



Financial Statements 2017

ONTARIO CREDIT UNION FOUNDATION

FINANCIAL STATEMENTS

DECEMBER 31, 2017

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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, 2017, 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 revenues, 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, 2017 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

April 23, 2018
St. Catharines, Ontario

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

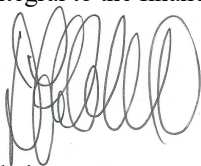
As at December 31

	Community Investment Funds	Permanent Capital Funds	General Fund	2017 Total	2016 Total
ASSETS					
Current assets:					
Cash	\$ 633,792	\$ -	\$ 165,184	\$ 798,976	\$ 1,903,443
Accounts receivable	-	-	5,347	5,347	8,519
Prepaid expenses	-	-	3,611	3,611	5,482
	\$ 633,792	\$ -	\$ 174,142	\$ 807,934	\$ 1,917,444
Investment	-	1,073,503	41,870	1,115,373	50
	\$ 633,792	\$ 1,073,503	\$ 216,012	\$ 1,923,307	\$ 1,917,494
LIABILITIES AND NET ASSETS					
Current liabilities:					
Accounts payable	\$ -	\$ -	\$ 6,503	\$ 6,503	\$ 10,390
	\$ -	\$ -	\$ 6,503	\$ 6,503	\$ 10,390
Net assets:					
Community investment funds	\$ 633,792	\$ -	\$ -	\$ 633,792	\$ 672,086
Permanent capital funds	-	1,073,503	-	1,073,503	1,046,196
General fund	-	-	209,509	209,509	188,822
	\$ 633,792	\$ 1,073,503	\$ 209,509	\$ 1,916,804	\$ 1,907,104
	\$ 633,792	\$ 1,073,503	\$ 216,012	\$ 1,923,307	\$ 1,917,494

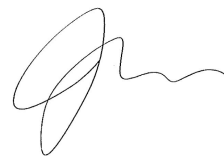
The accompanying notes are integral to the financial statements.

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>	2017	2016	2017	2016	2017	2016	2017	2016
REVENUES								
Contributions (note 2)	\$ 238,502	\$ 370,097	\$ 7,500	\$ 8,251	\$ 235,777	\$ 240,918	\$ 481,779	\$ 619,266
Investment income	7,912	5,454	64,603	8,260	95	16,813	72,610	30,527
Membership fees	-	-	-	-	1,119	780	1,119	780
	\$ 246,414	\$ 375,551	\$ 72,103	\$ 16,511	\$236,991	\$258,511	\$ 555,508	\$ 650,573
EXPENSES								
Charitable distributions (note 3)	\$ 278,452	\$ 469,913	\$ 16,997	\$ 9,653	\$ 65,910	\$ 60,983	\$ 361,359	\$ 540,549
Golf tournament (note 2)	-	-	-	-	34,600	36,479	34,600	36,479
Annual meeting (note 2)	-	-	-	-	4,333	470	4,333	470
General and administrative	6,256	750	10,708	1,751	27,379	21,614	44,343	24,115
Management fees	-	-	-	-	99,493	109,061	99,493	109,061
Insurance	-	-	-	-	1,680	1,805	1,680	1,805
	\$ 284,708	\$ 470,663	\$ 27,705	\$ 11,404	\$ 233,395	\$ 230,412	\$ 545,808	\$ 712,479
Excess (shortfall) of revenues over expenses	\$ (38,294)	\$ (95,112)	\$ 44,398	\$ 5,107	\$ 3,596	\$ 28,099	\$ 9,700	\$ (61,906)
Fund balances – beginning of year	672,086	766,515	1,046,196	1,043,999	188,822	158,496	1,907,104	1,969,010
Interfund transfers	-	683	(17,091)	(2,910)	17,091	2,227	-	-
Fund balances – end of year	\$ 633,792	\$ 672,086	\$ 1,073,503	\$ 1,046,196	\$ 209,509	\$ 188,822	\$ 1,916,804	\$ 1,907,104

The accompanying notes are integral to the financial statements.

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

<i>As at December 31</i>	2017	2016
Community Investment Funds:		
Central 1 Credit Union Community Investment Fund	\$ 2,608	\$ 2,598
Bernie Daly Community Investment Fund	17,401	3,959
Prosperity One Community Investment Fund	1,089	1,086
The Jean Wansbrough Leadership Training Fund	33,112	28,481
Libro Credit Union Community Investment Fund	-	1,691
United Communities Credit Union Community Investment Fund	-	1,909
DUCA Community Fund	573,126	622,733
Leadership Niagara Community Investment Fund	5,685	8,661
Niessen Family Community Investment Fund	-	200
United by Trauma Community Investment Fund	771	768
Total Community Investment Funds	\$ 633,792	\$ 672,086
Permanent Capital Funds:		
Corporate:		
Alterna C.U. Fund	\$ 33,633	\$ 31,980
Aubrey Dalgleish Memorial Fund (FirstOntario C.U.)	27,328	27,612
Bernie Daly Memorial Fund	42,093	40,499
Charles Diemer Capital Fund (United Communities C.U.)	12,333	11,726
Davis & Henderson Bursary	24,874	25,133
Development of Credit Unions in the Ukraine	13,618	12,948
DUCA Capital Fund	108,145	102,829
Earle Reed Fund (Rochdale C.U.)	24,896	24,662
Hald-Nor C.U. Capital Fund	3,232	3,073
Hamilton & District C.U. Chapter	9,759	9,861
Joe Bonner/Ron Selman Memorial Capital Fund	11,014	10,473
Kakabeka Falls C.U. Capital Fund	21,486	20,430
Ken Weatherley Bursary Fund (Ottawa Firefighters C.U.)	10,574	10,054
Larry Sweeney Bursary (FirstOntario C.U.)	14,784	14,938
Len Tune Memorial Bursary (Charitable Foundation)	15,831	15,053
Libro Credit Union Fund	87,320	85,862
Lincoln M. Alexander Scholarship/Bursary Fund (MemberOne C.U.)	48,346	46,254
Meridian C.U. Capital Fund	153,476	155,076
Norman Alexander Memorial Bursary Fund (Estate of Deceased)	15,445	14,686
Ontario Council Gary Gillam Memorial Fund (CUES)	11,608	11,729
Oshawa Community Credit Union Fund	6,091	5,791
Parama Scholarship Fund (Parama Lithuanian C.U.)	117,291	115,380
Shepherd Family Capital Fund (Prosperity One CU)	10,548	10,526
Sudbury Regional Capital Fund	16,189	15,393
Sydenham Community C.U. Fund	21,295	20,248
William H. Bohn Fund (Meridian C.U.)	17,305	16,454
Windsor Family Bursary Fund	5,360	5,097
United Communities C.U. Capital Fund	40,695	40,017
	\$ 924,569	\$ 903,784
Family:		
Amy & Tim Dauphinee Bursary Fund	\$ 27,812	\$ 34,118
Carl Zawadzki Fund	12,690	12,329
Craig Family Capital Fund	6,962	6,620
John Alexander Scott Memorial/Scholarship Award	9,229	8,776
N. Donald E. Altman and Judy Skinner Fund	92,241	80,569
	\$ 148,934	\$ 142,412
Total Permanent Capital Funds	\$ 1,073,503	\$ 1,046,196
General Fund	209,509	188,822
Total Funds	\$ 1,916,804	\$ 1,907,104

The accompanying notes are integral to the financial statements

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

<i>As at December 31</i>	2017	2016
Cash provided by (used in):		
Operating activities:		
Excess (shortfall) of revenues over expenses	\$ 9,700	\$ (61,906)
Change in non-cash operating working capital		
Item not involving cash:		
Unrealized gain included in investment income	(27,950)	-
Change in non-cash operating working capital		
Accounts receivable	3,172	1,023
Prepaid expenses	1,870	490
Other	-	1,142
Accounts payable	(3,886)	6,484
	(17,094)	(52,767)
Investing activities:		
Purchase of investments	(1,102,558)	(10)
Proceeds on sale of investments	15,185	-
	(1,087,373)	(10)
Net decrease in cash	(1,104,467)	(52,777)
Cash, beginning of year	1,903,443	1,956,220
Cash, end of year	\$ 798,976	\$ 1,903,443

The accompanying notes are integral to the financial statements.

ONTARIO CREDIT UNION FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2017

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 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.

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.

Financial Instruments Accounting Policy

The Foundation initially measures its financial instruments at fair value, then subsequently measures as follows:

Financial assets measured at amortized cost include cash, accounts receivable, and investments comprised of cash held in a broker account. Financial assets measured at fair value include investments held in equity investments. Financial liabilities measured at amortized cost include account payable.

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.

Investment Income Recognition Policy

Investment income is comprised of interest, distributions on equity instruments and unrealized gains on equity investments. Interest is recognized as earned over the passage of time. Distributions on equity instruments are recognized when received. Unrealized gains on equity instruments are recognized when the fair market value of equity investments exceeds the historical cost of such equity instruments. Interest is allocated to the related community investment funds, permanent capital funds or the general fund, based on the proportionate balances held in the related funds as a percentage of total cash funds held. Investment income on equity instruments is allocated between the permanent capital fund balances and the general fund based on the proportionate balance held in the related funds as a percentage of total equity instrument funds held.

Investments Note Disclosure

	<u>2017</u>	<u>2016</u>
Cash held in broker account	\$ 10,516	\$ -
Equity instruments (Cost - \$1,076,852) (81,539 units in a global balanced fund)	1,104,802	-
	\$ 1,115,318	\$ -

Administration Fees

Administration fees are charged to each of the Permanent Capital Funds and the Community Investment Funds at a rate of 1% per annum and collected monthly based on the closing monthly balances of each fund. During the year, the general fund allocated to the various community investments funds \$6,256 and to the various permanent capital funds \$10,708 related to admin fees.

2. Contributions

	Community Investment Funds		Permanent Capital Funds		General Fund		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
Annual meeting	\$ -	\$ -	\$ -	\$ -	\$ 4,089	\$ 1,720	\$ 4,089	\$ 1,720
Donations:								
Assessments	-	-	-	-	87,265	89,054	87,265	89,054
Other	238,502	370,097	7,500	8,251	39,557	36,819	285,559	415,167
Golf tournament	-	-	-	-	104,866	113,325	104,866	113,325
	\$ 238,502	\$ 370,097	\$ 7,500	\$ 8,251	\$ 235,777	\$ 240,918	\$ 481,779	\$ 619,266

The excess of contributions over expenses for the Annual Meeting was (\$244) (2016 - \$1,250) and for the Golf Tournament was \$70,266 (2016 - \$76,846). Annual voluntary donation assessments introduced in 2010 are calculated at \$0.10 cents per member per participating credit union.

3. Charitable Distributions

	Community Investment Funds		Permanent Capital Funds		General Fund		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
Co-operative Young Leaders Program	\$ -	\$ -	\$ -	\$ -	\$ 5,000	\$ 8,383	\$ 5,000	\$ 8,383
Partnering Activities	278,452	469,913	16,997	9,653	910	1,600	296,358	481,166
Scholarships and Bursaries	-	-	-	-	60,000	51,000	60,000	51,000
	\$278,452	\$469,913	\$16,997	\$ 9,653	\$ 65,910	\$ 60,983	\$ 361,358	\$ 540,549

4. New Funds

No new funds were established during the year. Three Community Investment Funds were closed during the year (Libro Credit Union, United Communities Credit Union and Niessen Family),

5. Financial Risks and Concentration of Credit Risk

The Foundation is exposed to market risk and concentration risk as it holds investments in equity instruments in one mutual fund with one dealer. The risk is new due to the purchase of equity instruments during the year. Included in investment income is an unrealized gain on equity instruments of \$27,950 for the year ended December 31, 2017 (2016 - \$nil).

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 were invested in 2017 in an effort to generate additional income for the funds.

6. Interfund Transfers

The Foundation transferred \$17,091 from permanent capital funds to the general fund during the year ended December 31, 2017 (2016 - \$2,227) in accordance with long standing direction on hand from select funds.