

CAMPHILL FOUNDATION CANADA

Financial Statements

Year Ended - March 31, 2018



CAMPHILL FOUNDATION CANADA

Year Ended - March 31, 2018

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INDEPENDENT AUDITORS' REPORT

To the Directors of
Camphill Foundation Canada

We have audited the accompanying financial statements of Camphill Foundation Canada, which comprise the statement of financial position as at March 31, 2018 and the statements of operations and 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.

Independent 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 qualified audit opinion.

Basis for Qualified Opinion

In common with many not-for-profit organizations, Camphill Foundation Canada derives revenue from the general public as donations and fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amount recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to donation revenue, excess of revenues over expenses, assets and net assets.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Camphill Foundation Canada as at March 31, 2018 and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Truster Zweig LLP

Richmond Hill, Ontario
June 23, 2018

Chartered Professional Accountants
Licensed Public Accountants

CAMPHILL FOUNDATION CANADA
Statement of Financial Position
March 31, 2018

	<u>Notes</u>	<u>2018</u>	<u>2017</u>
ASSETS			
CURRENT			
Cash	2	\$ 127,920	\$ 127,725
Amounts receivable		-	1,000
Marketable securities		684,999	633,092
Loan receivable	3	14,020	14,020
		826,939	775,837
LAND AND BUILDING	4	316,778	324,977
		\$ 1,143,717	\$ 1,100,814
LIABILITIES AND NET ASSETS			
CURRENT			
Accounts payable and accrued liabilities		\$ 21,512	\$ 18,742
Deferred revenue	5	44,386	69,476
Current portion of term loan payable	6	12,954	13,719
		78,852	101,937
TERM LOAN PAYABLE	6	-	12,954
		78,852	114,891
UNRESTRICTED NET ASSETS		1,064,865	985,923
		\$ 1,143,717	\$ 1,100,814

APPROVED ON BEHALF OF THE BOARD

 Director

 Director

See accompanying notes



CAMP HILL FOUNDATION CANADA
Statement of Operations and Changes in Net Assets
Year Ended - March 31, 2018

	2018	2017
REVENUE		
Bequest	\$ 4,293	\$ 150
Contributions	120,616	101,977
Rental	26,700	26,700
Investments	18,963	18,861
Gain on foreign exchange	(4,130)	21,755
	166,442	169,443
EXPENSES		
Administration	14,000	14,000
Amortization	8,199	8,541
Bank charges and interest	1,533	2,286
Fundraising	45	2,080
Grants	59,327	49,568
Term loan interest	823	1,842
Office and general	316	1,522
Professional fees	1,256	675
Repairs and maintenance	-	5,627
Travel	-	838
	85,499	86,979
EXCESS OF REVENUE OVER EXPENSES BEFORE THE FOLLOWING	80,943	82,464
OTHER EARNINGS		
Gain on sale of marketable securities	-	23,844
Adjustment of marketable securities to market value	(2,001)	42,182
	(2,001)	66,026
EXCESS OF REVENUE OVER EXPENSES	78,942	148,490
UNRESTRICTED NET ASSETS, beginning of year	985,923	837,433
UNRESTRICTED NET ASSETS, end of year	\$ 1,064,865	\$ 985,923

See accompanying notes



CAMPHILL FOUNDATION CANADA
Statement of Cash Flows
Year Ended - March 31, 2018

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from donors and tenant	\$ 127,519	\$ 116,961
Cash received from investments	16,962	84,887
Cash paid to suppliers	(19,333)	(46,483)
Grants paid	(59,327)	(49,568)
	<u>65,821</u>	<u>105,797</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Marketable securities	<u>(51,907)</u>	<u>(61,527)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Term loan payable	<u>(13,719)</u>	<u>(33,719)</u>
NET CASH INCREASE , during the year	195	10,551
Cash, beginning of year	<u>127,725</u>	<u>117,174</u>
CASH , end of year	<u><u>\$ 127,920</u></u>	<u><u>\$ 127,725</u></u>

See accompanying notes



PURPOSE OF THE ORGANIZATION

Camphill Foundation Canada (referred to in these statements as the "organization") is a non-share capital, not-for-profit organization incorporated on June 12, 2000 and has continued under the Canada Not-for-profit Corporations Act on November 20, 2013. The organization is engaged in the acquisition of capital/endowment funds for Camphill Communities Ontario Inc. The organization also provides non-profit housing to the residents of Camphill Communities Ontario Inc.

As a charity registered under the Income Tax Act (Canada), the organization is not subject to income taxes and is authorized to issue tax receipts for donations received.

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared using Canadian accounting standards for not-for-profit organizations using the deferral method. These standards are in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

a) Financial instruments

The organization measures its financial instruments consisting of cash, amounts receivable, loan receivable, accounts payable and accrued liabilities and term loan payable at cost or amortized cost.

Marketable securities are measured at fair value.

b) Fund accounting

Separate funds are maintained to account for, and to report on, the separate activities or objectives as determined by the organization or by donors. For financial statement purposes, the funds have been grouped into the following categories:

a) Unrestricted

The fund receives unrestricted funds from contributions, investment income, and rent for use of its premises, and pays the costs and expenditures of the organization's program delivery and administration services. The fund balance represents the accumulated net excess of revenue over expenditures.

b) Restricted

The restricted funds are represented by deferred revenue, and were established by the organization to facilitate building renovations and program implementation.



1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

c) Revenue recognition

Restricted contributions are deferred and recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income is recognized on the accrual basis.

Rental income is recognized when earned.

d) Land and building

Land and building are recorded at cost. Amortization of building is provided for over its estimated useful life using the declining balance at an annual rate of 4%.

Management reviews land and building for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the estimated future net cash flows that the assets are expected to generate. Where the carrying value exceeds estimated net cash flows, the assets are written down to fair value.

e) Donated services

Volunteers contribute time to assist the organization in carrying out its service delivery activities. Because of the difficulty of determining their fair value, the value of contributed services is not recognized in the financial statements.

f) Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of estimates include the measurement of accrued liabilities, measurement of deferred revenue, revenue recognition and amortization. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.



1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

g) Capital disclosures

The organization manages its capital primarily through its investments and adheres to the organization's investment policies. The organization's short term investment policy stipulates that investments are limited to investments in marketable securities, subject to certain limitations.

h) Capital management

The organization's objective is to have sufficient resources to continue operations in accordance with its mission. The need for sufficient resources is considered when preparing an annual budget and monitoring its cash flows.

2. RESTRICTED CASH

The organization authorized the creation of "Building Fund" and "Project Specific Fund" which funds are held in separate bank accounts. The funds had a total combined value at March 31, 2018 of \$44,386 (2017 - \$69,209). Building Fund is restricted to renovation and infrastructure improvements, Project Specific Fund is restricted to use in certain projects to enhance work, life or learning initiatives.

3. LOAN RECEIVABLE

Loan receivable from Camphill Communities Ontario Inc., an organization related by virtue of common management, is due on demand, unsecured, bears interest at the prime rate plus 0.75% per annum and repayable in monthly instalments of interest only.

4. LAND AND BUILDING

	Cost	Accumulated Amortization	Net Book Value	
			2018	2017
Land	\$ 120,000	\$ -	\$ 120,000	\$ 120,000
Building	280,619	83,841	196,778	204,977
	<u>\$ 400,619</u>	<u>\$ 83,841</u>	<u>\$ 316,778</u>	<u>\$ 324,977</u>



5. DEFERRED REVENUE

Deferred revenue includes restricted building fund donation, project specific donation and grant received for special purposes, which remain unspent at year end. The changes in deferred revenue are as follows:

	<u>2018</u>	<u>2017</u>
Balance, beginning of year	\$ 69,476	\$ 80,342
Received	4,000	8,200
Recognized as revenue	<u>(29,090)</u>	<u>(19,066)</u>
Balance, end of year	<u>\$ 44,386</u>	<u>\$ 69,476</u>

6. TERM LOAN PAYABLE

Term loan payable is repayable in monthly installments of \$1,144 principal plus interest. The term loan bears interest at the Toronto-Dominion Bank's prime lending rate plus 1.00% per annum and matures on October 21, 2019.

The term loan payable is secured by a general security agreement over all personal property of the organization, Camphill Communities Ontario Inc. and Camphill Houses Inc., continuing collateral mortgage of \$280,000 on property at 11 Donald Street, Barrie, Ontario, assignment of fire insurance in the minimum amount of \$250,000, and an unlimited corporate guarantee executed by Camphill Communities Ontario Inc. and Camphill Houses Inc.

The loan is due in full in the next fiscal year.

7. CREDIT FACILITY

The organization has access to a \$30,000 demand operating loan. This facility bears interest at the Toronto-Dominion Bank's prime lending rate plus 1.00% per annum.

The facility is secured by a general security agreement over all personal property of the organization, Camphill Communities Ontario Inc. and Camphill Houses Inc., continuing collateral mortgage of \$280,000 on property at 11 Donald Street, Barrie, Ontario, assignment of fire insurance in the minimum amount of \$250,000, and unlimited corporate guarantee executed by Camphill Communities Ontario Inc. and Camphill Houses Inc.

As at March 31, 2018, the operating loan has not been used by the organization.



8. COMMITMENT AND CONTINGENCIES

- (a) The organization has provided a general security agreement representing a first charge on all personal property and, an unlimited corporate guarantee with regards to a demand operating loan up to a limit of \$200,000 and a term loan up to \$117,728 for the benefit of Camphill Communities Ontario Inc. As of March 31, 2018, the demand operating loan has a balance of \$86,970 and the term loan has a balance of \$110,825. The organization would be called upon to perform under this guarantee on default of Camphill Communities Ontario Inc. to pay its loans. However, the organization has recourse against Camphill Communities Ontario Inc.'s assets to secure repayment of such obligations.
- (b) The organization has undertaken to indemnify its past, present and future directors, officers and employees against expenses (including legal expenses), judgments and any amount actually or reasonably incurred by them in connection with any action, suit or proceeding in which the directors are involved as a result of their service to the organization, provided they acted honestly and in good faith with a view to the best interests of the organization.

The nature of the indemnity prevents the organization from reasonably estimating the maximum exposure. The organization has purchased directors' and officers' liability insurance with respect to this indemnification. Historically, the organization has not made any payments under such or similar indemnification agreements. At this time, the organization is not aware of any claims under these guarantees and, therefore, no amount has been accrued in the financial statements with respect to these guarantees.

9. RELATED PARTY BALANCES AND TRANSACTIONS

Related party balances and transactions with Camphill Communities Ontario Inc., an organization under common management, include the following:

Accounts payable balance	\$21,512 (2017 - \$16,671)
Rental income received	\$26,700 (2017 - \$26,700)
Administration fees paid	\$12,000 (2017 - \$12,000)
Grants paid	\$59,327 (2017 - \$48,568)

All related party transactions are recorded at their exchange amount which is the amount established and agreed to by the related parties.



10. FINANCIAL RISKS MANAGEMENT

The organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the organization's risk exposure and concentrations at the statement of financial position date.

i) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The organization's main credit risks relate to its loan receivable. The organization provides credit to Camphill Communities Ontario Inc. in the normal course of its operations. Actual exposure to credit losses is minimal as the organization has a greater accounts payable balance owed to the borrower. No allowance for doubtful accounts provision recorded in these financial statements.

ii) Liquidity risk

Liquidity risk is the risk that an organization will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its accounts payable and accrued liabilities, term loan payable and deferred revenue. The organization believes the liquidity risk to be minimal due to its positive net working capital and availability of undrawn credit facility.

iii) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The organization is mainly exposed to currency risk, interest rate risk and other price risk.



10. FINANCIAL RISKS MANAGEMENT (Continued)

iii) Market risk (Continued)

i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The organization owns US dollar investments and also receives contribution from US sources. Consequently, some assets are exposed to foreign exchange fluctuations. As at March 31, 2018, marketable securities of \$247,093 (2017 - \$212,543) denominated in US dollars have been converted into Canadian dollars.

ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest on the Toronto-Dominion Bank's term loan is variable based on the bank's prime rates. The organization does not use derivative instruments to reduce its exposure to interest rate risk.

iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The organization is exposed to other price risk through its investments in marketable securities.

