

Financial statements of

The Community Foundation of Mississauga

December 31, 2016

Tinkham & Associates LLP

CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Members of
The Community Foundation of Mississauga

We have audited the accompanying financial statements of The Community Foundation of Mississauga, which comprise the statement of financial position as at December 31, 2016 and the statements of operations, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Community Foundation of Mississauga as at December 31, 2016, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accounting standards for not-for-profit organizations.

Other Matter

Without modifying our opinion, we note that the comparative balances of The Community Foundation of Mississauga at December 31, 2015 and for the year ended were audited by another auditor who expressed an unqualified opinion on those financial statements dated March 31, 2016.

March 22, 2017
TORONTO, Ontario

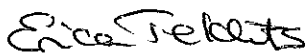
Tinkham & Associates LLP
CHARTERED ACCOUNTANTS
Licensed Public Accountants

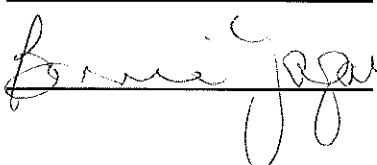
THE COMMUNITY FOUNDATION OF MISSISSAUGA
Statement of Financial Position

As at December 31	2016	2015 (note 13)
Assets		
Cash	\$ 322,616	\$ 358,875
Accounts receivable (note 2)	77,984	75,344
Prepaid expenses	7,918	11,432
Investments (note 3)	22,525,643	20,479,852
Capital assets (note 4)	32,009	50,261
	\$ 22,966,170	\$ 20,975,764
Liabilities		
Accounts payable and accrued liabilities	\$ 26,427	\$ 18,438
Funds held for others (note 5)	29,341	27,771
	55,768	46,209
Net assets		
Endowment fund (note 6)	21,076,989	19,151,286
Flow through fund	1,146,628	1,001,618
Operating fund	262,616	285,550
Capital fund	32,010	50,261
Reserve fund	392,159	440,840
	22,910,402	20,929,555
	\$ 22,966,170	\$ 20,975,764

See accompanying notes to financial statements

On behalf of the Board:


 _____ Director


 _____ Director

THE COMMUNITY FOUNDATION OF MISSISSAUGA
Statement of Operations and Changes in Net Assets

Year ended December 31	Endowment Fund	Flow Through Fund	Operating Fund	Capital Fund	Reserve Fund	2016 Total	2015 Total (note 13)
Revenue							
Donations	\$ 626,337	\$ 323,068	\$ 77,447	\$ -	\$ -	\$ 1,026,852	\$ 478,298
Grant (note 7)	-	-	-	-	-	-	10,000
Investment income (note 8)	2,432,014	73,254	6,589	-	-	2,511,857	238,806
Management fees	-	-	296,875	-	-	296,875	307,268
Special events	-	-	182,158	-	-	182,158	227,218
	3,058,351	396,322	563,069	-	-	4,017,742	1,261,590
Expenses							
Administration	-	-	420,177	-	48,681	468,858	399,672
Amortization	-	-	-	21,393	-	21,393	20,677
Fund development	-	-	56,107	-	-	56,107	38,088
Grants	813,980	215,000	-	-	-	1,028,980	1,073,069
Investment management fees	260,188	36,312	69,197	-	-	365,697	375,507
Special events	-	-	95,860	-	-	95,860	90,387
Vital Signs Program	-	-	-	-	-	-	34,160
	1,074,168	251,312	641,341	21,393	48,681	2,036,895	2,031,560
Excess (deficiency) of revenue over expenses	1,984,183	145,010	(78,272)	(21,393)	(48,681)	1,980,847	(769,970)
Net Assets, beginning	19,151,286	1,001,618	285,550	50,261	440,840	20,929,555	21,699,525
Interfund transfers (note 9)	(58,480)	-	55,338	3,142	-	-	-
Net Assets, ending	\$ 21,076,989	\$ 1,146,628	\$ 262,616	\$ 32,010	\$ 392,159	\$ 22,910,402	\$ 20,929,555

See accompanying notes to financial statements.

THE COMMUNITY FOUNDATION OF MISSISSAUGA
Statement of Cash Flows

Year ended December 31	2016	2015 (note 13)
Cash provided from (used for):		
Operating activities		
Excess (deficiency) of revenue over expenses	\$ 1,980,847	\$ (769,970)
Charges to income not requiring cash payments		
Amortization	21,393	20,677
Changes in non-cash working capital		
Accounts receivable	(2,640)	1,676
Prepaid expenses	3,514	1,493
Accounts payable and accrued liabilities	7,989	(1,591)
Funds held for others	1,570	1,621
	2,012,673	(746,094)
Investing activities		
Net change to investments	(2,045,791)	484,296
Purchase of capital assets	(3,141)	-
	(2,048,932)	484,296
Net decrease in cash	(36,259)	(261,798)
Cash, beginning of year	358,875	620,673
Cash, end of year	\$ 322,616	\$ 358,875

THE COMMUNITY FOUNDATION OF MISSISSAUGA

Notes to Financial Statements

December 31, 2016

Purpose of the Organization

The purpose of The Community Foundation of Mississauga (the "Foundation") is to create sustainable support for community needs in Mississauga. The Foundation provides cost effective, flexible options for donors to build their philanthropic legacy, makes grants that support the broadest range of programs and services for people in Mississauga and works to convene community resources in sharing knowledge and addressing community needs.

The Foundation is incorporated without share capital under the Canada Corporations Act and, as such, is exempt from income taxes and able to issue donation receipts for income tax purposes. The Registered Charitable Number is 892395112RR0001.

1 Summary of significant accounting policies

(a) Basis of accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

(b) Cash

The Foundation's policy is to disclose bank balances under cash.

(c) Fund accounting

The Foundation follows the restricted fund method of accounting for contributions. The specific purpose of each fund is explained below:

Endowment Fund

Donations are allocated to the various funds which have been established by the Foundation. Allocations among the funds are determined on the basis of the donors' instructions. Amounts placed in the endowment fund are considered to be permanent in nature, pursuant to restrictions established at the time that donations are received, and generally only the investment income earned from the investment of such funds is disbursed to charitable organizations. Amounts are disbursed to qualified donee organizations that meet the criteria related to the purpose for which the endowment fund was established.

Flow Through Fund

Flow through funds are gifts to the Foundation that are generally not expected to be held in perpetuity. The capital and investment income from the funds will be granted to qualified donees in accordance with the terms of the fund agreement.

Special Projects Fund

The special projects fund was created for specific projects funded by externally restricted grants. Over the history of the fund, the Foundation has solicited and spent funds on projects that expand the capacity of the Foundation and enhance community knowledge within Mississauga.

Operating Fund

The operating fund reports the general revenues and expenses from the Foundation's operations. The use of the operating fund is governed by the budget established annually by the Foundation's Board.

Capital Fund

The capital fund was established by transfers from the operation fund for the acquisition of capital assets that have been approved by the Foundation's Board.

Reserve Fund

The reserve fund is an internally restricted fund to provide for any special purposes as approved by the Board of Directors.

THE COMMUNITY FOUNDATION OF MISSISSAUGA

Notes to Financial Statements

December 31, 2016

1 Significant accounting policies (continued)

(d) Contributed services

The Board of Directors and other volunteers contribute services to the Foundation in carrying out its operating activities. Because of the difficulty in determining the fair value of these contributed services, they are not recognized in the financial statements.

(e) Capital assets

Capital assets are recorded at cost. Amortization is calculated based on the estimated useful life of the assets on straight line basis as follows:

Computer hardware	-	5 year straight line
Furniture and fixtures	-	5 year straight line
Computer software	-	5 year straight line

In the year of acquisition of an asset, the above rates are reduced by 50%.

(f) Revenue recognition

Unrestricted fund additions, grants, donations and special events are recognized as revenue when received in the operating fund. Restricted and endowment contributions are recognized as revenue in the applicable restricted fund when received. Investment income and management fees are recognized as earned and recorded in the applicable fund.

(g) Financial instruments

The Foundation initially measures its financial assets and financial liabilities at fair value. The Foundation subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the applicable fund in the period incurred.

Financial instruments measured at amortized cost include cash, accounts receivable, accounts payable and accrued liabilities.

Financial instruments measured at fair value include investments and funds held for others. Management has elected to measure fixed income investments at fair value. Investment income includes interest and dividends received during the year, realized and unrealized gains and losses. Investment income is allocated to the investment pool containing the endowment fund, flow through fund, operating fund and funds held for others.

(h) Use of estimates

The Foundation's financial statements are prepared in conformity with Canadian accounting standards for not-for-profit organizations. This requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in operations in the period in which they become known. Actual results in the future may differ from those estimates made.

THE COMMUNITY FOUNDATION OF MISSISSAUGA

Notes to Financial Statements

December 31, 2016

2 Accounts receivable

As at December 31	2016		2015	
Accounts receivable from Investment Managers	\$	57,640	\$	58,478
Interest receivable		2,256		278
Sales tax recoverable		18,088		16,588
	\$	77,984	\$	75,344

3 Investments

The funds within the Foundation Pool are subject to the Investment Management Policy of the Foundation. The asset mix of the Foundation Pool is as follows:

As at December 31	2016		2015	
		%		%
Community Foundation of Mississauga Pooled Funds				
Cash and cash equivalents (overdraft)	\$	258,111	1.9	\$ (77,189) (0.6)
Fixed income		3,448,718	25.8	2,881,818 23.7
Canadian equities		3,952,994	29.5	3,627,860 29.8
Global equities and other		5,727,532	42.8	5,734,443 47.1
		13,387,355	100.0	12,166,932 100.0
Investments managed by Personal Investment Advisors		9,138,288		8,312,920
	\$	22,525,643		\$ 20,479,852

Pursuant to agreement with donors, investments managed by "personal investment advisors" are managed by investment professionals recommended by the donor. The personal investment advisors remain subject to the Investment Management Policy of the Foundation.

4 Capital assets

As at December 31	2016				2015	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization		
Computer hardware	\$ 16,855	\$ 7,948	\$ 15,662	\$ 6,047		
Furniture and fixtures	15,802	9,482	15,802	6,753		
Computer software	74,079	57,297	74,079	42,482		
	\$ 106,736	\$ 74,727	\$ 105,543	\$ 55,282		
Net book value		\$ 32,009		\$ 50,261		

THE COMMUNITY FOUNDATION OF MISSISSAUGA

Notes to Financial Statements

December 31, 2016

5 Funds held for others

Funds held for others represent community agency funds pooled with The Community Foundation of Mississauga for investment purposes. Investment income is allocated to the funds on a proportionate basis and the agencies are charged a cost recovery fee by the Foundation. The community agency funds can be withdrawn by the agencies with reasonable notice periods as defined in the fund agreement.

As at December 31	2016	2015
Revenue		
Investment income	\$ 2,129	\$ 2,164
Expense		
Management fees	559	543
Excess of revenue over expense	1,570	1,621
Funds held for others, beginning of year	27,771	26,150
Funds held for others, end of year	\$ 29,341	\$ 27,771

6 Endowment fund

The Endowment Fund includes the original capital gift restricted by the donor along with retained earnings on the endowed capital gift. As a result, the Endowment Fund includes both Externally Restricted Funds and Funds restricted by Foundation policy. The breakdown is as follows:

As at December 31	2016	2015
Funds restricted by donor	\$ 17,323,290	\$ 16,470,925
Funds restricted by Foundation Policy	3,753,699	2,680,361
Total Endowed Funds	\$ 21,076,989	\$ 19,151,286

7 Ontario Trillium Foundation Grant

The Foundation was awarded a grant from the Ontario Trillium Foundation ("OTF") in 2012 to implement a donor, grants and financial management database that will enhance accountability to donors and the broader community as well as increase efficiency and accuracy of administrative activities. The total amount of the grant was \$170,000 which was received over a 3 year period. The grant funds were spent for the items and activities described in the agreement. During the year, \$0 (2015 - \$10,000) was received from the OTF.

8 Investment income

As at December 31	2016	2015
Interest, dividend and other income	\$ 499,160	\$ 583,567
Realized and unrealized gains, net of losses	2,012,697	(344,761)
	\$ 2,511,857	\$ 238,806

THE COMMUNITY FOUNDATION OF MISSISSAUGA

Notes to Financial Statements

December 31, 2016

9 Interfund transfers

Transfers represent reallocations within the equity funds of the Foundation. Grants may be designated by fundholders from the Endowment Fund to the Operating Fund or Special Projects Fund. Transfers from The Operating Fund to the Capital Fund are based on the annual operation budget, while transfers to and from the Reserve Fund are based on the Board resolution at the time the reserve was established.

10 Related party transactions

No remuneration was paid to Directors or Officers during the year.

11 Commitment

The Foundation is committed to annual lease payments for its office space. The future minimum payments required are as follows:

2017	\$	13,548
2018		<u>9,032</u>
	\$	<u>22,580</u>

12 Financial instrument risk

The Foundation actively manages the market risks that arise from the use of financial instruments including interest risk, currency risk and price risk. The Foundation adheres to an investment policy that outlines the objectives, constraints and parameters related to investing activities. This policy prescribes limits around the quality and concentrations of investments held by the Foundation. Management regularly reviews the Foundation investments to ensure all activities adhere to the investment policy. There has been no change to the risk exposure of the Foundation from the prior year.

Interest risk

A portion of investments of the Foundation is invested in bonds and debentures which bear interest at a fixed rate. As a result, a change in market interest rate will have an impact on the fair value of these investments.

Currency risk

A portion of the investments of the Foundation is invested in foreign securities. As a result, the Foundation is exposed to risk that arises from fluctuation of foreign exchange rates.

Price risk

A portion of the investments of the Foundation are invested in equities. As a result the Foundation is exposed to risk that arises from fluctuation in market prices and the degree of volatility of investment markets.

13 Comparative figures

The 2015 comparative figures were audited by another firm of Chartered Professional Accountants.