

Financial statements of

The Community Foundation of Mississauga

December 31, 2020

D C Tinkham FCPA FCA CMC LPA
P J Brocklesby CPA CA LPA
M Y Tkachenko CPA CA
M W G Rooke CPA CA LPA
A C Callas CPA CA LPA
G P Kroeplin CPA
J X Wu CPA

300 - 2842 Bloor Street West
Toronto Ontario M8X 1B1
Canada

TEL 1 416 233 2139
TOLL FREE 1 877 283 3305
FAX 1 416 233 1788

TINKHAMCPA.COM

INDEPENDENT AUDITOR'S REPORT

To the Members of
The Community Foundation of Mississauga

Opinion

We have audited the financial statements of The Community Foundation of Mississauga ("the Foundation"), which comprise the statement of financial position as at December 31, 2020, and the statements of operations and changes in net assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the 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.

Basis for Opinion

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 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.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment 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 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 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.

March 24, 2021
TORONTO, Ontario



Licensed Public Accountants


THE COMMUNITY FOUNDATION OF MISSISSAUGA

Statement of Financial Position


As at December 31	2020	2019
Assets		
Cash	\$ 438,795	\$ 144,343
Accounts receivable (note 2)	164,945	72,717
Prepaid expenses	22,678	20,231
Investments (note 3)	23,718,725	22,723,543
Capital assets (note 4)	5,941	6,290
	\$ 24,351,084	\$ 22,967,124
Liabilities		
Accounts payable and accrued liabilities	\$ 52,054	\$ 31,986
Net assets		
Endowment fund (note 5)	23,358,199	22,362,126
Flow through fund	329,883	13,514
Operating fund	229,144	177,345
Capital fund	5,941	6,290
Reserve fund	375,863	375,863
	24,299,030	22,935,138
	\$ 24,351,084	\$ 22,967,124

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	2020 Total	2019 Total
Revenue							
Donations	\$ 168,545	\$ 2,374,939	\$ 25,826	\$ -	\$ -	\$ 2,569,310	\$ 302,039
Grants - government subsidies	-	-	59,853	-	-	59,853	4,267
Grants - other foundations	-	-	170,153	-	-	170,153	1,600
Investment income (note 6)	2,066,954	1,676	7,262	-	-	2,075,892	3,536,275
Management fees	-	-	297,220	-	-	297,220	289,759
Special events	-	-	47,442	-	-	47,442	266,896
	2,235,499	2,376,615	607,756	-	-	5,219,870	4,400,836
Expenses							
Administration	-	-	496,142	-	-	496,142	436,528
Amortization	-	-	-	2,211	-	2,211	3,800
Fund development	-	-	30,481	-	-	30,481	35,992
Grants	937,163	2,010,590	-	-	-	2,947,753	5,703,582
Investment management fees	296,813	407	74,149	-	-	371,369	361,525
Special events	-	-	8,022	-	-	8,022	136,255
	1,233,976	2,010,997	608,794	2,211	-	3,855,978	6,677,682
Excess (deficiency) of revenue over expenses	1,001,523	365,618	(1,038)	(2,211)	-	1,363,892	(2,276,846)
Net Assets, beginning	22,362,126	13,514	177,345	6,290	375,863	22,935,138	25,211,984
Interfund transfers (note 7)	(5,450)	(49,249)	52,837	1,862	-	-	-
Net Assets, ending	\$ 23,358,199	\$ 329,883	\$ 229,144	\$ 5,941	\$ 375,863	\$ 24,299,030	\$ 22,935,138

See accompanying notes to financial statements.

THE COMMUNITY FOUNDATION OF MISSISSAUGA**Statement of Cash Flows**

Year ended December 31	2020	2019
Cash provided from (used for):		
Operating activities		
Excess (deficiency) of revenue over expenses	\$ 1,363,892	\$ (2,276,846)
Charges to income not requiring cash payments		
Amortization	2,211	3,800
Changes in non-cash working capital		
Accounts receivable	(92,228)	8,761
Prepaid expenses	(2,447)	(121)
Accounts payable and accrued liabilities	20,068	(3,984)
	1,291,496	(2,268,390)
Investing activities		
Net change to investments	(995,182)	2,230,452
Purchase of capital assets	(1,862)	(4,642)
	(997,044)	2,225,810
Net increase (decrease) in cash	294,452	(42,580)
Cash, beginning of year	144,343	186,923
Cash, end of year	\$ 438,795	\$ 144,343

THE COMMUNITY FOUNDATION OF MISSISSAUGA

Notes to Financial Statements

December 31, 2020

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) 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

Gifts to the Foundation for the Flow Through Fund 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.

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 Operating 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.

(c) Contributed securities

Contributed securities are recorded at their fair value at the date of contribution.

THE COMMUNITY FOUNDATION OF MISSISSAUGA

Notes to Financial Statements

December 31, 2020

1 Significant accounting policies (continued)

(d) Contributed materials and services

The Board of Directors and other volunteers contribute materials and 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. 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 and operating fund.

(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, 2020

2 Accounts receivable

As at December 31	2020		2019	
Accounts receivable from Investment Managers	\$	111,803	\$	54,026
Government subsidies receivable		42,062		-
Sales tax recoverable		10,911		18,048
Interest receivable		169		643
	\$	164,945	\$	72,717

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	2020	%	2019	%
Community Foundation of Mississauga Pooled Funds				
Cash and cash equivalents	\$ 80,545	0.6	\$ 3,965	0.0
Fixed income	3,177,447	22.1	3,404,439	25.6
Canadian equities	3,537,599	24.6	3,517,100	26.5
Global equities and other	7,578,970	52.7	6,368,523	47.9
	14,374,561	100.0	13,294,027	100.0
Investments managed by Personal Investment Advisors	9,344,164		9,429,516	
	\$ 23,718,725		\$ 22,723,543	

Pursuant to agreement with donors, investments managed by "personal investment advisors" are managed by investment professionals recommended by the donor.

4 Capital assets

As at December 31	2020				2019	
	Cost	Accumulated Amortization		Cost	Accumulated Amortization	
Computer hardware	\$	23,240	\$	17,299	\$	22,410
Furniture and fixtures		15,802		15,802		15,802
Computer software		74,079		74,079		74,079
	\$	113,121	\$	107,180	\$	112,291
					\$	106,001
Net book value		\$	5,941		\$	6,290

THE COMMUNITY FOUNDATION OF MISSISSAUGA

Notes to Financial Statements

December 31, 2020

5 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	2020	2019
Funds restricted by donor	\$ 17,475,476	\$ 17,306,930
Funds restricted by Foundation policy	5,882,723	5,055,196
Total Endowment Fund	\$ 23,358,199	\$ 22,362,126

6 Investment income

Year ended December 31	2020	2019
Interest, dividend and other income	\$ 494,811	\$ 483,970
Realized and unrealized gains, net of losses	1,581,081	3,052,305
	\$ 2,075,892	\$ 3,536,275

7 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. Transfers from the Operating Fund to the Capital Fund, Reserve Fund, Flow Through or Endowment Funds are based on Board resolutions from time to time.

8 Commitment

The Foundation is committed to annual lease payments for its office space. The future minimum payments required for each of the next three fiscal years are as follows:

2021	\$ 13,548
2022	13,548
2023	9,032
	<u>\$ 36,128</u>

9 Environmental risk

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing have caused material disruption to businesses globally. Global equity markets have experienced some volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak remains unknown at this time, as does the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Foundation in future periods.

THE COMMUNITY FOUNDATION OF MISSISSAUGA

Notes to Financial Statements

December 31, 2020

10 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.