
Financial statements of London Community Foundation

December 31, 2020

Independent Auditor's Report	1
Statement of operations and changes in fund balances	3
Statement of financial position	4
Statement of cash flows	5
Notes to the financial statements	6-15
Schedule of administrative and other expenses - Schedule A	16

Independent Auditor's Report

To the Board of Directors of London Community Foundation:

Opinion

We have audited the financial statements of London Community Foundation (the "Foundation"), which comprise the statement of financial position as at December 31, 2020, the statements of operations and changes in fund balances, cash flows and related schedules 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 London Community 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 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.

London, Ontario
March 25, 2021

MNP LLP

Chartered Professional Accountants
Licensed Public Accountants

London Community Foundation

Statement of operations and changes in fund balances

Year ended December 31, 2020

	Total	General Fund		Restricted Fund		Endowment Fund	
		2020	2019	2020	2019	2020	2019
	\$	\$	\$	\$	\$	\$	\$
Revenue							
Donations	9,598,342	7,101,313	1,003,019	1,745,984	1,343,567	6,849,339	5,646,820
Investment income, net	5,049,715	8,895,267	1,765,970	3,190,895	5,704,372	-	-
	14,648,057	15,996,580	2,768,989	5,029,729	7,047,939	6,849,339	5,646,820
Expenses							
Administrative and other expenses, net (Schedule A)	1,349,492	1,269,369	582,684	557,069	712,300	-	-
Grants and distributions							
Arts, culture and heritage	485,593	419,438	141,202	39,307	380,131	-	-
Education	272,476	75,137	82,090	800	74,337	-	-
Environment	211,901	439,306	90,578	204,265	235,041	-	-
Health	772,144	452,652	225,610	79,032	373,620	-	-
Recreation	50,662	100,135	15,000	2,500	97,635	-	-
Community services	2,484,545	1,413,902	1,616,655	805,509	608,393	-	-
	4,277,321	2,900,570	2,171,135	1,131,413	1,769,157	-	-
Excess of revenue over expenses, grants and distributions	9,021,244	11,826,641	15,170	1,613,339	4,566,482	6,849,339	5,646,820
Interfund transfers	-	-	(428,249)	32,436	(693,663)	1,061,130	661,227
Fund balances, beginning of year	86,552,128	74,725,487	3,726,292	2,080,517	13,245,332	69,580,504	63,272,457
Fund balances, end of year	95,573,372	86,552,128	3,313,213	3,726,292	14,769,186	77,490,973	69,580,504

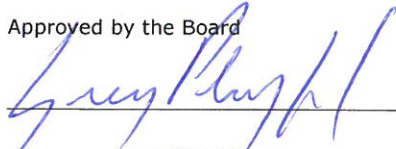
The accompanying notes are an integral part of the financial statements.


London Community Foundation
Statement of financial position
Year ended December 31, 2020

	Notes	2020	2019
		\$	\$
Assets			
Cash		5,589,350	4,693,293
Amounts receivable		67,557	72,910
Loans receivable	3	7,462,795	3,633,600
Investments	4	95,002,649	90,098,187
Prepaid expenses		9,055	7,898
Capital assets	5	189,097	226,924
Cash surrender value - life insurance		462,001	384,469
		108,782,504	99,117,281
Liabilities			
Accounts payable and accrued liabilities		142,575	142,041
Government remittances payable		-	7,881
Deferred capital contributions	8	92,104	113,282
Funds held on behalf of other parties	9	12,974,453	12,301,949
		13,209,132	12,565,153
Commitments	12		
Guarantees	13		
Fund balances			
General Fund		3,313,213	3,726,292
Restricted Fund	10	14,769,186	13,245,332
Endowment Fund	10	77,490,973	69,580,504
		95,573,372	86,552,128
		108,782,504	99,117,281

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

Approved by the Board

 Director

 Director

London Community Foundation

Statement of cash flows

Year ended December 31, 2020

	2020	2019
	\$	\$
Operating activities		
Excess of revenue over expenses, grants and distributions		
General Fund	15,170	1,613,339
Restricted Fund	2,156,735	4,566,482
Add items not requiring a current cash outlay		
Unrealized and realized (gains) on investments	(5,042,770)	(8,985,075)
Amortization of capital assets	43,875	55,965
Changes in non-cash working capital		
Amounts receivable	5,353	(28,544)
Loans receivable	(3,829,195)	(2,383,600)
Prepaid expenses	(1,157)	21,161
Accounts payable and accrued liabilities	(7,347)	28,595
Deferred capital contributions	(21,178)	(18,040)
Endowment contributions	6,849,339	5,646,820
	<u>168,825</u>	<u>517,103</u>
Investing activities		
Purchase of capital assets	(6,048)	(11,281)
Increase in cash surrender value - life insurance	(77,532)	(45,298)
Funds held on behalf of other parties	672,504	1,239,389
Proceeds on sale of investments	16,329,240	1,024,622
Purchase of investments	(16,190,932)	(7,937,655)
	<u>727,232</u>	<u>(5,730,223)</u>
Net change in cash and cash equivalents	896,057	(5,213,120)
Cash and cash equivalents, beginning of year	4,693,293	9,906,413
Cash and cash equivalents, end of year	<u>5,589,350</u>	<u>4,693,293</u>

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

1. Nature of the Foundation

London Community Foundation (the "Foundation") and its donors strengthen our community by making grants, building and managing a permanent endowment, and serving our community as a resource and partner.

The Foundation is a registered charity and is classified as a public foundation under Section 149.1(1) of the Income Tax Act (Canada) (the "Act"). As such, it is exempt from income taxes and able to issue donation receipts for income tax purposes. In order to maintain its status as a public foundation registered under the Act, the Foundation must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

2. Summary of significant accounting policies

The financial statements of the Foundation have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include certain estimates based on management's judgments. These estimates 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. Actual results could differ from those estimates.

In the opinion of management, the financial statements have been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

Fund accounting

In order to ensure observance of limitations and restrictions placed on the use of resources available to the Foundation, the accounts of the Foundation are maintained in accordance with the principles of "fund accounting". Under these principles, resources are classified for accounting and reporting purposes into funds that are in accordance with specified activities or objectives. The Foundation uses three fund groups: General Fund, Restricted Fund and Endowment Fund.

- (i) The General Fund accounts for the Foundation's administrative and operational revenues and expenses. Net expenditures of the General Fund are financed primarily by donor contributions directed to general operations, from investment income earned on the endowment contributions on which the donor has placed no restriction on the use of that income and from an interfund administrative charge. The distribution of income for granting purposes is determined by the Board of Directors each year according to the most pressing needs of the community.
- (ii) The Restricted Fund reports amounts, including investment income on restricted endowed funds, that are available to be used for purposes specified by donors and contributions that do not form part of the Endowment Fund. Donors may specify the charitable organization(s) to receive the grants or may identify the particular area of interest to be supported.
- (iii) The Endowment Fund reports amounts that are required to be maintained by the Foundation on a permanent basis. The Board of Directors, at its discretion, may include investment income equal to the amount determined to preserve the purchasing power of the endowed capital.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. The related contribution is deferred and amortized to income of the General Fund on the same basis as the related capital assets are amortized.

2. Summary of significant accounting policies (continued)

Capital assets (continued)

Amortization is provided on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold improvements	10 year lease term
Office furniture and equipment	5 years
Computer hardware	5 years

Financial instruments

Financial assets and financial liabilities are initially recognized at fair value when the Foundation becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost except for investments in pooled funds and short-term securities, which are measured at fair value.

Interest earned on short term securities, unrealized gains and losses on pooled funds, and realized gains and losses on sale of pooled funds are included in investment income in the statement of operations and changes in fund balances.

Transaction costs related to financial instruments measured subsequent to initial recognition at fair value are expensed as incurred. Transaction costs related to other financial instruments are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the effective interest method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the effective interest method and recognized in net earnings as interest income or expense.

With respect to financial assets measured at cost or amortized cost, the Foundation recognizes in net earnings an impairment loss, if any, when there are indicators of impairment and it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to net earnings in the period the reversal occurs.

Revenue recognition

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

All donations and bequests are recorded as revenue only as received, or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured, except where amounts are received for a specific community leadership project. In these cases, contributions are deferred and record as revenue when the related expenses are incurred.

Life insurance policies that have named the Foundation as owner/beneficiary are recorded at the cash surrender value of the policy. The increase in cash surrender value from year to year is recorded as a donation to the Endowment Fund.

Investment income includes interest, dividends, and realized and unrealized gains (losses).

Contributed services

Volunteers contribute many hours per year to assist the Foundation in carrying out its fundraising and granting activities. Because of the difficulty in determining fair value, contributed services are not recognized in the financial statements.

2. Summary of significant accounting policies (continued)

Contributions

Throughout the year, the Foundation receives in-kind contributions relating to life insurance policies for which the Foundation is the beneficiary. When donors pay insurance premiums on the policies, they are recognized as contributions to life insurance premiums and other donations. These contributions are then offset against other non-operational expenditures in the financial statements.

Investment management fees

The Foundation presents investment management fees netted against investment income on the Statement of operations and changes in fund balances. Investment manager fees amounted to \$393,117 (\$378,439 in 2019).

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. By their nature, these estimates are subject to measurement uncertainty. These estimates are reviewed periodically, and adjustments are made to income in the year in which they become known. The account specifically affected by estimates in these financial statements is the useful life of capital assets. Actual results may vary from these estimates.

3. Loans receivable

The loans receivable relates to the London Community Foundation, Social Impact fund (previously known as Social Loan Fund) program, a social investment program that turns donations into capital loans for community and non-profit groups. With access to funding that they typically couldn't get from a bank, groups can further their mission more efficiently and effectively. Currently the Social Impact Fund's two main priorities are the development of safe and affordable housing in the London community and the investment and promotion of local social enterprises. The Social impact fund is a social investment that contributes to building a resilient community.

As of December 31, 2020 the Foundation had outstanding \$7,462,795 (\$3,633,600 in 2019) of financing through loans to support the creation of affordable housing and social enterprise initiatives, the focus and priority within the London and Middlesex area.

During the year, the \$69,000 loan provided to support a local social enterprise was written off. This was the result of the organization filing for bankruptcy due to financial hardships related to COVID-19. All other existing loans were assessed for further expected losses, and none were identified based on the collateral held to secure payment.

3. Loans receivable (continued)

The loans have the following terms:

	2020	2019
	\$	\$
Loan receivable, bearing interest at the Libro prime lending rate plus 2% (<i>effective rate 4.45%</i>), interest only payments, secured by a mortgage registered against the title to the property. Principal due by November 2028.	50,000	—
Loan receivable, bearing interest only payments at 2.95% secured by a mortgage registered against the title to the property. Principal due by August 2023.	300,000	—
Loan receivable, bearing interest only payments at 3.2% secured by a mortgage registered against the title to the property. Principal due by April 2022.	750,000	—
Loan receivable, bearing interest only payments at 4% secured by a mortgage registered against the title to the property. Principal due by February 2023.	2,500,000	—
Loan receivable, bearing interest at the RBC prime lending rate plus 0.5% (<i>effective rate 2.95%</i>), interest only payments with balance(s) due in December 2021, secured by a guarantee provided by the Michael Young Foundation	93,750	125,000
Loan receivable, bearing interest at 4.5% interest only payments of \$1,500 per month until balance is due in April 2029, secured by a mortgage registered against the title to the property.	400,000	400,000
Loan receivable, bearing interest only payments at 4.2% secured by a general security agreement of the assets of the borrower. Principal due by May 2022. Loan receivable was written off in 2020.	—	69,000
Loan receivable, subordinated debt, bearing interest only payments at 7% per annum, compounded from advancement of each draw and paid quarterly. A second position of general security over the projects assets is held, in addition to assignment of contracts and insurance held.	294,045	244,600
Various loan receivable(s), bearing interest at 4.2%, interest only payments, secured by mortgages registered against the title to the property for which the loan relates. Repayments on the balance on maturity ranging between June 2021 to June 2025.	3,075,000	2,795,000
	7,462,795	3,633,600

4. Investments

The combined market values of the investments are summarized below:

	2020	2019
	\$	\$
Pooled fund		
Short-term investments	1,874,308	1,784,566
Bonds	23,479,566	23,360,374
Canadian equities	16,436,048	18,587,010
Foreign equities	46,205,169	40,283,049
Real Estate	7,007,558	6,083,188
	95,002,649	90,098,187

The Foundation's objective for investments under its management is to generate a total return that achieves the granting objectives of the Foundation as set each year by its Board, recovers the cost of administering the funds, protects the purchasing power of the capital, and establishes a reserve for future market declines.

Investments are made in accordance with the Foundation's investment policy as approved by the board. The goal of the policy is to ensure that funds are maintained and grown while achieving maximum returns consistent with prudent investment. The investment policy includes guidelines regarding the minimum and maximum amount of domestic and foreign equity holdings, fixed income and a maximum to be invested in any one related party or industry.

The majority of the Foundation's investments are held in pools that are managed by external managers. Investment income (loss) earned on investments held by the Foundation in these pools is allocated to the pools based on monthly market values.

In 2019, the Foundation added Canadian real estate as an asset class to the portfolio. This was a result of a review completed by the Foundation's investment committee and approved by the board. As a result, two Canadian investment managers, Connor, Clark & Lunn Financial Group and Great West Life Ltd through a formal review process were selected to implement the strategy through pooled funds held at each firm, respectively.

5. Capital assets

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
	\$	\$	\$	\$
Leasehold improvements	463,928	291,255	172,673	206,582
Office furniture and equipment	153,800	148,943	4,857	9,990
Computer hardware	99,717	88,150	11,567	10,352
	717,445	528,348	189,097	226,924

Amortization expense for 2020 was \$43,875 (\$55,965 in 2019)

6. Interfund transfers

Interfund transfers include an amount determined by the Board of Directors to reflect the real change in value of the permanent capital of the Foundation. The Foundation's Board of Directors maintains a capital preservation policy, the aim of which is to provide as much financial support to the community as possible without jeopardizing the long-term purchasing power of the endowed funds. Every year, the Foundation determines an appropriate amount to capitalize at the end of each fiscal year with consideration given to the change in the Consumer Price Index, the amount capitalized in previous years and current and expected investment returns. For the year ended December 31, 2020, the Board of Directors capitalized \$nil funds (nil in 2019).

	General Fund	Restricted Fund	2020 Endowment Fund
	\$	\$	\$
Net capital gains (losses) allocation (a)	—	(67,682)	67,682
Donor-directed transfers (b)	(500,350)	(499,477)	999,827
Donor-directed internal grants (c)	72,101	(65,722)	(6,379)
	(428,249)	(632,881)	1,061,130

	General Fund	Restricted Fund	2019 Endowment Fund
	\$	\$	\$
Net capital gains (losses) allocation (a)	—	(117,473)	117,473
Donor-directed transfers (b)	(1,000)	(540,839)	541,839
Donor-directed internal grants (c)	33,436	(35,351)	1,915
	32,436	(693,663)	661,227

(a) *Net capital gains (losses) allocation*

During 2020, the Foundation allocated \$67,682 of unrealized capital gains (\$117,473 of unrealized capital gains in 2019) to certain Endowment Funds from the Restricted Fund as stipulated by its contracts with the respective charities. These contracts direct the Foundation to allocate unrealized gains (losses) to the Endowment Fund. However, the allocation of such losses is limited to the amount of previously allocated gains.

6. Interfund transfers (continued)

(b) Donor-directed transfers

In 2020, 31 donors (20 in 2019) initiated a fund transfer. The donors requested that balances in their Restricted Fund be transferred to the Foundation's General and Endowment Funds.

(c) Donor-directed internal grants

In 2020, 20 (18 in 2019) donors requested that a portion of the expendable funds from the donor's Restricted Fund be transferred to the Endowment Fund, the General Fund and/or a different Restricted Fund. Accordingly, a net of \$65,722 (\$35,351 in 2019) was transferred from the Restricted Fund to the General Fund and the Endowment Fund.

7. Multi-year commitments

Through the Community Vitality grant program, certain of the grants approved and recorded in the current year are components of multi-year grant plans. While these multi-year grants cover several years, the Foundation's Board annually approves each year's grants for payment from that year's investment earnings.

As of December 31, 2020, the Foundation had grant commitments that will be funded from earnings in future years totaling \$412,380 (\$467,250 in 2019).

8. Deferred contributions

Deferred contributions are externally restricted for operating purposes and are recognized as contributions as the related expenses are incurred. These represent contributions received from donors in supporting the renovations of the Foundation's office. These contributions will be recognized over the lease term. During the year ended 2020, \$19,629 (\$19,629 in 2019) was recognized.

9. Funds held on behalf of other parties

Funds held for other parties represent investments held on behalf of the Stratford Perth County Community Foundation, the Oxford Community Foundation and the London Jewish Community Foundation, and are included as investment assets of the Foundation, with an offsetting liability amount, as these funds may be withdrawn at any time.

Consequently as of the balance sheet date, the Foundation's investments were comprised of:

	2020	2019
	\$	\$
Stratford Perth Community Foundation	5,478,189	5,032,823
Oxford Community Foundation	1,717,069	1,561,413
London Jewish Community Foundation	5,779,195	5,707,713
	12,974,453	12,301,949
London Community Foundation	82,028,196	77,796,238
	95,002,649	90,098,187

10. Restrictions of net assets

a) *Restricted Fund consists of the following:*

	2020	2019
	\$	\$
Donor-restricted for granting purposes	14,769,186	13,245,332

b) *Endowment Fund consists of the following:*

	2020	2019
	\$	\$
Endowments, the income from which is donor-restricted for specified granting purposes	49,868,101	42,940,946
Endowments, the income from which is unrestricted	27,622,872	26,639,558
	77,490,973	69,580,504

11. Pledges

The Foundation has been named as a beneficiary of certain trusts. The residual value of these trusts will be recorded in the consolidated financial statements when the proceeds are received by the Foundation. These amounts are not reflected in the accompanying financial statements.

12. Commitments

The Foundation is committed to aggregate minimum annual lease payments for premises over the next five years as follows:

	\$
2021	28,495
2022	32,566
2023	32,566
2024	32,566
2025	21,711
Thereafter	—

The rent amount owing for 2021 has been reduced to \$28,495 from \$32,566 as the Foundation received a discount from their landlord.

13. Guarantees

In 2017 the Foundation entered into an agreement with Growing Chefs! Ontario Society to provide a guarantee on a revolving TD bank line of credit. This line of credit was to be made available in the case additional funds were needed by the organization as they expand their operations in a newly acquired facility. The Foundation is providing unconditional and irrevocable guarantees on all debts and liabilities associated with the line of credit up to \$50,000. As of December 31, 2020, nil was being used by the Growing Chefs! Ontario Society (\$nil in 2019).

14. Capital management

In managing daily operating needs, the Foundation focuses on cash resources available for operations. The Foundation's financial planning encompasses a plan to have sufficient liquid resources on hand to continue operating and to provide it with the flexibility to capitalize on opportunities to serve the Community. The need for sufficient liquid resources is considered in the preparation of an annual budget and in the monitoring of cash flows and actual operating results compared to the budget. As at December 31, 2020, the Foundation has met its objective of having sufficient liquid resources to meet its current obligations.

15. Financial instruments and risks

The Foundation has policies and procedures to establish a target asset mix to help protect against the follow risks:

Interest rate risk

The Foundation is exposed to interest rate risk as the value of the assets is affected by market changes in interest rates. Interest rate changes directly impact the value of the investments. The Foundation has established a target mix of investment types designed to achieve the optimal return within reasonable risk tolerance.

Market risk

The value of equity securities changes with stock market conditions, which are affected by general economic and market conditions. The value of securities will vary with developments within the specific companies or governments which issues the securities. The Foundation manages this risk through controls to monitor and limit concentration levels.

Credit risk

The financial instruments that potentially subject the Foundation to a significant concentration of credit risk consist primarily of cash, short-term investments, long-term investments and Endowment Fund. The Foundation mitigates its exposure to credit loss by placing its cash and investments with major financial institutions.

Foreign Exchange risk

Foreign exchange risk is the risk to the Foundation's earnings that arises from the fluctuations of foreign exchange rates and the degree of volatility of these rates. The Foundation at its discretion may use derivative instruments to manage and reduce its exposure to foreign currency risk.

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

16. Expenses as a percentage of average total assets

	2020	2019
	\$	\$
Total assets, beginning of the year	99,117,281	86,040,696
Total assets, end of year	108,782,504	99,117,281
Average total assets	103,949,893	92,578,989
Total operating expenses	1,349,492	1,269,369
Expenses as a percentage of average total assets	1.30%	1.37%

The Foundation's operating expenses involves asset development and activities related to grant making, leadership and philanthropic services. These activities are not necessarily related to the donations received in any one year and the asset development methodology used by the Foundation creates normal gift delays with may result in costs preceding the receipt of the gifts by several years. The ratio of total operating expenses to average total assets has been used to evaluate operating costs.

17. Significant event

During the year, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Foundation as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

As of the date of issuance of these financial statements, the Foundation has not experienced any adverse financial consequences as a result of the outbreak.

London Community Foundation**Schedule of administrative and other expenses - Schedule A**Year ended December 31, 2020

	2020	2019
	\$	\$
Salaries and benefits	1,078,357	984,667
Other office expenses	203,133	172,315
Marketing expense	49,555	94,487
Premiums on donated life insurance policies	109,712	109,855
Occupancy costs	62,648	78,504
Granting program expense	5,572	10,298
	1,508,977	1,450,126
Contributions to cover specific expenses		
Premiums on donated life insurance policies	(108,757)	(108,900)
Recovery of expenses from funds held for others	(50,728)	(71,857)
	1,349,492	1,269,369