



Financial Statements

2018

ONTARIO CREDIT UNION FOUNDATION
FINANCIAL STATEMENTS

DECEMBER 31, 2018

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Independent Auditor's Report

To the Members of Ontario Credit Union Foundation

Qualified Opinion

We have audited the financial statements of **Ontario Credit Union Foundation** ("the Foundation"), which comprise the statement of financial position as at December 31, 2018, and the statement of operations and fund balance, statement of net assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of **Ontario Credit Union Foundation** as at December 31, 2018, 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..

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.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

As a part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as a fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude of the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or condition may cause the Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Jones & O'Connell LLP

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

St. Catharines, Ontario
March 20, 2019


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

As at December 31

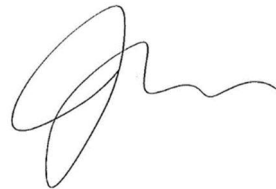
	Community Investment Funds	Permanent Capital Funds	General Fund	2018 Total	2017 Total
ASSETS					
Current assets:					
Cash	\$ 123,453	\$ -	\$ 219,980	\$ 343,433	\$ 798,976
Accounts receivable	-	-	17,325	17,325	5,347
Prepaid expenses	-	-	2,321	2,321	3,611
	\$ 123,453	\$ -	\$ 239,626	\$ 363,079	\$ 807,934
Investment	-	1,032,561	405	1,032,966	1,115,373
	\$ 123,453	\$ 1,032,561	\$ 240,031	\$ 1,396,045	\$ 1,923,307
LIABILITIES AND NET ASSETS					
Current liabilities:					
Accounts payable	\$ -	\$ 9,019	\$ 4,511	\$ 13,530	\$ 6,503
	\$ -	\$ 9,019	\$ 4,511	\$ 13,530	\$ 6,503
Net assets:					
Community investment funds	\$ 123,453	\$ -	\$ -	\$ 123,453	\$ 633,792
Permanent capital funds	-	1,023,542	-	1,023,542	1,073,503
General fund	-	-	235,520	235,520	209,509
	\$ 123,453	\$ 1,032,561	\$ 235,520	\$ 1,382,515	\$ 1,916,804
	\$ 123,453	\$ 1,032,561	\$ 235,520	\$ 1,396,045	\$ 1,923,307

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>	2018	2017	2018	2017	2018	2017	2018	2017
REVENUES								
Contributions (note 2)	\$ 25,747	\$ 238,502	\$ 8,145	\$ 7,500	\$ 258,469	\$ 235,777	\$ 292,361	\$ 481,779
Investment income	6,484	7,912	(28,403)	64,603	1,460	95	(20,459)	72,610
Membership fees	-	-	-	-	2,382	1,119	2,382	1,119
	\$ 32,231	\$ 246,414	\$ (20,258)	\$ 72,103	\$ 262,311	\$ 236,991	\$ 274,284	\$ 555,508
EXPENSES								
Charitable distributions (note 3)	\$ 537,142	\$ 278,452	\$ 19,100	\$ 16,997	\$ 79,930	\$ 65,910	\$ 636,172	\$ 361,359
Golf tournament (note 2)	-	-	-	-	37,057	34,600	37,057	34,600
Annual meeting (note 2)	-	-	-	-	486	4,333	486	4,333
General and administrative	5,428	6,256	10,603	10,708	17,835	27,379	33,866	44,343
Management fees	-	-	-	-	98,804	99,493	98,804	99,493
Insurance	-	-	-	-	2,188	1,680	2,188	1,680
	\$ 542,570	\$ 284,708	\$ 29,703	\$ 27,705	\$236,300	\$233,395	\$ 808,573	\$ 545,808
Excess (shortfall) of revenues over expenses	\$(510,339)	\$ (38,294)	\$ (49,961)	\$ 44,398	\$ 26,011	\$ 3,596	\$ (534,289)	\$ 9,700
Fund balances – beginning of year	633,792	672,086	1,073,503	1,046,196	209,509	188,822	1,916,804	1,907,104
Interfund transfers	-	-	-	(17,091)	-	17,091	-	-
Fund balances – end of year	\$ 123,453	\$ 633,792	\$ 1,023,542	\$ 1,073,503	\$ 235,520	\$ 209,509	\$ 1,382,515	\$ 1,916,804

The accompanying notes are integral to the financial statements.

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

<i>As at December 31</i>	2018	2017
Community Investment Funds:		
Central 1 Credit Union Community Investment Fund	\$ 2,615	\$ 2,608
Bernie Daly Community Investment Fund	24,409	17,401
Prosperity One Community Investment Fund	1,091	1,089
The Jean Wansbrough Leadership Training Fund	35,435	33,112
DUCA Community Fund	56,686	573,126
Leadership Niagara Community Investment Fund	2,445	5,685
United by Trauma Community Investment Fund	772	771
Total Community Investment Funds	\$ 123,453	\$ 633,792
Permanent Capital Funds:		
Corporate:		
Alterna C.U. Fund	\$ 32,400	\$ 33,633
Aubrey Dalgleish Memorial Fund (FirstOntario C.U.)	26,326	27,328
Bernie Daly Memorial Fund	39,110	42,093
Charles Diemer Capital Fund (United Communities C.U.)	11,035	12,333
Davis & Henderson Bursary	23,962	24,874
Development of Credit Unions in the Ukraine	13,118	13,618
DUCA Capital Fund	104,179	108,145
Earle Reed Fund (Rochdale C.U.)	23,020	24,896
Hald-Nor C.U. Capital Fund	3,114	3,232
Hamilton & District C.U. Chapter	9,401	9,759
Joe Bonner/Ron Selman Memorial Capital Fund	10,610	11,014
Kakabeka Falls C.U. Capital Fund	20,698	21,486
Ken Weatherley Bursary Fund (Ottawa Firefighters C.U.)	10,186	10,574
Larry Sweeney Bursary (FirstOntario C.U.)	14,242	14,784
Len Tune Memorial Bursary (Charitable Foundation)	15,250	15,831
Libro Credit Union Fund	81,050	87,320
Lincoln M. Alexander Scholarship/Bursary Fund (MemberOne C.U.)	46,573	48,346
Meridian C.U. Capital Fund	147,848	153,476
Norman Alexander Memorial Bursary Fund (Estate of Deceased)	14,879	15,445
Ontario Council Gary Gillam Memorial Fund (CUES)	11,182	11,608
Oshawa Community Credit Union Fund	5,868	6,091
Parama Scholarship Fund (Parama Lithuanian C.U.)	108,991	117,291
Shepherd Family Capital Fund (Prosperity One CU)	9,781	10,548
Sudbury Regional Capital Fund	15,595	16,189
Sydenham Community C.U. Fund	20,514	21,295
William H. Bohn Fund (Meridian C.U.)	16,666	17,305
Windsor Family Bursary Fund	5,168	5,360
United Communities C.U. Capital Fund	37,774	40,695
	\$ 878,540	\$ 924,569
Family:		
Amy & Tim Dauphinee Bursary Fund	\$ 23,888	\$ 27,812
Carl Zawadzki Fund	12,852	12,690
Craig Family Capital Fund	6,707	6,962
John Alexander Scott Memorial/Scholarship Award	8,891	9,229
N. Donald E. Altman and Judy Skinner Fund	92,664	92,241
	\$ 145,002	\$ 148,934
Total Permanent Capital Funds	\$ 1,023,542	\$ 1,073,503
General Fund	235,520	209,509
Total Funds	\$ 1,382,515	\$ 1,916,804

The accompanying notes are integral to the financial statements

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

<i>As at December 31</i>	2018	2017
Cash provided by (used in):		
Operating activities:		
Excess (shortfall) of revenues over expenses	\$ (534,289)	\$ 9,700
Change in non-cash operating working capital		
Item not involving cash:		
Unrealized gain included in investment income	67,144	(27,950)
Change in non-cash operating working capital		
Accounts receivable	(11,978)	3,172
Prepaid expenses	1,290	1,870
Accounts payable	7,027	(3,886)
	(470,806)	(17,094)
Investing activities:		
Purchase of investments	(350)	(1,102,558)
Proceeds on sales of investments	15,613	15,185
	15,263	(1,087,373)
Net decrease in cash	(455,543)	(1,104,467)
Cash, beginning of year	798,976	1,903,443
Cash, end of year	\$ 343,433	\$ 798,976

The accompanying notes are integral to the financial statements.

ONTARIO CREDIT UNION FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2018

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 (losses) on equity investments. Interest is recognized as earned over the passage of time. Distributions on equity instruments are recognized when received. Unrealized gains (losses) on equity instruments are recognized when the fair market value of equity investments exceeds (is less than) 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>2018</u>		<u>2017</u>
Cash held in broker account	\$	77	\$	10,516
Equity instruments ((Cost - \$1,071,671 (Cost 2017 - \$1,076,852))		1,032,484		1,104,802
(81,204 (2017 – 81,539)) units in a global balanced fund)	\$	1,032,561	\$	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 \$5,428 and to the various permanent capital funds \$10,603 related to admin fees.

2. Contributions

	Community Investment Funds		Permanent Capital Funds		General Fund		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
Annual meeting	\$ -	\$ -	\$ -	\$ -	\$ 1,850	\$ 4,089	\$ 1,850	\$ 4,089
Donations:								
Assessments	-	-	-	-	87,112	87,265	87,112	87,265
Other	25,747	238,502	8,145	7,500	42,215	39,557	76,107	285,559
Golf tournament	-	-	-	-	127,292	104,866	127,292	104,866
	\$ 25,747	\$ 238,502	\$ 8,145	\$ 7,500	\$ 258,469	\$ 235,777	\$ 292,361	\$ 481,779

The excess of contributions over expenses for the Annual Meeting was \$1,364 (2017 - \$244) and for the Golf Tournament was \$ 90,235 (2017 - \$70,266). 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	
	2018	2017	2018	2017	2018	2017	2018	2017
Co-operative Young Leaders Program	\$ -	\$ -	\$ -	\$ -	\$ 4,930	\$ 5,000	\$ 4,930	\$ 5,000
Partnering Activities	537,142	278,452	19,100	16,997	-	910	556,242	296,358
Scholarships and Bursaries	-	-	-	-	75,000	60,000	75,000	60,000
	\$ 537,142	\$ 278,452	\$ 19,100	\$ 16,997	\$ 79,930	\$ 65,910	\$ 636,172	\$ 361,358

4. New Funds

No new funds were established during the year.

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. Included in investment income is an unrealized loss on equity instruments of \$ 67,144 for the year ended December 31, 2018 (2017 - \$27,950).

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 \$0 from permanent capital funds to the general fund during the year ended December 31, 2018 (2017 - \$17,091) as a result of investment income losses incurred during the year.

Included in accounts receivable general fund and accounts payable permanent capital fund is \$9,019 owing from the permanent capital fund to the general fund. This amount relates to distributions paid by the general fund on behalf of the permanent capital fund which had not yet been reimbursed during the year. This amount is non-interest bearing and is to be transferred subsequent to year end.