we draw attention to Note 1 to the financial statements which describes that Ontario Credit Union Charitable Foundation adopted Canadian accounting standards for not-for-profit organizations on January 1, 2012 with a transition date of January 1, 2011. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statements of financial position as at December 31, 2011 and January 1, 2011, and the statements of operations, changes in net assets and cash flows for the year ended December 31, 2011 and related disclosures. We were not engaged to report on the restated comparative information, and as such, it is unaudited.

Chartered Accountants, Licensed Public Accountants

March 7, 2013
Toronto, Canada

**ONTARIO CREDIT UNION CHARITABLE FOUNDATION
STATEMENT OF FINANCIAL POSITION**

December 31, 2012, December 31, 2011 and January 1, 2011

	Disaster Relief Fund	Community Investment Funds	Permanent Capital Funds	General Fund	Dec. 31 2012 Total	Dec. 31 2011 Total (unaudited)	Jan. 1 2011 Total (unaudited)
ASSETS							
Current assets:							
Cash	\$ -	\$912,573	\$969,954	\$ 136,455	\$2,018,982	\$1,790,692	\$1,527,240
Accounts Receivable	-	-	-	1,327	1,327	-	1,303
Prepaid expenses	-	-	-	8,055	8,055	4,800	11,468
	\$ -	\$912,573	\$969,954	\$ 145,837	\$2,028,364	\$1,795,492	\$1,540,011
Investment	-	-	-	30	30	25	25
	\$ -	\$912,573	\$969,954	\$ 145,867	\$2,028,394	\$1,795,517	\$1,540,036
LIABILITIES AND NET ASSETS							
Current liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ 17,766	\$ 17,766	\$ 23,514	\$ 9,352
Distributions committed	-	-	-	-	-	-	5,000
	\$ -	\$ -	\$ -	\$ 17,766	\$ 17,766	\$ 23,514	\$ 14,352
Net assets:							
Disaster Relief Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,104	\$ 2,551
Community Investment Funds	-	912,573	-	-	912,573	660,932	424,979
Permanent Capital Funds	-	-	969,954	-	969,954	981,175	958,604
General Fund	-	-	-	128,101	128,101	124,792	139,550
	\$ -	\$912,573	\$969,954	\$ 128,101	\$2,010,628	\$1,772,003	\$1,525,684
	\$ -	\$912,573	\$969,954	\$ 145,867	\$2,028,394	\$1,795,517	\$1,540,036

The accompanying notes are integral to the financial statements.

Approved by the Board:

E. Campbell, Chair

D. Schurman, Treasurer

ONTARIO CREDIT UNION CHARITABLE FOUNDATION
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

	Disaster Relief Fund		Community Investment Funds		Permanent Capital Funds		General Fund		Total	
<i>For the year ended December 31</i>	2012	2011 (unaudited)	2012	2011 (unaudited)	2012	2011 (unaudited)	2012	2011 (unaudited)	2012	2011 (unaudited)
REVENUES										
Contributions (note 2)	\$ -	\$ 7,500	\$ 778,355	\$ 596,898	\$ 10,850	\$ 17,606	\$ 212,457	\$ 240,326	\$ 1,001,662	\$ 862,330
Interest on current account	53	53	7,482	3,449	9,740	9,306	6,616	15,253	23,891	28,061
Membership fees	-	-	-	-	-	-	4,850	10,900	4,850	10,900
	\$ 53	\$ 7,553	\$ 785,837	\$ 600,347	\$ 20,590	\$ 26,912	\$ 223,923	\$ 266,479	\$ 1,030,403	\$ 901,291
EXPENSES										
Charitable distributions (note 3)	\$ -	\$ 5,000	\$ 547,139	\$ 365,648	\$ 14,471	\$ 1,562	\$ 95,191	\$ 131,041	656,801	503,251
Golf tournament (note 2)	-	-	-	-	-	-	47,016	49,914	47,016	49,914
Annual meeting (note 2)	-	-	-	-	-	-	7,407	25,025	7,407	25,025
General and administrative	-	-	600	500	-	-	13,870	14,740	14,470	15,240
Management Fees	-	-	-	-	-	-	63,995	59,157	63,995	59,157
Insurance	-	-	-	-	-	-	2,089	2,385	2,089	2,385
	\$ -	\$ 5,000	\$ 547,739	\$ 366,148	\$ 14,471	\$ 1,562	\$ 229,568	\$ 282,262	791,778	654,972
Excess/(shortfall) of revenues over expenses	\$ 53	\$ 2,553	\$ 238,098	\$ 234,199	\$ 6,119	\$ 25,350	\$ (5,645)	\$ (15,783)	\$ 238,625	\$ 246,319
Fund balances – beginning of year	5,104	2,551	660,011	424,979	981,175	958,604	125,713	139,550	1,772,003	1,525,684
Interfund transfers	(5,157)	-	14,464	833	(17,340)	(2,779)	8,033	1,946	-	-
Fund balances – end of year	\$ -	\$ 5,104	\$ 912,573	\$ 660,011	\$ 969,954	\$ 981,175	\$ 128,101	\$ 125,713	\$ 2,010,628	\$ 1,772,003

The accompanying notes are integral to the financial statements.

**ONTARIO CREDIT UNION CHARITABLE FOUNDATION
STATEMENT OF NET ASSETS**

	Dec.31 2012	Dec 31 2011 (unaudited)	Jan.1 2011 (unaudited)
Disaster Relief Funds:			
Ontario Credit Union Charitable Foundation Disaster Relief Fund	\$ -	\$ 5,104	\$ 2,551
Total Disaster Relief Funds	\$ -	\$ 5,104	\$ 2,551
Community Investment Funds:			
Central 1 Credit Union Community Investment Fund	\$ 2,791	\$ 2,862	\$ 2,934
Alterna Community Investment Fund	23,381	23,247	23,124
Momentum Cares Community Investment Fund	262	-	-
Prosperity One Community Investment Fund	15,466	9,270	12,775
The Jean Wansbrough Leadership Training Fund	16,865	16,289	9,789
Libro Financial Group Community Investment Fund	704,883	608,343	376,357
United Communities Credit Union Community Investment Fund	148,925	-	-
Total Community Investment Funds	\$ 912,573	\$ 660,011	\$ 424,979
Permanent Capital Funds:			
Corporate:			
Alterna C.U. Fund	\$ 13,693	\$ 13,557	\$ 13,427
Aubrey Dagleish Memorial Fund (FirstOntario C.U.)	27,659	27,659	27,659
Bernie Daly Memorial Fund	41,847	40,466	34,596
Bryan Halladay Memorial Fund for Myotonic Dystrophy (Kingston Comm. C.U.)	60,045	58,637	55,581
Charles Diemer Capital Fund (United Communities C.U.)	11,309	12,648	12,527
Davis & Henderson Bursary	26,262	26,262	26,262
Development of Credit Unions in Ukraine	12,488	12,364	12,245
Earle Reed Fund (Rochdale C.U.)	26,695	26,430	26,176
Hald-Nor C.U. Capital Fund	2,964	2,935	2,906
Hamilton & District C.U. Chapter	9,878	9,878	9,878
Haswell B. Iron Fund (Alterna C.U.)	3,577	3,542	3,508
Joe Bonner/Ron Selman Memorial Capital Fund	10,100	10,000	10,000
Kakabeka Falls C.U. Capital Fund	18,499	18,315	18,636
Ken Weatherley Bursary Fund (Ottawa Firefighters C.U.)	9,613	9,518	9,426
Larry Sweeney Bursary (FirstOntario C.U.)	14,963	14,963	14,820
Len Tune Memorial Bursary (Charitable Foundation)	14,511	14,366	13,978
Libro Financial Group C.U. Fund	86,007	86,007	86,007
Lincoln M. Alexander Scholarship/Bursary Fund (MemberOne C.U.)	45,936	45,919	45,952
Meridian C.U. Capital Fund	155,207	155,207	154,441
Norman Alexander Memorial Bursary Fund (Estate of Deceased)	14,164	14,023	13,889
Ontario Council Gary Gillam Memorial Fund (CUES)	11,748	11,748	11,748
Oshawa Community Credit Union Fund	5,586	5,530	5,477
Parama Scholarship Fund (Parama Lithuanian C.U.)	111,279	120,162	119,012
Shepherd Family Capital Fund (Prosperity One CU)	10,122	9,145	8,037
Sudbury Regional Capital Fund	14,859	14,723	14,594
Sydenham Community C.U. Fund	19,528	19,334	19,149
William H. Bohn Fund (Meridian C.U.)	15,869	14,937	14,793
Windsor Family Bursary Fund	4,916	4,867	4,820
United Communities C.U. Capital Fund	38,594	50,225	49,743
	\$ 837,918	\$ 853,367	\$ 839,287
Family:			
Amy & Tim Dauphinee Bursary Fund	\$ 39,000	\$ 41,000	38,376
Carl Zawadzki Fund	11,719	11,503	11,411
Craig Family Capital Fund	6,384	6,321	6,260
John Alexander Scott Memorial/Scholarship Award	8,471	8,394	8,320
N. Donald E. Altman and Judy Skinner Fund	52,437	46,704	41,197
Niessen Family Fund	3,115	3,084	3,055
Private Fund No. 1	10,910	10,802	10,698
	\$ 132,036	\$ 127,808	\$ 119,317
Total Permanent Capital Funds	\$ 969,954	\$ 981,175	\$ 958,604
General Fund	128,101	125,713	139,550
Total Funds	\$ 2,010,628	\$ 1,772,003	\$1,525,684

The accompanying notes are integral to the financial statements

**ONTARIO CREDIT UNION CHARITABLE FOUNDATION
STATEMENT OF CASH FLOWS**

<i>As at December 31</i>	2012	2011 (unaudited)
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Cash provided by (used in):		
Operating activities:		
Excess of revenues over expenses	\$ 238,625	\$ 246,319
Change in non-cash operating working capital		
Accounts receivable	(1,327)	1,303
Prepaid expenses	(3,255)	6,668
Accounts payable	(5,748)	9,162
	<hr/>	<hr/>
	228,295	263,452
Investing activities:		
Purchase of investments	(5)	-
	<hr/>	<hr/>
	(5)	-
	<hr/>	<hr/>
Net increase in cash and cash equivalents	228,290	263,452
Cash and cash equivalents, beginning of year	1,790,692	1,527,240
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Cash and cash equivalents, end of year	\$ 2,018,982	\$ 1,790,692
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See accompanying notes to financial statements

ONTARIO CREDIT UNION CHARITABLE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2012

The Foundation is incorporated without share capital under the Corporations Act (Ontario) and is a private foundation under the Income Tax Act (Canada).

The Foundation receives contributions, administers such funds and makes distributions within, but not limited to, the following three fields:

- i) the advancement of education, particularly in the field of co-operative enterprise;
- ii) the advancement of co-operative enterprise in developing countries; and
- iii) partnering with other co-operative enterprises to support their community charitable organizations and causes.

On January 1, 2012, the Foundation adopted Canadian Accounting Standards for Not-For-Profit Organizations in Part III of the CICA Handbook. These are the first financial statements prepared in accordance with Not-For-Profit Standards.

In accordance with the transitional provisions in Not-For-Profit Standards, the Foundation has adopted the changes retrospectively, subject to certain exemptions allowed under these standards. The transition date is January 1, 2011 and all comparative information provided has been presented by applying Not-For-Profit Standards.

There were no adjustments to net assets and excess (shortfall) of revenue over expenses as a result of the transition to Canadian Accounting Standards for Not-For-Profit Organizations.

1. Significant Accounting Policy

These financial statements have been prepared by management in accordance with Canadian Accounting Standards for Not-For-Profit Standards in Part III of the CICA Handbook.

Revenue Recognition and Fund Classification

The Foundation follows the restricted fund method of accounting for contributions. The general fund accounts for the Foundation's program delivery and administrative expenses. The permanent capital funds report restricted resources that are to be used for specific purposes as directed by the contributor. Unrestricted contributions are recognized as revenue of the general fund in the year received if the amount to be received can be reasonably estimated and collection is reasonably assured.

Distributions paid out are charged to the applicable fund identified as having been set up for the purpose of the distribution.

ONTARIO CREDIT UNION CHARITABLE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2012

Accounting Policy

The Foundation primarily records all monies received and disbursements paid as they occur. Where applicable, accruals and amortizations are used to match revenues and their related expenses to the period of occurrence.

2. Contributions

	Disaster Relief Fund		Community Investment Funds		Permanent Capital Funds		General Fund		Total	
	2012	2011 (unaudited)	2012	2011 (unaudited)	2012	2011 (unaudited)	2012	2011 (unaudited)	2012	2011 (unaudited)
Annual meeting	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,078	\$ 37,755	\$ 20,078	\$ 37,755
Donations:										
Assessments	-	-	-	-	-	-	77,448	72,602	77,448	72,602
Other	-	7,500	778,355	596,898	10,850	17,606	31,976	34,592	821,181	656,596
Golf tournament	-	-	-	-	-	-	82,955	95,377	82,955	95,377
	\$ -	\$ 7,500	\$ 778,355	\$ 596,898	\$ 10,850	\$ 17,606	\$ 212,457	\$ 240,326	\$ 1,001,662	\$ 862,330

ONTARIO CREDIT UNION CHARITABLE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2012

The excess of contributions over expenses for the Annual Meeting was \$ 12,671 (2011 - \$12,730 unaudited) and for the Golf Tournament was \$ 35,939 (2011 - \$45,463 unaudited). Annual voluntary donation assessments introduced in 2010 are calculated at \$0.10 cents per member per participating credit union.

3. Charitable Distributions

	Disaster Relief Fund		Community Investment Funds		Permanent Capital Funds		General Fund		Total	
	2012	2011 (unaudited)	2012	2011 (unaudited)	2012	2011 (unaudited)	2012	2011 (unaudited)	2012	2011 (unaudited)
Co-operative Development Foundation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,250	\$ -	\$ 30,250
Co-operative Young Leaders Program	-	-	-	-	-	-	15,854	14,687	15,854	14,687
Partnering Activities	-	5,000	547,139	365,648	14,471	1,562	76,337	83,104	637,947	455,314
Scholarships and Bursaries	-	-	-	-	-	-	3,000	3,000	3,000	3,000
	\$ -	\$ 5,000	\$ 547,139	\$ 365,648	\$ 14,471	\$ 1,562	\$ 95,191	\$ 131,041	\$ 656,801	\$ 503,251

4. New Funds

Two new Community Investment Funds established during the year (Momentum Cares Credit Union and United Communities Credit Union).

5. Statement of Cash Flows

A statement of cash flows has been prepared in accordance with the new standards.

6. Financial Risks and Concentration of Credit Risk

The Foundation is not exposed to significant interest rate, market, credit or liquidity risk. Excess funds are held in a savings account that is readily accessible to meet any commitments that may arise. The Foundation maintains current accounts which it monitors on an ongoing basis to ensure all day to day obligations are met. The Foundation does not have any significant receivables, thus it is not exposed to any credit risk.