

**ONTARIO CREDIT UNION FOUNDATION**  
**FINANCIAL STATEMENTS**

**DECEMBER 31, 2023**

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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, 2023, 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, 2023, 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, 2022, dated April 20, 2023, 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 18, 2024

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

*As of December 31*

|                                   | Community<br>Investment<br>Funds | Permanent<br>Capital<br>Funds | General<br>Fund | 2023<br>Total | 2022<br>Total |
|-----------------------------------|----------------------------------|-------------------------------|-----------------|---------------|---------------|
| <b>ASSETS</b>                     |                                  |                               |                 |               |               |
| Current Assets                    |                                  |                               |                 |               |               |
| Cash                              | \$ -                             | \$ -                          | \$ 202,187      | \$ 202,187    | \$ 479,639    |
| Accounts Receivable               | -                                | 13,297                        | 7,793           | 21,090        | 6,089         |
| Prepaid Expenses                  | -                                | -                             | 789             | 789           | 694           |
|                                   | \$ -                             | \$ 13,297                     | \$ 210,769      | \$ 224,066    | \$ 486,422    |
| Investment                        | 419,426                          | 1,070,832                     | 18,155          | 1,508,413     | 1,032,730     |
| Other                             | -                                | -                             | 394             | 394           | 584           |
|                                   | \$ 419,426                       | \$ 1,084,129                  | \$ 229,318      | \$ 1,732,873  | \$ 1,519,736  |
| <b>LIABILITIES AND NET ASSETS</b> |                                  |                               |                 |               |               |
| Current liabilities:              |                                  |                               |                 |               |               |
| Accounts Payable                  | \$ 6,475                         | \$ -                          | \$ 12,442       | \$ 18,917     | \$ 4,754      |
|                                   | \$ 6,475                         | \$ -                          | \$ 12,442       | \$ 18,917     | \$ 4,754      |
| Net assets:                       |                                  |                               |                 |               |               |
| Community investment funds        | \$ 412,951                       | \$ -                          | \$ -            | \$ 412,951    | \$ 334,074    |
| Permanent capital funds           | -                                | 1,084,129                     | -               | 1,084,129     | 948,790       |
| General fund                      | -                                | -                             | 216,876         | 216,876       | 232,118       |
|                                   | \$ 412,951                       | \$ 1,084,129                  | \$ 216,876      | \$ 1,713,956  | \$ 1,514,982  |
|                                   | \$ 419,426                       | \$ 1,084,129                  | \$ 229,318      | \$ 1,732,873  | \$ 1,519,736  |

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<br>Investment Funds |                   | Permanent<br>Capital Funds |                     | General<br>Fund    |                   | Total               |                     |
|---|-------------------------------|-------------------|----------------------------|---------------------|--------------------|-------------------|---------------------|---------------------|
| <i>For the year ended December 31</i>                   | 2023                          | 2022              | 2023                       | 2022                | 2023               | 2022              | 2023                | 2022                |
| <b>REVENUE</b>  |                               |                   |                            |                     |                    |                   |                     |                     |
| Contributions (note 2)                                  | \$ 131,862                    | \$ 190,009        | \$ 41,176                  | \$ 9,025            | \$ 236,940         | \$ 280,655        | \$ 409,978          | \$ 479,689          |
| Investment income                                       | 19,084                        | (10,745)          | 143,570                    | (160,125)           | 5,436              | 3,032             | 168,090             | (167,838)           |
| Membership fees   | -                             | -                 | -                          | -                   | 380                | 340               | 380                 | 340                 |
|   | <b>\$ 150,946</b>             | <b>\$ 179,264</b> | <b>\$ 184,746</b>          | <b>\$ (151,100)</b> | <b>\$ 242,756</b>  | <b>\$ 284,027</b> | <b>\$ 578,448</b>   | <b>\$ 312,191</b>   |
| <b>EXPENSES</b>   |                               |                   |                            |                     |                    |                   |                     |                     |
| Charitable distributions (note 3)                       | \$ 68,931                     | \$ 33,523         | \$ 39,236                  | \$ 63,131           | \$ 103,967         | \$ 105,967        | \$ 212,134          | \$ 202,621          |
| Golf Tournament (note 2)                                | -                             | -                 | -                          | -                   | 31,247             | 15,967            | 31,247              | 15,967              |
| Annual Meeting (note 2)                                 | -                             | -                 | -                          | -                   | 769                | 282               | 769                 | 282                 |
| General and administrative                              | 3,138                         | 1,745             | 10,171                     | 9,798               | 10,942             | 14,338            | 24,251              | 25,881              |
| Management fees   | -                             | -                 | -                          | -                   | 109,242            | 106,131           | 109,242             | 106,131             |
| Insurance   | -                             | -                 | -                          | -                   | 1,831              | 1,642             | 1,831               | 1,642               |
|   | <b>\$ 72,069</b>              | <b>\$ 35,268</b>  | <b>\$ 49,407</b>           | <b>\$ 72,929</b>    | <b>\$ 257,998</b>  | <b>\$ 244,327</b> | <b>\$ 379,474</b>   | <b>\$ 352,524</b>   |
| <b>Excess (shortfall) of revenues<br/>over expenses</b> | <b>\$ 78,877</b>              | <b>\$ 143,996</b> | <b>\$ 135,339</b>          | <b>\$ (224,029)</b> | <b>\$ (15,242)</b> | <b>\$ 39,700</b>  | <b>\$ 198,974</b>   | <b>\$ (40,333)</b>  |
| Fund balances – beginning of year                       | 334,074                       | 190,078           | 948,790                    | 1,172,819           | 232,118            | 192,418           | 1,514,982           | 1,555,315           |
| Interfund transfers                                     | -                             | -                 | -                          | -                   | -                  | -                 | -                   | -                   |
| Fund balances – end of year                             | <b>\$ 412,951</b>             | <b>\$ 334,074</b> | <b>\$ 1,084,129</b>        | <b>\$ 948,790</b>   | <b>\$ 216,876</b>  | <b>\$ 232,118</b> | <b>\$ 1,713,956</b> | <b>\$ 1,514,982</b> |

The accompanying notes are integral to the financial statements.

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

| <i>As at December 31</i>   | <b>2023</b>         | <b>2022</b>         |
|--|---------------------|---------------------|
| <b>Community Investment Funds:</b>                                 |                     |                     |
| Dorothy Watson CYL Bursary Fund                                    | \$ 13,538           | \$ 13,846           |
| Bernie Daly Community Investment Fund                              | 25,947              | 26,303              |
| Mainstreet CU  | 166,716             | 135,005             |
| The Jean Wansbrough Leadership Training Fund                       | 162,895             | 139,035             |
| YNCU Good Neighbour Fund   | 43,855              | 20,245              |
| <b>Total Community Investment Funds</b>                            | <b>\$ 412,951</b>   | <b>\$ 334,074</b>   |
| <b>Permanent Capital Funds:</b>                                    |                     |                     |
| Corporate:   |                     |                     |
| Alterna C.U. Fund  | \$ 33,280           | \$ 30,129           |
| Bernie Daly Memorial Fund  | 39,024              | 35,329              |
| Charles Diemer Capital Fund (United Communities C.U.)              | 12,836              | 11,661              |
| CU Succeed Youth Bursary PCF                                       | 90,059              | 81,531              |
| Davis & Henderson Bursary  | 22,525              | 20,392              |
| Development of Credit Unions in the Ukraine                        | 16,937              | 14,832              |
| Earle Reed Fund (Rochdale C.U.)                                    | 25,375              | 23,270              |
| Joe Bonner/Ron Selman Memorial Capital Fund                        | 11,195              | 10,134              |
| Kakabeka Falls C.U. Capital Fund                                   | 26,724              | 23,402              |
| Ken Weatherley Bursary Fund (Ottawa Firefighters C.U.)             | 11,422              | 10,340              |
| First Ontario Bursary (FirstOntario C.U.)                          | 38,282              | 38,252              |
| Len Tune Memorial Bursary (Charitable Foundation)                  | 17,512              | 15,803              |
| Libro Credit Union Fund  | 89,067              | 80,919              |
| Lincoln M. Alexander Scholarship/Bursary Fund                      | 58,163              | 52,656              |
| Meridian C.U. Capital Fund   | 138,978             | 125,820             |
| Oshawa Community Credit Union Fund                                 | 6,415               | 5,809               |
| Parama Scholarship Fund (Parama Lithuanian C.U.)                   | 111,273             | 97,442              |
| Shepherd Family Capital Fund (Prosperity One CU)                   | 18,806              | 17,029              |
| Sudbury Regional Capital Fund                                      | 18,675              | 16,907              |
| Mainstreet CU Capital Fund (Formerly Sydenham Community C.U. Fund) | 22,537              | 19,735              |
| William H. Bohn Fund (Meridian C.U.)                               | 17,741              | 16,061              |
| Windsor Family Bursary Fund  | 6,673               | 5,843               |
| United Communities C.U. Capital Fund                               | 43,936              | 39,914              |
|  | <b>\$ 880,435</b>   | <b>\$ 793,160</b>   |
| Family:  |                     |                     |
| Amy & Tim Dauphinee Bursary Fund                                   | \$ 12,862           | \$ 14,021           |
| Bonifacio Family Sustainability Fund                               | 27,657              | -                   |
| Carl Zawadzki Fund   | 13,835              | 12,530              |
| John Alexander Scott Memorial/Scholarship Award                    | 9,133               | 8,268               |
| Donald E. Altman and Judy Skinner Fund                             | 143,207             | 120,811             |
|  | <b>\$ 206,694</b>   | <b>\$ 155,630</b>   |
| <b>Total Permanent Capital Funds</b>                               | <b>\$ 1,084,129</b> | <b>\$ 948,790</b>   |
| <b>General Fund</b>  | <b>216,876</b>      | <b>232,118</b>      |
| <b>Total Funds</b>   | <b>\$ 1,713,956</b> | <b>\$ 1,514,982</b> |

The accompanying notes are integral to the financial statements

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

| <i>As at December 31</i>                             | <b>2023</b>      | <b>2022</b>    |
|--|------------------|----------------|
| Cash provided by (used in):                          |                  |                |
| Operating activities:                                |                  |                |
| Excess (shortfall) of revenues over expenses         | \$ 198,974       | \$ (40,333)    |
| Change in non-cash operating working capital         |                  |                |
| Item not involving cash:                             |                  |                |
| Unrealized (gain) loss included in investment income | (116,988)        | 207,855        |
| Change in non-cash operating working capital         |                  |                |
| Accounts receivable                                  | (15,001)         | 1,069          |
| Prepaid expenses                                     | (95)             | 20             |
| Other  | 190              | 188            |
| Accounts payable                                     | 14,163           | (3,202)        |
|  | 81,243           | 165,597        |
| Investing activities:                                |                  |                |
| Purchase of investments                              | (438,409)        | (81,433)       |
| Proceeds on sales of investment                      | 79,714           | 79,043         |
|  | (358,695)        | (2,390)        |
| <b>Net increase (decrease) in cash</b>               | <b>(277,452)</b> | <b>163,027</b> |
| Cash, beginning of year                              | 479,639          | 316,432        |
| Cash, end of year                                    | \$ 202,187       | \$ 479,639     |

The accompanying notes are integral to the financial statements.

**ONTARIO CREDIT UNION FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended December 31, 2023**

The Ontario Credit Union Foundation (“the Foundation”) is incorporated without share capital under the Not-for-profit 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 community investment funds, 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>2023</u>  | <u>2022</u>  |
|--|--------------|--------------|
| Cash held in broker account  | \$ 347,896   | \$ 10,781    |
| Equity instruments ((Cost - \$1,076,892 (Cost 2022 - \$1,054,845)) | 1,160,432    | 1,021,868    |
| (80,058 (2022 – 76,589)) units in a global balanced fund)          | \$ 1,509,328 | \$ 1,032,649 |

## 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 \$3,138 and to the various permanent capital funds \$ 10,171 related to admin fees.

## 2. Contributions

|                 | Community Investment Funds |            | Permanent Capital Funds |          | General Fund |            | Total      |            |
|-----------------|----------------------------|------------|-------------------------|----------|--------------|------------|------------|------------|
|                 | 2023                       | 2022       | 2023                    | 2022     | 2023         | 2022       | 2023       | 2022       |
| Annual meeting  | \$ -                       | \$ -       | \$ -                    | \$ -     | \$ 1500      | \$ 1,500   | \$ 1,500   | \$ 1,500   |
| Donations:      |                            |            |                         |          |              |            |            |            |
| Assessments     | -                          | -          | -                       | -        | 86,781       | 93,514     | 86,781     | 93,514     |
| Other           | 131,862                    | 190,009    | 41,176                  | 9,025    | 48,679       | 66,291     | 221,717    | 265,325    |
| Golf tournament | -                          | -          | -                       | -        | 99,980       | 119,350    | 99,980     | 119,350    |
|                 | \$ 131,862                 | \$ 190,009 | \$ 41,176               | \$ 9,025 | \$ 236,940   | \$ 280,655 | \$ 409,978 | \$ 479,689 |

The excess of contributions over expenses for the Annual Meeting was \$731 (2022 – (\$1,218) and for the Golf Tournament was \$68,733 (2022 - \$103,383). 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      |            |
|------------------------------------|----------------------------|-----------|-------------------------|-----------|--------------|------------|------------|------------|
|                                    | 2023                       | 2022      | 2023                    | 2022      | 2023         | 2022       | 2023       | 2022       |
| Co-operative Young Leaders Program | \$ -                       | \$ -      | \$ -                    | \$ -      | \$ 3,967     | \$ 5,967   | \$ 3,967   | \$ 5,967   |
| Partnering Activities              | 68,931                     | 33,523    | 39,236                  | 63,131    | -            | -          | 108,667    | 98,654     |
| Scholarships and Bursaries         | -                          | -         | -                       | -         | 100,000      | 100,000    | 100,000    | 100,000    |
|                                    | \$ 68,931                  | \$ 33,523 | \$ 39,236               | \$ 63,131 | \$ 103,767   | \$ 105,967 | \$ 212,134 | \$ 202,621 |

### 4. New Funds

The following new Permanent Capital Fund was established during the year:

- Bonifacio Sustainability Fund

No funds were closed 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 gain/(loss) on equity instruments of \$116,988 for the year ended December 31, 2023 (2022 – (\$207,855)).

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.

In 2023, the Foundation opened a money market account to accommodate excess cash to generate additional income for operating and Community Investment Funds. There were no unrealized gains/(losses) to report.

### 6. Amounts Owing Between Funds

Included in Accounts Receivable and Accounts Payable are amounts owing to and from the Foundation's various funds. As of December 31, there is a balance owing from the Community Investment Funds to the Permanent Capital Funds of \$6,475, and \$6,823 owing from the General Fund to the Permanent Capital Funds.