TELCO COMMUNITY
VOLUNTEERS

FINANCIAL STATEMENTS
WITH REVIEW ENGAGEMENT REPORT

JUNE 30, 2017

TELCO COMMUNITY VOLUNTEERS

June 30, 2017

(Unaudited)

Contents

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REVIEW ENGAGEMENT REPORT

To the Members of
Telco Community Volunteers

We have reviewed the statement of financial position of **Telco Community Volunteers** as at June 30, 2017 and the statements of operations and changes in fund balances, and cash flows for the year then ended. Our review was made in accordance with Canadian Accounting Standards for Not-For-Profit Organizations for review engagements and accordingly consisted primarily of inquiry, analytical procedures and discussion related to information supplied to us by the company.

A review does not constitute an audit and consequently we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian Accounting Standards for Not-For-Profit Organizations.

Franklin, Daurio LLP

Chartered Professional Accountants, Licensed Public Accountants
October 5, 2017
Toronto, Ontario

Telco Community Volunteers

Statement of Financial Position

As at June 30, 2017

(Unaudited)

		2017		2016
ASSETS				
Current				
Cash	**$**	**63,871**	$	52,472
Investments		**481,482**		570,869
Prepaid Expenses and Sundry		**4,369**		5,856
		549,722		629,197
TOTAL ASSETS		**549,722**		**629,197**
LIABILITIES AND FUND BALANCES				
Current				
Accounts Payable and Accrued Liabilities		**5,722**		6,217
Fund Balances				
Operating Fund		**544,000**		622,980
TOTAL LIABILITIES AND FUND BALANCES	**$**	**549,722**	**$**	**629,197**

Approved on Behalf of the Board:

______________________________ Director

The accompanying notes are an integral part of these financial statements.

Telco Community Volunteers

Statement of Operations and Changes in Fund Balances

For the year ended June 30, 2017

(Unaudited)

	2017	2016
Revenues		
Dividend income	$ 15,794	$ 30,037
Other income	19,456	16,570
Gain on sale of investments	16,106	34,121
	51,356	80,728
Expenses		
Meals and entertainment	100,239	94,509
Management fees, investment portfolio	8,072	9,499
Professional fees	5,609	6,061
Hall rentals	4,888	5,612
Office and general	4,120	6,028
Travel	4,015	3,962
Insurance	3,788	3,788
Speakers	2,303	2,937
Miscellaneous	1,159	1,938
Fellowship	928	393
Supplies	270	178
Donations	-	175
	135,391	135,080
Excess of Expenses over Revenues Before the Undernoted Item	(84,035)	(54,352)
Unrealized Gain (Loss) on Investments	5,055	(59,759)
Excess of Expenses over Revenues	(78,980)	(114,111)
Fund Balance, Beginning of the Year	622,980	737,091
Fund Balance, End of the Year	$ 544,000	$ 622,980

The accompanying notes are an integral part of these financial statements.

Telco Community Volunteers

Statement of Cash Flows

For the year ended June 30, 2017

(Unaudited)

	2017	2016
Net Inflow (Outflow) of Cash Related to the Following Activities:		
Cash Used in Operating Activities		
Excess of Expenses over Revenues	**$ (78,980)**	$ (114,111)
Items not Involving Cash:		
Unrealized (Gain) Loss on Investments	**(5,055)**	59,759
Changes in:		
Prepaid Expenses and Sundry	**1,488**	1,260
Accounts Payable and Accrued Liabilities	**(496)**	446
Net Cash Used by Operating Activities	**(83,043)**	(52,646)
Cash Flows from Investing Activities		
Investments	**94,442**	63,426
Net Increase in Cash	**11,399**	10,780
Cash, Beginning of the Year	**52,472**	41,692
Cash, End of the Year	**$ 63,871**	**$ 52,472**

The accompanying notes are an integral part of these financial statements.

1. Purpose of Organization

Telco Community Volunteers (the "Organization") was incorporated on September 22, 2000 as a not-for-profit corporation.

There are five "retiree clubs" (Brampton, Fieldway, Oakville, Scarborough, and Toronto). The objective of the Organization is to improve the well-being and happiness of life members by providing financial assistance, and to provide projects of educational, fellowship, cultural and social activities. To March 24, 2008, funding for the Organization was funded by the income of the estate of Pauline Baxter Moore ("PBM"). Effective March 24, 2008, the capital of the PBM estate was transferred to the Organization and funding for the Organization was provided, without restriction, by the income and capital of the investments transferred.

For Canadian income tax purposes the Organization qualifies as a not-for-profit organization which is exempt from income tax under the Income Tax Act.

2. Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and are in accordance with Canadian generally accepted accounting principles. The significant policies are:

a) Fund Accounting

The Organization follows the restricted fund method of accounting for contributions.

The Restricted Fund reports resources restricted as to use at the time of the contributions.

The Operating Fund represents unrestricted resources available for the operations and the administration of the Organization, and providing services and assistance to members.

b) Revenue Recognition

Restricted contributions are recognized as revenue of the Restricted Funds. Unrestricted contributions are recognized as revenue of the Operating Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income is recognized as revenue on the accrual basis. Investment income earned on externally restricted investments is recognized as revenue of the Externally Restricted Fund.

All other investment income earned is recognized as revenue of the Operating Fund.

Other revenue includes revenue from luncheons and event ticket sales, and other miscellaneous receipts. The revenue from these is recognized when the amount can be reasonably estimated and collection reasonably assured, and the event to which the revenue relates has occurred.

c) Financial Instruments

The Organization initially measures its financial assets and financial liabilities at fair value. The Organization subsequently measures all its financial assets and liabilities at amortized cost, except for its investments, which are measured at fair value. Changes in fair value are recognized in the Statement of Operations. Transaction costs associated with the acquisition of these investments are recognized in the Statement of Operations in the period incurred. All other financial instruments are subsequently measured at amortized cost adjusted by transaction costs, which are amortized over the expected life of the instrument.

Financial assets measured at amortized cost include cash. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

The Organization's financial assets measured at fair value include its investments which include money market funds, mutual funds and equities.

d) Use of Estimates

The preparation of financial statements in accordance with Canadian Accounting Standards for Not-For-Profit Organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates include those used when accounting for accounts payable and accrued liabilities. Actual results could differ from management’s best estimates as additional information becomes available in the future.

e) Contributed Materials and Services

Contributions of material and services are recorded as revenue at fair value at the date of contribution if fair value can be reasonably estimated and when the materials and services are used in the normal course of operations and would otherwise have been purchased. Services contributed by volunteers are not recognized in the financial statements due to the difficulty in determining their fair value.

3. Investments

Investments are made up of the following:

		2017 Total		2016 Total
Money market fund	**$**	**3,648**	$	6,216
Mutual funds		**253,056**		315,984
Equities		**224,778**		248,669
	$	**481,482**	$	570,869

The investment portfolio is held at a subsidiary of a major Canadian chartered bank, which acts as custodian.

4. Financial Instrument Risk Disclosure

The significant financial risks to which the Organization is exposed are:

a) <u>Interest rate risk</u>:

Interest rate risk is the sensitivity of the investment portfolio to fluctuations in market interest rates. The Organization is subject to interest rate risk with respect to its fixed income securities. There is an inverse relationship between interest rates and the value of the Organization's fixed income securities. The Organization mitigates its interest rate risk by an investment policy to vary the maturity dates of its investments.

b) <u>Credit risk</u>:

Credit risk is the ability of the issuer of the investment to make interest payments and repay the principal. The Organization manages its credit risk on its investment portfolio by limiting its investments to those issued or guaranteed by federal or provincial governments along with major Canadian banks and corporations.

c) <u>Liquidity risk</u>:

Liquidity risk is the risk that the Organization will not be able to meet its obligations associated with the financial liabilities. The Organization has significant investments which generate investment income to fund its operations.

d) <u>Other price risk</u>:

The Organization is subject to other price risk as it has investments in the stock market.

Price risk is the sensitivity of the investment portfolio to fluctuations in the stock market prices. There is a direct relationship between stock market performance and the value of the Organization's investment portfolio. The Organization mitigates this risk by varying its investments.

There have been no changes in the Organization's risk exposures from the prior year.