



# **Financial Statements 2021**

# ONTARIO CREDIT UNION FOUNDATION

## FINANCIAL STATEMENTS

DECEMBER 31, 2021

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## Independent Auditor's Report

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### 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, 2021, 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, 2021, 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, 2020, dated April 22, 2021, 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 21, 2022

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

*As at December 31*

	Community Investment Funds	Permanent Capital Funds	General Fund	2021 Total	2020 Total
<b>ASSETS</b>					
Current assets:					
Cash	\$ 125,342	\$ -	\$ 191,090	\$ 316,432	\$ 341,016
Accounts receivable	-	-	7,158	7,158	9,106
Prepaid expenses	-	-	714	714	2,848
	\$ 125,342	\$ -	\$ 198,962	\$ 324,304	\$ 352,970
Investment	64,736	1,173,384	75	1,238,195	1,092,934
Other	-	-	772	772	-
	\$ 190,078	\$ 1,173,384	\$ 199,809	\$ 1,563,271	\$ 1,445,904
<b>LIABILITIES AND NET ASSETS</b>					
Current liabilities:					
Accounts payable	\$ -	\$ 565	\$ 7,391	\$ 7,956	\$ 7,543
	\$ -	\$ 565	\$ 7,391	\$ 7,956	\$ 7,543
Net assets:					
Community investment funds	\$ 190,078	\$ -	\$ -	\$ 190,078	\$ 168,031
Permanent capital funds	-	1,172,819	-	1,172,819	1,089,859
General fund	-	-	192,418	192,418	180,471
	\$ 190,078	\$ 1,172,819	\$ 192,418	\$ 1,555,315	\$ 1,438,361
	\$ 190,078	\$ 1,173,384	\$ 199,809	\$ 1,563,271	\$ 1,445,904

The accompanying notes are integral to the financial statements.

Approved by the Board:



L. Woolley, 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>	2021	2020	2021	2020	2021	2020	2021	2020
<b>REVENUES</b>								
Contributions (note 2)	\$ 38,594	\$ 63,950	\$ 21,672	\$ 19,093	\$ 229,814	\$ 196,230	\$ 290,080	\$ 279,273
Investment income	5,238	1,066	125,004	80,117	(201)	762	130,041	81,945
Membership fees	-	-	-	-	760	740	760	740
	\$ 43,832	\$ 65,016	\$ 146,676	\$ 99,210	\$ 230,373	\$ 197,732	\$ 420,881	\$ 361,958
<b>EXPENSES</b>								
Charitable distributions (note 3)	\$ 20,085	\$ 23,867	\$ 52,495	\$ 37,952	\$ 80,000	\$ 81,500	\$ 152,580	\$ 143,319
Golf tournament (note 2)	-	-	-	-	21,190	9,676	21,190	9,676
Annual meeting (note 2)	-	-	-	-	465	983	465	983
General and administrative	1,700	1,231	11,221	10,259	11,858	9,978	24,779	21,468
Management fees	-	-	-	-	103,208	100,780	103,208	100,780
Insurance	-	-	-	-	1,705	1,699	1,705	1,699
	\$ 21,785	\$ 25,098	\$ 63,716	\$ 48,211	\$ 218,426	\$ 204,616	\$ 303,927	\$ 277,925
<b>Excess (shortfall) of revenues over expenses</b>	<b>\$ 22,047</b>	<b>\$ 39,918</b>	<b>\$ 82,960</b>	<b>\$ 50,999</b>	<b>\$ 11,947</b>	<b>\$ (6,884)</b>	<b>\$ 116,954</b>	<b>\$ 84,033</b>
Fund balances – beginning of year	168,031	128,113	1,089,859	1,038,860	180,471	187,355	1,438,361	1,354,328
Interfund transfers	-	-	-	-	-	-	-	-
Fund balances – end of year	\$ 190,078	\$ 168,031	\$ 1,172,819	\$ 1,089,859	\$ 192,418	\$ 180,471	\$ 1,555,315	\$ 1,438,361

The accompanying notes are integral to the financial statements.

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

<i>As at December 31</i>	<b>2021</b>	<b>2020</b>
<b>Community Investment Funds:</b>		
Dorothy Watson CYL Bursary Fund	\$ 12,263	\$ 10,326
Bernie Daly Community Investment Fund	21,104	21,672
Prosperity One Community Investment Fund	-	1,089
The Jean Wansbrough Leadership Training Fund	156,711	134,944
<b>Total Community Investment Funds</b>	<b>\$ 190,078</b>	<b>\$ 168,031</b>
<b>Permanent Capital Funds:</b>		
Corporate:		
Alterna C.U. Fund	\$ 35,317	\$ 38,795
Bernie Daly Memorial Fund	50,074	46,830
Charles Diemer Capital Fund (United Communities C.U.)	13,669	12,790
CU Succeed Youth Bursary PCF	108,079	96,628
Davis & Henderson Bursary	27,092	25,336
Development of Credit Unions in the Ukraine	17,385	15,708
Earle Reed Fund (Rochdale C.U.)	28,218	26,495
Joe Bonner/Ron Selman Memorial Capital Fund	13,569	12,260
Kakabeka Falls C.U. Capital Fund	27,430	24,784
Ken Weatherley Bursary Fund (Ottawa Firefighters C.U.)	12,121	11,770
First Ontario Bursary (FirstOntario C.U.)	44,839	42,821
Len Tune Memorial Bursary (Charitable Foundation)	19,073	17,726
Libro Credit Union Fund	100,660	93,936
Lincoln M. Alexander Scholarship/Bursary Fund (MemberOne C.U.)	61,722	55,766
Meridian C.U. Capital Fund	167,159	156,331
Oshawa Community Credit Union Fund	7,776	7,026
Parama Scholarship Fund (Parama Lithuanian C.U.)	114,218	111,196
Shepherd Family Capital Fund (Prosperity One CU)	21,672	16,666
Sudbury Regional Capital Fund	20,668	18,673
Mainstreet CU Capital Fund (Formerly Sydenham Community C.U. Fund)	24,148	22,553
William H. Bohn Fund (Meridian C.U.)	21,339	19,956
Windsor Family Bursary Fund	6,849	6,189
United Communities C.U. Capital Fund	46,789	43,780
	<b>\$ 989,864</b>	<b>\$ 924,015</b>
Family:		
Amy & Tim Dauphinee Bursary Fund	\$ 19,920	\$ 20,905
Carl Zawadzki Fund	15,315	14,857
John Alexander Scott Memorial/Scholarship Award	10,985	10,274
N. Donald E. Altman and Judy Skinner Fund	136,735	119,808
	<b>\$ 182,955</b>	<b>\$ 165,844</b>
<b>Total Permanent Capital Funds</b>	<b>\$ 1,172,819</b>	<b>\$ 1,085,859</b>
<b>General Fund</b>	<b>192,418</b>	<b>180,471</b>
<b>Total Funds</b>	<b>\$ 1,555,315</b>	<b>\$ 1,438,361</b>

The accompanying notes are integral to the financial statements

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

<i>As at December 31</i>	2021	2020
Cash provided by (used in):		
Operating activities:		
Excess (shortfall) of revenues over expenses	\$ 116,954	\$ 84,033
Change in non-cash operating working capital		
Item not involving cash:		
Unrealized (gain) loss included in investment income	(62,124)	(53,875)
Change in non-cash operating working capital		
Accounts receivable	1,948	26,608
Prepaid expenses	2,134	(613)
Other	(772)	-
Accounts payable	413	(27,431)
	58,553	28,722
Investing activities:		
Purchase of investments	(142,643)	(19,821)
Proceeds on sales of investment	59,506	50,730
	(83,137)	30,909
<b>Net increase (decrease) in cash</b>	<b>(24,584)</b>	<b>59,631</b>
<b>Cash, beginning of year</b>	<b>341,016</b>	<b>281,385</b>
<b>Cash, end of year</b>	<b>\$ 316,432</b>	<b>\$ 341,016</b>

The accompanying notes are integral to the financial statements.



**ONTARIO CREDIT UNION FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended December 31, 2021**

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>2021</u>	<u>2020</u>
Cash held in broker account	\$ 6,434	\$ 396
Equity instruments ((Cost - \$1,057,485 (Cost 2020 - \$979,312))	1,231,686	1,091,977
( 78,720 (2020 – 73,765)) units in a global balanced fund)	\$ 1,238,120	\$ 1,092,373

## 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 \$1,700 and to the various permanent capital funds \$11,221 related to admin fees.

## **2. Contributions**

	Community Investment Funds		Permanent Capital Funds		General Fund		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
Annual meeting	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,500	\$ -	\$ 1,500
Donations:								
Assessments	-	-	-	-	96,116	91,850	96,116	91,850
Other	38,594	63,950	21,672	19,093	32,775	24,877	93,041	107,920
Golf tournament	-	-	-	-	100,923	78,003	100,923	78,003
	\$ 38,594	\$ 63,950	\$ 21,672	\$ 19,093	\$ 229,814	\$ 196,230	\$ 290,080	\$ 279,273

The excess of contributions over expenses for the Annual Meeting was (\$465) (2020 – \$517) and for the Golf Tournament was \$79,732 (2020 - \$68,327). 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	
	2021	2020	2021	2020	2021	2020	2021	2020
Co-operative Young Leaders Program	\$ -	\$ -	\$ -	\$ -	\$ 5,000	5,000	\$ 5,000	\$ 5,000
Partnering Activities	20,085	23,867	52,495	37,952	-	-	72,580	61,819
Scholarships and Bursaries	-	-	-	-	75,000	76,500	75,000	76,500
	\$ 20,085	\$ 23,867	\$ 52,495	\$ 37,952	\$ 80,000	\$ 81,500	\$ 152,580	\$ 143,319

### 4. New Funds

The following funds were closed during the year:

- Prosperity One Community Investment 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 \$62,124 for the year ended December 31, 2021 (2020 - \$53,875).

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.