

ONTARIO CREDIT UNION FOUNDATION

FINANCIAL STATEMENTS

DECEMBER 31, 2016

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Independent Auditor's Report

To the Members of Ontario Credit Union Foundation

We have audited the accompanying financial statements of **Ontario Credit Union Foundation**, which comprise the statement of financial position as at December 31, 2016, the statements of operations and 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 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 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 charitable organizations, Ontario Credit Union Foundation derives most of its revenue from donations and fundraising, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to revenue, excess of revenues over expenses, total assets and net assets.

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 Foundation as at December 31, 2016 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.

Jones & O'Connell LLP

Jones & O'Connell LLP
Chartered Professional Accountants
Licensed Public Accountants

March 10, 2017
St. Catharines, Ontario

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

As at December 31

	Community Investment Funds	Permanent Capital Funds	General Fund	2016 Total	2015 Total
ASSETS					
Current assets:					
Cash	\$ 672,086	\$ 1,046,196	\$ 185,161	\$ 1,903,443	\$ 1,956,220
Accounts receivable	-	-	8,519	8,519	9,542
Prepaid expenses	-	-	5,482	5,482	5,972
Other	-	-	-	-	1,142
	\$ 672,086	\$ 1,046,196	\$ 199,162	\$ 1,917,444	\$ 1,972,876
Investment	-	-	50	50	40
	\$ 672,086	\$ 1,046,196	\$ 199,212	\$ 1,917,494	\$ 1,972,916
LIABILITIES AND NET ASSETS					
Current liabilities:					
Accounts payable	\$ -	\$ -	\$ 10,390	\$ 10,390	\$ 3,906
	\$ -	\$ -	\$ 10,390	\$ 10,390	\$ 3,906
Net assets:					
Community investment funds	\$ 672,086	\$ -	\$ -	\$ 672,086	\$ 766,515
Permanent capital funds	-	1,046,196	-	1,046,196	1,043,999
General fund	-	-	188,822	188,822	158,496
	\$ 672,086	\$ 1,046,196	\$ 188,822	\$ 1,907,104	\$ 1,969,010
	\$ 672,086	\$ 1,046,196	\$ 199,212	\$ 1,917,494	\$ 1,972,916

The accompanying notes are integral to the financial statements.

Approved by the Board:

D. Caldwell, Chair

J. Lalonde, Secretary/Treasurer

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

	Community Investment Funds		Permanent Capital Funds		General Fund		Total	
<i>For the year ended December 31</i>	2016	2015	2016	2015	2016	2015	2016	2015
REVENUES								
Contributions (note 2)	\$ 370,097	(410,458)	\$ 8,251	\$ 25,635	\$ 240,918	\$ 224,628	\$ 619,266	\$ (160,195)
Interest on current account	5,454	7,369	8,260	10,154	16,813	20,131	30,527	37,654
Membership fees	-	-	-	-	780	2,360	780	2,360
	\$ 375,551	(403,089)	\$ 16,511	\$ 35,789	\$258,511	\$ 247,119	\$ 650,573	\$ (120,181)
EXPENSES								
Charitable distributions (note 3)	\$ 469,913	\$ 400,167	\$ 9,653	\$ 5,626	\$ 60,983	\$ 67,327	\$ 540,549	\$ 473,120
Golf tournament (note 2)	-	-	-	-	36,479	33,103	36,479	33,103
Annual meeting (note 2)	-	-	-	-	470	5,266	470	5,266
General and administrative	750	1,066	1,751	-	21,614	29,369	24,115	30,435
Management fees	-	-	-	-	109,061	100,202	109,061	100,202
Insurance	-	-	-	-	1,805	1,922	1,805	1,922
	\$ 470,663	\$ 401,233	\$ 11,404	\$ 5,626	\$ 230,412	\$ 237,189	\$ 712,479	\$ 644,048
Excess (shortfall) of revenues over expenses	\$ (95,112)	\$ (804,322)	\$ 5,107	\$ 30,163	\$ 28,099	\$ 9,930	\$ (61,906)	\$ (764,229)
Fund balances – beginning of year	766,515	1,569,973	1,043,999	1,017,418	158,496	145,848	1,969,010	2,733,239
Interfund transfers	683	864	(2,910)	(3,582)	2,227	2,718	-	-
Fund balances – end of year	\$ 672,086	\$ 766,515	\$ 1,046,196	\$ 1,043,999	\$ 188,822	\$ 158,496	\$ 1,907,104	\$ 1,969,010

The accompanying notes are integral to the financial statements.

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

<i>As at December 31</i>	2016	2015
Community Investment Funds:		
Central 1 Credit Union Community Investment Fund	\$ 2,598	\$ 2,573
Bernie Daly Community Investment Fund	3,959	-
Prosperity One Community Investment Fund	1,086	1,075
The Jean Wansbrough Leadership Training Fund	28,481	21,422
Libro Credit Union Community Investment Fund	1,691	121,190
United Communities Credit Union Community Investment Fund	1,909	93,576
DUCA Community Fund	622,733	512,164
Leadership Niagara Community Investment Fund	8,661	11,549
Niessen Family Community Investment Fund	200	2,206
United by Trauma Community Investment Fund	768	760
Total Community Investment Funds	\$ 672,086	\$ 766,515
Permanent Capital Funds:		
Corporate:		
Alterna C.U. Fund	\$ 31,980	\$ 31,781
Aubrey Dalgleish Memorial Fund (FirstOntario C.U.)	27,612	27,659
Bernie Daly Memorial Fund	40,499	40,247
Charles Diemer Capital Fund (United Communities C.U.)	11,726	11,654
Davis & Henderson Bursary	25,133	25,175
Development of Credit Unions in the Ukraine	12,948	12,868
DUCA Capital Fund	102,829	102,190
Earle Reed Fund (Rochdale C.U.)	24,662	26,497
Hald-Nor C.U. Capital Fund	3,073	3,054
Hamilton & District C.U. Chapter	9,861	9,878
Joe Bonner/Ron Selman Memorial Capital Fund	10,473	10,408
Kakabeka Falls C.U. Capital Fund	20,430	20,303
Ken Weatherley Bursary Fund (Ottawa Firefighters C.U.)	10,054	9,906
Larry Sweeney Bursary (FirstOntario C.U.)	14,938	14,963
Len Tune Memorial Bursary (Charitable Foundation)	15,053	14,959
Libro Credit Union Fund	85,862	86,007
Lincoln M. Alexander Scholarship/Bursary Fund (MemberOne C.U.)	46,254	45,967
Meridian C.U. Capital Fund	155,076	155,335
Norman Alexander Memorial Bursary Fund (Estate of Deceased)	14,686	14,595
Ontario Council Gary Gillam Memorial Fund (CUES)	11,729	11,748
Oshawa Community Credit Union Fund	5,791	5,755
Parama Scholarship Fund (Parama Lithuanian C.U.)	115,380	114,662
Shepherd Family Capital Fund (Prosperity One CU)	10,526	10,461
Sudbury Regional Capital Fund	15,393	15,297
Sydenham Community C.U. Fund	20,248	20,122
William H. Bohn Fund (Meridian C.U.)	16,454	16,352
Windsor Family Bursary Fund	5,097	5,065
United Communities C.U. Capital Fund	40,017	39,768
	\$ 903,784	\$ 902,676
Family:		
Amy & Tim Dauphinee Bursary Fund	\$ 34,118	\$ 38,600
Carl Zawadzki Fund	12,329	12,163
Craig Family Capital Fund	6,620	6,579
John Alexander Scott Memorial/Scholarship Award	8,776	8,721
N. Donald E. Altman and Judy Skinner Fund	80,569	75,260
	\$ 142,412	\$ 141,323
Total Permanent Capital Funds	\$ 1,046,196	\$ 1,043,999
General Fund	188,822	158,496
Total Funds	\$ 1,907,104	\$ 1,969,010

The accompanying notes are integral to the financial statements

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

As at December 31

2016

2015

Cash provided by (used in):

Operating activities:

Excess (shortfall) of revenues over expenses	\$ (61,906)	\$ (764,229)
Change in non-cash operating working capital		
Accounts receivable	1,023	695,014
Prepaid expenses	490	4,317
Other	1,142	(132)
Accounts payable	6,484	652
	(52,767)	(64,378)

Investing activities:

Purchase of investments	(10)	-
	(10)	-

Net decrease in cash	(52,777)	(64,378)
Cash, beginning of year	1,956,220	2,020,598
Cash, end of year	\$ 1,903,443	\$ 1,956,220

The accompanying notes are integral to the financial statements.

ONTARIO CREDIT UNION FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2016

The Ontario Credit Union Foundation (“the Foundation”) is incorporated without share capital under the Corporations Act (Ontario) and is a public foundation under the Income Tax Act (Canada), and as thus does not pay income tax.

The Foundation receives contributions, administers such funds and makes distributions in accordance with CRA guidelines.

The Foundation conducts a “charitable activity” described in their mission statement; “we partner with the credit unions of Ontario in support of youth education and leadership.”

1. Significant Accounting Policies

These financial statements have been prepared by management in accordance with Canadian Accounting Standards for Not-For-Profit Organizations in Part III of the CPA Canada 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. Community Investment Funds are deposited with the Foundation by credit unions, co-operatives and individuals as a flow through vehicle allowing for donations to be donor directed to the charity of the depositor's choice. Restricted Contributions are recognized as revenue of the community investment funds or permanent capital funds if the amount to be received can be reasonably estimated and collection is reasonably assured. Unrestricted contributions are recognized as revenue of the general fund 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.

Interest Recognition Policy

Interest is recognized as earned over the passage of time and allocated to the related community investment fund balances, permanent capital fund balances or the general fund, based on the proportionate balance held in the related funds as a percentage of total funds held.

2. Contributions

	Community Investment Funds		Permanent Capital Funds		General Fund		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
Annual meeting	\$ -	\$ -	\$ -	\$ -	\$ 1,720	\$ 12,180	\$ 1,720	\$ 12,180
Donations:								
Assessments	-	-	-	-	89,054	87,347	89,054	87,347
Other	370,097	(410,458)	8,251	25,635	36,819	40,060	415,167	(344,763)
Golf tournament	-	-	-	-	113,325	85,041	113,325	85,041
	\$ 370,097	\$ (410,458)	\$ 8,251	\$ 25,635	\$ 240,918	\$ 224,628	\$ 619,266	\$ (160,195)

The excess of contributions over expenses for the Annual Meeting was \$1,250 (2015 - \$6,914) and for the Golf Tournament was \$ 76,846 (2015 - \$51,938). Annual voluntary donation assessments introduced in 2010 are calculated at \$0.10 cents per member per participating credit union.

Included in Other Donations under Community Investment Funds for 2015 was \$700,000 which had been pledged by a contributor the previous year. The contributor had since informed the Foundation that the contribution would not be made, thus it was reversed.

3. Charitable Distributions

	Community Investment Funds		Permanent Capital Funds		General Fund		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
Co-operative Young Leaders Program	\$ -	\$ -	\$ -	\$ -	\$ 8,383	\$ 14,656	\$ 8,383	\$ 14,656
Partnering Activities	469,913	400,167	9,653	5,626	1,600	49,671	481,166	455,464
Scholarships and Bursaries	-	-	-	-	51,000	3,000	51,000	3,000
	\$469,913	\$400,167	\$ 9,653	\$ 5,626	\$ 60,983	\$ 67,327	\$ 540,549	\$ 473,120

4. New Funds

One new fund was established during the year (Bernie Daly Community Investment Fund).

5. Financial Risks and Concentration of Credit Risk

The Foundation was not exposed to significant interest rate, market, credit or liquidity risk during 2016. 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 Permanent Capital Fund balances were transferred to Credential Securities in October 2016. Balances were held in a cash account for the remainder of 2016, and will be invested in 2017 in an effort to generate additional income for the funds.