

ONTARIO CREDIT UNION CHARITABLE FOUNDATION

FINANCIAL STATEMENTS

DECEMBER 31, 2013

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KPMG LLP
Bay Adelaide Centre
333 Bay Street Suite 4600
Toronto ON M5H 2S5
Canada

Telephone (416) 777-8500
Fax (416) 777-8818
Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Members of Ontario Credit Union Charitable Foundation

Report on the Financial Statements

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, 2013, the statements 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.



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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 this revenue 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, 2013, any adjustments might be necessary to fundraising revenue and excess of revenue over expenses reported in the statement of operations and changes in fund balances and 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, 2013, 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.

Report on Other Legal and Regulatory Requirements

In accordance with the Corporations Act (Ontario), we report that the Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants, Licensed Public Accountants

March 19, 2014
Toronto, Canada

ONTARIO CREDIT UNION CHARITABLE FOUNDATION
STATEMENT OF FINANCIAL POSITION

As at December 31

	Disaster Relief Fund	Community Investment Funds	Permanent Capital Funds	General Fund	2013 Total	2012 Total
ASSETS						
Current assets:						
Cash	\$ -	\$1,149,397	\$1,072,222	\$ 175,340	\$2,396,959	\$2,018,982
Accounts receivable	-	-	-	14,500	14,500	1,327
Prepaid expenses	-	-	-	6,821	6,821	8,055
	\$ -	\$1,149,397	\$1,072,222	\$ 196,661	\$2,418,280	\$2,028,364
Investment	-	-	-	35	35	30
	\$ -	\$1,149,397	\$1,072,222	\$ 196,696	\$2,418,315	\$2,028,394
LIABILITIES AND NET ASSETS						
Current liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ 76,169	\$ 76,169	\$ 17,766
	\$ -	\$ -	\$ -	\$ 76,169	\$ 76,169	\$ 17,766
Net assets:						
Disaster Relief Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Community Investment Funds	-	1,149,397	-	-	1,149,397	912,573
Permanent Capital Funds	-	-	1,072,222	-	1,072,222	969,954
General Fund	-	-	-	120,527	120,527	128,101
	\$ -	\$1,149,397	\$1,072,222	\$ 120,527	\$2,342,146	\$2,010,628
	\$ -	\$1,149,397	\$1,072,222	\$ 196,696	\$2,418,315	\$2,028,394

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>	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
REVENUE										
Contributions (note 2)	\$ -	\$ -	\$ 999,537	\$ 778,355	\$ 110,371	\$ 10,850	\$ 223,606	\$ 212,457	\$ 1,333,514	\$ 1,001,662
Interest on current account	-	53	8,805	7,482	9,779	9,740	5,571	6,616	24,155	23,891
Membership fees	-	-	-	-	-	-	3,820	4,850	3,820	4,850
	\$ -	\$ 53	\$ 1,008,342	\$ 785,837	\$ 120,150	\$ 20,590	\$ 232,997	\$ 223,923	\$ 1,361,489	\$ 1,030,403
EXPENSES										
Charitable distributions (note 3)	\$ -	\$ -	\$ 771,930	\$ 547,139	\$ 13,819	\$ 14,471	\$ 101,314	\$ 95,191	\$ 887,063	\$ 656,801
Golf tournament (note 2)	-	-	-	-	-	-	37,548	47,016	37,548	47,016
Annual meeting (note 2)	-	-	-	-	-	-	19,542	7,407	19,542	7,407
General and administrative	-	-	800	600	-	-	15,871	13,870	16,671	14,470
Management fees	-	-	-	-	-	-	67,315	63,995	67,315	63,995
Insurance	-	-	-	-	-	-	1,832	2,089	1,832	2,089
	\$ -	\$ -	\$ 772,730	\$ 547,739	\$ 13,819	\$ 14,471	\$ 243,422	\$ 229,568	\$ 1,029,971	\$ 791,778
Excess/(shortfall) of revenue over expenses	\$ -	\$ 53	\$ 235,612	\$ 238,098	\$ 106,331	\$ 6,119	\$ (10,425)	\$ (5,645)	\$ 331,518	\$ 238,625
Fund balances – beginning of year	-	5,104	912,573	660,011	969,954	981,175	128,101	125,713	2,010,628	1,772,003
Interfund transfers	-	(5,157)	862	14,464	(3,713)	(17,340)	2,851	8,033	-	-
Fund balances – end of year	\$ -	\$ -	\$ 1,149,047	\$ 912,573	\$ 1,072,572	\$ 969,954	\$ 120,527	\$ 128,101	\$ 2,342,146	\$ 2,010,628

The accompanying notes are integral to the financial statements.

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

<i>As at December 31</i>	2013	2012
Community Investment Funds:		
Central 1 Credit Union Community Investment Fund	\$ 2,719	\$ 2,791
Alterna Community Investment Fund	18,511	23,381
Momentum Cares Community Investment Fund	163	262
Prosperity One Community Investment Fund	18,022	15,466
The Jean Wansbrough Leadership Training Fund	29,323	16,865
Libro Financial Group Community Investment Fund	892,265	704,883
United Communities Credit Union Community Investment Fund	170,600	148,925
DUCA Community Fund	-	-
United by Trauma	350	-
Leadership Niagara Community Investment Fund	17,444	-
Total Community Investment Funds	\$ 1,149,397	\$ 912,573
Permanent Capital Funds:		
Corporate:		
Alterna C.U. Fund	\$ 13,830	\$ 13,693
Aubrey Dalglish Memorial Fund (FirstOntario C.U.)	27,659	27,659
Bernie Daly Memorial Fund	42,280	41,847
Bryan Halladay Memorial Fund for Myotonic Dystrophy (Kingston Comm. C.U.)	60,646	60,045
Charles Diemer Capital Fund (United Communities C.U.)	11,423	11,309
Davis & Henderson Bursary	26,262	26,262
Development of Credit Unions in the Ukraine	12,613	12,488
DUCA Capital Fund	100,166	-
Earle Reed Fund (Rochdale C.U.)	26,963	26,695
Hald-Nor C.U. Capital Fund	2,994	2,964
Hamilton & District C.U. Chapter	9,878	9,878
Haswell B. Iron Fund (Alterna C.U.)	3,613	3,577
Joe Bonner/Ron Selman Memorial Capital Fund	10,202	10,100
Kakabeka Falls C.U. Capital Fund	20,082	18,499
Ken Weatherley Bursary Fund (Ottawa Firefighters C.U.)	9,710	9,613
Larry Sweeney Bursary (FirstOntario C.U.)	14,963	14,963
Len Tune Memorial Bursary (Charitable Foundation)	15,156	14,511
Libro Financial Group C.U. Fund	86,007	86,007
Lincoln M. Alexander Scholarship/Bursary Fund (MemberOne C.U.)	45,936	45,936
Meridian C.U. Capital Fund	155,207	155,207
Norman Alexander Memorial Bursary Fund (Estate of Deceased)	14,306	14,164
Ontario Council Gary Gillam Memorial Fund (CUES)	11,748	11,748
Oshawa Community Credit Union Fund	5,642	5,586
Parama Scholarship Fund (Parama Lithuanian C.U.)	112,393	111,279
Shepherd Family Capital Fund (Prosperity One CU)	10,254	10,122
Sudbury Regional Capital Fund	14,995	14,859
Sydenham Community C.U. Fund	19,724	19,528
William H. Bohn Fund (Meridian C.U.)	16,028	15,869
Windsor Family Bursary Fund	4,965	4,916
United Communities C.U. Capital Fund	38,980	38,594
	\$ 944,625	\$ 837,918
Family:		
Amy & Tim Dauphinee Bursary Fund	\$ 38,600	\$ 39,000
Carl Zawadzki Fund	11,735	11,719
Craig Family Capital Fund	6,448	6,384
John Alexander Scott Memorial/Scholarship Award	8,549	8,471
N. Donald E. Altman and Judy Skinner Fund	58,968	52,437
Niessen Family Fund	3,297	3,115
Private Fund No. 1	-	10,910
	\$ 127,597	\$ 132,036
Total Permanent Capital Funds	\$ 1,072,222	\$ 969,954
General Fund	120,527	128,101
Total Funds	\$ 2,342,146	\$ 2,010,628

The accompanying notes are integral to the financial statements

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

For the year ended December 31

2013

2012

Cash provided by (used in):

Operating activities:

Excess of revenue over expenses	\$ 331,518	\$ 238,625
Change in non-cash operating working capital		
Accounts receivable	(13,173)	(1,327)
Prepaid expenses	1,234	(3,255)
Accounts payable	58,403	(5,748)
	377,982	228,295

Investing activities:

Purchase of investments	(5)	(5)
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Net increase in cash	377,977	228,290
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Cash, beginning of year	2,018,982	1,790,692
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Cash, end of year	\$ 2,396,959	\$ 2,018,982
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The accompanying notes are integral to the financial statements.

ONTARIO CREDIT UNION CHARITABLE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2013

The Ontario Credit Union Charitable Foundation (the “Foundation”) is incorporated without share capital under the Corporations Act (Ontario) and is a private foundation under the Income Tax Act (Canada), and is generally exempt from tax.

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

- i) the advancement of education, poverty relief and health care within the province of Ontario; and
- ii) 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 CPA Canada Handbook (“Not-For-Profit Standard”).

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 of revenue over expenses as a result of the transition to Not-For-Profit Standards.

1. Significant accounting policy:

These financial statements have been prepared by management in accordance with Not-For-Profit Standards.

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. Community Investment Funds, both principal and interest, are to be used for the 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.

Accounting policy:

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

ONTARIO CREDIT UNION CHARITABLE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2013

2. Contributions:

	Disaster Relief Fund		Community Investment Funds		Permanent Capital Funds		General Fund		Total	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Annual meeting	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,046	\$ 20,078	\$ 34,046	\$ 20,078
Donations:										
Assessments	-	-	-	-	-	-	80,832	77,448	80,832	77,448
Other	-	-	999,537	778,355	110,371	10,850	33,208	31,976	1,143,116	821,181
Golf tournament	-	-	-	-	-	-	75,520	82,955	75,520	82,955
	\$ -	\$ -	\$ 999,537	\$ 778,355	\$ 110,371	\$ 10,850	\$ 223,606	\$ 212,457	\$ 1,333,514	\$ 1,001,662

The excess of contributions over expenses for the annual meeting was \$14,504 (2012 - \$12,671) and for the golf tournament was \$37,972 (2012 - \$35,939). 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	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Co-operative Young Leaders Program	-	-	-	-	-	-	19,696	15,854	19,696	15,854
Partnering Activities	-	-	771,930	547,139	13,819	14,471	78,618	76,337	864,367	637,947
Scholarships and Bursaries	-	-	-	-	-	-	3,000	3,000	3,000	3,000
	\$ -	\$ -	\$ 771,930	\$ 547,139	\$ 13,819	\$ 14,471	\$ 101,314	\$ 95,191	\$ 887,063	\$ 656,801

ONTARIO CREDIT UNION CHARITABLE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2013

4. New funds:

Three new Community Investment Funds established during the year (DUCA Community Fund, United by Trauma and Leadership Niagara Community Investment Fund). In addition, one new Permanent Capital Fund was established during the year (DUCA Capital Fund). In December 2012, the balance in the Disaster Relief Fund was rolled up into the Foundation's General Fund.

5. Financial risks and concentration of credit risk:

The Foundation is not exposed to significant interest rate, market, credit or liquidity risks. 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.

6. Guarantees and indemnities:

To secure against future loss, damage or liability, the Foundation maintains adequate General Liability and Director's Liability insurance coverage and is seeking to further enhance this coverage by obtaining Errors and Omissions insurance.

7. Subsequent events:

Effective January 1, 2014, the Foundation was re-designated to a public foundation.