



Financial Statements 2019

ONTARIO CREDIT UNION FOUNDATION

FINANCIAL STATEMENTS

DECEMBER 31, 2019

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Independent Auditor's Report

To the Members of Ontario Credit Union Foundation

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, 2019, and the statement of operations and changes in fund balances, 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, 2019, 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. Our audit opinion for the year ended December 31, 2018, dated March 29, 2020, was also modified due to the matter described in the Basis for Qualified Opinion section of our report.

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 on 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 conditions 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
April 27, 2020

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

As at December 31

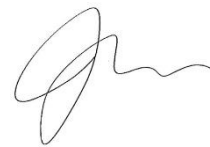
	Community Investment Funds	Permanent Capital Funds	General Fund	2019 Total	2018 Total
ASSETS					
Current assets:					
Cash	\$ 128,113	\$ -	\$ 153,272	\$ 281,385	\$ 343,433
Accounts receivable	-	-	35,714	35,714	17,325
Prepaid expenses	-	-	2,235	2,235	2,321
	\$ 128,113	\$ -	\$ 191,221	\$ 319,334	\$ 363,079
Investment	-	1,069,412	556	1,069,968	1,032,966
	\$ 128,113	\$ 1,069,412	\$ 191,777	\$ 1,389,302	\$ 1,396,045
LIABILITIES AND NET ASSETS					
Current liabilities:					
Accounts payable	\$ -	\$ 30,552	\$ 4,422	\$ 34,974	\$ 13,530
	\$ -	\$ 30,552	\$ 4,422	\$ 34,974	\$ 13,530
Net assets:					
Community investment funds	\$ 128,113	\$ -	\$ -	\$ 128,113	\$ 123,453
Permanent capital funds	-	1,038,860	-	1,038,860	1,023,542
General fund	-	-	187,355	187,355	235,520
	\$ 128,113	\$ 1,038,860	\$ 187,355	\$ 1,354,328	\$ 1,382,515
	\$ 128,113	\$ 1,069,412	\$ 191,777	\$ 1,389,302	\$ 1,396,045

The accompanying notes are integral to the financial statements.

Approved by the Board:



D. Coldwell, 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>	2019	2018	2019	2018	2019	2018	2019	2018
REVENUES								
Contributions (note 2)	\$ 153,295	\$ 25,747	\$ 53,511	\$ 8,145	\$ 253,953	\$ 258,469	\$ 460,759	\$ 292,361
Investment income	875	6,484	132,068	(28,403)	2,026	1,460	134,969	(20,459)
Membership fees	-	-	-	-	525	2,382	525	2,382
	<u>\$ 154,170</u>	<u>\$ 32,231</u>	<u>\$ 185,579</u>	<u>\$ (20,258)</u>	<u>\$ 256,504</u>	<u>\$ 262,311</u>	<u>\$ 596,253</u>	<u>\$ 274,284</u>
EXPENSES								
Charitable distributions (note 3)	\$ 148,646	\$ 537,142	\$ 201,757	\$ 19,100	\$ 105,930	\$ 79,930	\$ 456,333	\$ 636,172
Golf tournament (note 2)	-	-	-	-	35,351	37,057	35,351	37,057
Annual meeting (note 2)	-	-	-	-	1,928	486	1,928	486
General and administrative	864	5,428	10,964	10,603	17,691	17,835	29,519	33,866
Management fees	-	-	-	-	99,615	98,804	99,615	98,804
Insurance	-	-	-	-	1,694	2,188	1,694	2,188
	<u>\$ 149,510</u>	<u>\$ 542,570</u>	<u>\$ 212,721</u>	<u>\$ 29,703</u>	<u>\$ 262,209</u>	<u>\$ 236,300</u>	<u>\$ 624,440</u>	<u>\$ 808,573</u>
Excess (shortfall) of revenues over expenses	\$ 4,660	\$ (510,339)	\$ (27,142)	\$ (49,961)	\$ (5,705)	\$ 26,011	\$ (28,187)	\$ (534,289)
Fund balances – beginning of year	123,453	633,792	1,023,542	1,073,503	235,520	209,509	1,382,515	1,916,804
Interfund transfers	-	-	42,460	-	(42,460)	-	-	-
Fund balances – end of year	<u>\$ 128,113</u>	<u>\$ 123,453</u>	<u>\$ 1,038,860</u>	<u>\$ 1,023,542</u>	<u>\$ 187,355</u>	<u>\$ 235,520</u>	<u>\$ 1,354,328</u>	<u>\$ 1,382,515</u>

The accompanying notes are integral to the financial statements.

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

<i>As at December 31</i>	2019	2018
Community Investment Funds:		
Dorothy Watson CYL Bursary Fund (Formerly Central 1 CU CIF)	\$ 6,742	\$ 2,615
Bernie Daly Community Investment Fund	21,701	24,409
Prosperity One Community Investment Fund	1,091	1,091
The Jean Wansbrough Leadership Training Fund	87,980	35,435
DUCA Community Fund	10,599	56,686
Leadership Niagara Community Investment Fund	-	2,445
United by Trauma Community Investment Fund	-	772
Total Community Investment Funds	\$ 128,113	\$ 123,453
Permanent Capital Funds:		
Corporate:		
Alterna C.U. Fund	\$ 36,292	\$ 32,400
Aubrey Dalgleish Memorial Fund (FirstOntario C.U.)	29,488	26,326
Bernie Daly Memorial Fund	43,808	39,110
Charles Diemer Capital Fund (United Communities C.U.)	11,965	11,035
CU Succeed Youth Bursary PCF	90,395	-
Davis & Henderson Bursary	23,702	23,962
Development of Credit Unions in the Ukraine	14,694	13,118
DUCA Capital Fund	-	104,179
Earle Reed Fund (Rochdale C.U.)	25,786	23,020
Hald-Nor C.U. Capital Fund	3,488	3,114
George Currie Memorial Fund (Formerly Hamilton & District CU Chapter Cap Fund)	-	9,401
Joe Bonner/Ron Selman Memorial Capital Fund	11,469	10,610
Kakabeka Falls C.U. Capital Fund	23,185	20,698
Ken Weatherley Bursary Fund (Ottawa Firefighters C.U.)	11,010	10,186
Larry Sweeney Bursary (FirstOntario C.U.)	15,953	14,242
Len Tune Memorial Bursary (Charitable Foundation)	16,583	15,250
Libro Credit Union Fund	87,875	81,050
Lincoln M. Alexander Scholarship/Bursary Fund (MemberOne C.U.)	52,168	46,573
Meridian C.U. Capital Fund	146,244	147,848
Norman Alexander Memorial Bursary Fund (Estate of Deceased)	-	14,879
Gary Gillam Memorial Fund (CUES)	-	11,182
Oshawa Community Credit Union Fund	6,572	5,868
Parama Scholarship Fund (Parama Lithuanian C.U.)	118,007	108,991
Shepherd Family Capital Fund (Prosperity One CU)	10,956	9,781
Sudbury Regional Capital Fund	17,469	15,595
Mainstreet CU Capital Fund (Formerly Sydenham Community C.U. Fund)	21,717	20,514
William H. Bohn Fund (Meridian C.U.)	18,668	16,666
Windsor Family Bursary Fund	5,789	5,168
United Communities C.U. Capital Fund	40,955	37,774
	\$ 884,238	\$ 878,540
Family:		
Amy & Tim Dauphinee Bursary Fund	\$ 22,859	\$ 23,888
Carl Zawadzki Fund	13,899	12,852
Craig Family Capital Fund	-	6,707
John Alexander Scott Memorial/Scholarship Award	9,611	8,891
N. Donald E. Altman and Judy Skinner Fund	108,253	92,664
	\$ 154,622	\$ 145,002
Total Permanent Capital Funds	\$ 1,038,860	\$ 1,023,542
General Fund	187,355	235,520
Total Funds	\$ 1,354,328	\$ 1,382,515

The accompanying notes are integral to the financial statements

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

<i>As at December 31</i>	2019	2018
Cash provided by (used in):		
Operating activities:		
Excess (shortfall) of revenues over expenses	\$ (28,187)	\$ (534,289)
Change in non-cash operating working capital		
Item not involving cash:		
Unrealized (gain) loss included in investment income	(97,984)	67,144
Change in non-cash operating working capital		
Accounts receivable	(18,389)	(11,978)
Prepaid expenses	(86)	1,290
Accounts payable	21,444	7,027
	(123,202)	(470,806)
Investing activities:		
Purchase of investments	(58,961)	(350)
Proceeds on sales of investment	120,115	15,613
	61,154	15,263
Net decrease in cash	(62,048)	(455,543)
Cash, beginning of year	343,433	798,976
Cash, end of year	\$ 281,385	\$ 343,433

The accompanying notes are integral to the financial statements.

ONTARIO CREDIT UNION FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2019

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>2019</u>		<u>2018</u>
Cash held in broker account	\$	3,431	\$	77
Equity instruments ((Cost - \$1,007,191 (Cost 2018 - \$1,071,671))		1,065,981		1,032,484
(76,056 (2018 – 81,204)) units in a global balanced fund)	\$	1,069,412	\$	1,032,561

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 \$864 and to the various permanent capital funds \$10,964 related to admin fees.

2. Contributions

	Community Investment Funds		Permanent Capital Funds		General Fund		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
Annual meeting	\$ -	\$ -	\$ -	\$ -	\$ 1,653	\$ 1,850	\$ 1,653	\$ 1,850
Donations:								
Assessments	-	-	-	-	91,559	87,112	91,559	87,112
Other	153,295	25,747	53,511	8,145	54,548	42,215	261,354	76,107
Golf tournament	-	-	-	-	106,193	127,292	106,193	127,292
	\$ 153,295	\$ 25,747	\$ 53,511	\$ 8,145	\$ 253,953	\$ 258,469	\$ 460,759	\$ 292,361

The excess of contributions over expenses for the Annual Meeting was (\$275) (2018 - \$1,364) and for the Golf Tournament was \$ 70,842 (2018 - \$90,235). 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	
	2019	2018	2019	2018	2019	2018	2019	2018
Co-operative Young Leaders Program	\$ -	\$ -	\$ -	\$ -	\$ 5,930	\$ 4,930	\$ 5,930	\$ 4,930
Partnering Activities	148,646	537,142	201,757	19,100	-	-	350,403	556,242
Bursaries	-	-	-	-	100,000	75,000	100,000	75,000
	\$ 148,646	\$ 537,142	\$ 201,757	\$ 19,100	\$ 105,930	\$ 79,930	\$ 456,333	\$ 636,172

4. New Funds

The following fund was established during the year:

- CU Succeed Youth Bursary PCF

The following funds were closed during the year:

- Leadership Niagara Community Investment Fund
- United by Trauma Community Investment Fund
- DUCA Capital Fund
- George Currie Memorial Fund (formerly Hamilton & District CU Chapter PCF)
- Norman Alexander Memorial Bursary Fund
- Gary Gillam Memorial Fund
- Craig Family Capital Fund

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 gain on equity instruments of \$ 97,984 for the year ended December 31, 2019 (2018 - \$67,144).

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

Interfund transfers on select Permanent Capital Funds were processed as disbursements from the respective funds. In addition, \$42,460 was transferred from the General fund to establish the CU Succeed Youth Bursary Permanent Capital Fund to support future bursaries.

Included in accounts receivable general fund and accounts payable permanent capital fund is \$30,552 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.