



Financial Statements 2020

ONTARIO CREDIT UNION FOUNDATION

FINANCIAL STATEMENTS

DECEMBER 31, 2020

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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, 2020, 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, 2020, 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, 2019, dated April 27, 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.

To the Members of Ontario Credit Union Foundation (Continued)

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 22, 2021

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

As at December 31

	Community Investment Funds	Permanent Capital Funds	General Fund	2020 Total	2019 Total
ASSETS					
Current assets:					
Cash	\$ 168,031	\$ -	\$ 172,985	\$ 341,016	\$ 281,385
Accounts receivable	-	-	9,106	9,106	35,714
Prepaid expenses	-	-	2,848	2,848	2,235
	\$ 168,031	\$ -	\$ 184,939	\$ 352,970	\$ 319,334
Investment	-	1,092,373	561	1,092,934	1,069,968
	\$ 168,031	\$ 1,092,373	\$ 185,500	\$ 1,445,904	\$ 1,389,302
LIABILITIES AND NET ASSETS					
Current liabilities:					
Accounts payable	\$ -	\$ 2,514	\$ 5,029	\$ 7,543	\$ 34,974
	\$ -	\$ 2,514	\$ 5,029	\$ 7,543	\$ 34,974
Net assets:					
Community investment funds	\$ 168,031	\$ -	\$ -	\$ 168,031	\$ 128,113
Permanent capital funds	-	1,089,859	-	1,089,859	1,038,860
General fund	-	-	180,471	180,471	187,355
	\$ 168,031	\$ 1,089,859	\$ 180,471	\$ 1,438,361	\$ 1,354,328
	\$ 168,031	\$ 1,092,373	\$ 185,500	\$ 1,445,904	\$ 1,389,302

The accompanying notes are integral to the financial statements.

Approved by the Board:



D. Coldwell, Chair



A. Kirilo, 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>	2020	2019	2020	2019	2020	2019	2020	2019
REVENUES								
Contributions (note 2)	\$ 63,950	\$ 153,295	\$ 19,093	\$ 53,511	\$ 196,230	\$ 253,953	\$ 279,273	\$ 460,759
Investment income	1,066	875	80,117	132,068	762	2,026	81,945	134,969
Membership fees	-	-	-	-	740	525	740	525
	\$ 65,016	\$ 154,170	\$ 99,210	\$ 185,579	\$ 197,732	\$ 256,504	\$ 361,958	\$ 596,253
EXPENSES								
Charitable distributions (note 3)	\$ 23,867	\$ 148,646	\$ 37,952	\$ 201,757	\$ 81,500	\$ 105,930	\$ 143,319	\$ 456,333
Golf tournament (note 2)	-	-	-	-	9,676	35,351	9,676	35,351
Annual meeting (note 2)	-	-	-	-	983	1,928	983	1,928
General and administrative	1,231	864	10,259	10,964	9,978	17,691	21,468	29,519
Management fees	-	-	-	-	100,780	99,615	100,780	99,615
Insurance	-	-	-	-	1,699	1,694	1,699	1,694
	\$ 25,098	\$ 149,510	\$ 48,211	\$ 212,721	\$ 204,616	\$ 262,209	\$ 277,925	\$ 624,440
Excess (shortfall) of revenues over expenses	\$ 39,918	\$ 4,660	\$ 50,999	\$ (27,142)	\$ (6,884)	\$ (5,705)	\$ 84,033	\$ (28,187)
Fund balances – beginning of year	128,113	123,453	1,038,860	1,023,542	187,355	235,520	1,354,328	1,382,515
Interfund transfers	-	-	-	42,460	-	(42,460)	-	-
Fund balances – end of year	\$ 168,031	\$ 128,113	\$ 1,089,859	\$ 1,038,860	\$ 180,471	\$ 187,355	\$ 1,438,361	\$ 1,354,328

The accompanying notes are integral to the financial statements.

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

<i>As at December 31</i>	2020	2019
Community Investment Funds:		
Dorothy Watson CYL Bursary Fund (Formerly Central 1 CU CIF)	\$ 10,326	\$ 6,742
Bernie Daly Community Investment Fund	21,672	21,701
Prosperity One Community Investment Fund	1,089	1,091
The Jean Wansbrough Leadership Training Fund	134,944	87,980
DUCA Community Fund	-	10,599
Total Community Investment Funds	\$ 168,031	\$ 128,113
Permanent Capital Funds:		
Corporate:		
Alterna C.U. Fund	\$ 38,795	\$ 36,292
Aubrey Dalgleish Memorial Fund (FirstOntario C.U.)	-	29,488
Bernie Daly Memorial Fund	46,830	43,808
Charles Diemer Capital Fund (United Communities C.U.)	12,790	11,965
CU Succeed Youth Bursary PCF	96,628	90,395
Davis & Henderson Bursary	25,336	23,702
Development of Credit Unions in the Ukraine	15,708	14,694
Earle Reed Fund (Rochdale C.U.)	26,495	25,786
Hald-Nor C.U. Capital Fund	-	3,488
Joe Bonner/Ron Selman Memorial Capital Fund	12,260	11,469
Kakabeka Falls C.U. Capital Fund	24,784	23,185
Ken Weatherley Bursary Fund (Ottawa Firefighters C.U.)	11,770	11,010
First Ontario Bursary (FirstOntario C.U.)	42,821	15,953
Len Tune Memorial Bursary (Charitable Foundation)	17,726	16,583
Libro Credit Union Fund	93,936	87,875
Lincoln M. Alexander Scholarship/Bursary Fund (MemberOne C.U.)	55,766	52,168
Meridian C.U. Capital Fund	156,331	146,244
Oshawa Community Credit Union Fund	7,026	6,572
Parama Scholarship Fund (Parama Lithuanian C.U.)	111,196	118,007
Shepherd Family Capital Fund (Prosperity One CU)	16,666	10,956
Sudbury Regional Capital Fund	18,673	17,469
Mainstreet CU Capital Fund (Formerly Sydenham Community C.U. Fund)	22,553	21,717
William H. Bohn Fund (Meridian C.U.)	19,956	18,668
Windsor Family Bursary Fund	6,189	5,789
United Communities C.U. Capital Fund	43,780	40,955
	\$ 924,015	\$ 884,238
Family:		
Amy & Tim Dauphinee Bursary Fund	\$ 20,905	\$ 22,859
Carl Zawadzki Fund	14,857	13,899
John Alexander Scott Memorial/Scholarship Award	10,274	9,611
N. Donald E. Altman and Judy Skinner Fund	119,808	108,253
	\$ 165,844	\$ 154,622
Total Permanent Capital Funds	\$ 1,089,859	\$ 1,038,860
General Fund	180,471	187,355
Total Funds	\$ 1,438,361	\$ 1,354,328

The accompanying notes are integral to the financial statements

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

<i>As at December 31</i>	2020	2019
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Cash provided by (used in):		
Operating activities:		
Excess (shortfall) of revenues over expenses	\$ 84,033	\$ (28,187)
Change in non-cash operating working capital		
Item not involving cash:		
Unrealized (gain) loss included in investment income	(53,875)	(97,984)
Change in non-cash operating working capital		
Accounts receivable	26,608	(18,389)
Prepaid expenses	(613)	(86)
Accounts payable	(27,431)	21,444
	<hr/>	<hr/>
	28,722	(123,202)
Investing activities:		
Purchase of investments	(19,821)	(58,961)
Proceeds on sales of investment	50,730	120,115
	<hr/>	<hr/>
	30,909	61,154
<hr/>		
Net increase (decrease) in cash	59,631	(62,048)
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Cash, beginning of year	281,385	343,433
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Cash, end of year	\$ 341,016	\$ 281,385

The accompanying notes are integral to the financial statements.

ONTARIO CREDIT UNION FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2020

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>2020</u>	<u>2019</u>
Cash held in broker account	\$ 396	\$ 3,431
Equity instruments ((Cost - \$979,312 (Cost 2019 - \$1,007,191))	1,091,977	1,065,981
(73,765 (2019 – 76,056)) units in a global balanced fund)	\$ 1,092,373	\$ 1,069,412

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 \$1,232 and to the various permanent capital funds \$10,259 related to admin fees.

2. Contributions

	Community Investment Funds		Permanent Capital Funds		General Fund		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
Annual meeting	\$ -	\$ -	\$ -	\$ -	\$ 1,500	\$ 1,653	\$ 1,500	\$ 1,653
Donations:								
Assessments	-	-	-	-	91,850	91,559	91,850	91,559
Other	63,950	153,295	19,093	53,511	24,877	54,548	107,920	261,354
Golf tournament	-	-	-	-	78,003	106,193	78,003	106,193
	\$ 63,950	\$ 153,295	\$ 19,093	\$ 53,511	\$ 196,230	\$ 253,953	\$ 279,273	\$ 480,759

The excess of contributions over expenses for the Annual Meeting was \$517 (2019 – (\$275)) and for the Golf Tournament was \$ 68,327 (2019 - \$70,842). 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	
	2020	2019	2020	2019	2020	2019	2020	2019
Co-operative Young Leaders Program	\$ -	\$ -	\$ -	\$ -	\$ 5,000	\$ 5,930	\$ 5,000	\$ 5,930
Partnering Activities	23,867	148,646	37,952	201,757	-	-	61,819	350,403
Scholarships and Bursaries	-	-	-	-	76,500	100,000	76,500	100,000
	\$ 23,867	\$ 148,646	\$ 37,952	\$ 201,757	\$ 81,500	\$ 105,930	\$ 143,319	\$ 456,333

4. New Funds

No new following fund were established during the year:

The following funds were closed during the year:

- Hald-Nor C.U. Capital Fund
- Aubrey Dalgleish Memorial Fund (combined with First Ontario Bursary 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 \$53,875 for the year ended December 31, 2019 (2019 - \$97,984).

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

There were no interfund transfers this year.