

CAMPBELLFORD/SEYMOUR COMMUNITY FOUNDATION

FINANCIAL STATEMENTS

year ended

December 31, 2011

Welch LLP

An Independent Member of BKR International

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Campbellford/Seymour Community Foundation

We have audited the accompanying financial statements of Campbellford/Seymour Community Foundation which comprise the statement of financial position as at December 31, 2011 and the statements of operations and changes in fund balances 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 generally accepted accounting principles, and for such internal controls 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 judgement, 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 purposes 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 of Qualified Opinion

In common with many not-for-profit organizations, Campbellford/Seymour Community Foundation derives revenue from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records and we were not able to determine whether any adjustments might be necessary to revenue, excess (deficiency) of revenues over expenditures, assets and fund balances.

Qualified Opinion

In our opinion, except for the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Campbellford/Seymour Community Foundation as at December 31, 2011 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Trent Hills, Ontario
March 28, 2012

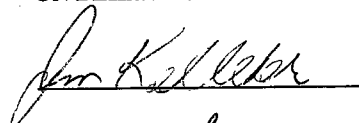


**CHARTERED ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS**

CAMPBELLFORD/SEYMOUR COMMUNITY FOUNDATION
(Incorporated as a corporation without share capital under the laws of Canada)

STATEMENT OF FINANCIAL POSITION
as at December 31, 2011

	<u>2011</u>	<u>2010</u>
	\$	\$
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	17,677	36,762
Accounts receivable	9,554	—
Prepaid expenses	<u>2,785</u>	<u>3,014</u>
	<u>30,016</u>	<u>39,776</u>
INVESTMENTS (note 5)	<u>5,551,225</u>	<u>6,077,143</u>
CAPITAL ASSETS		
Land and building	190,105	181,055
Equipment and furniture	34,040	27,222
Less: accumulated amortization	<u>(29,122)</u>	<u>(21,086)</u>
	<u>195,023</u>	<u>187,191</u>
	<u>5,776,264</u>	<u>6,304,110</u>
<u>LIABILITIES AND FUND BALANCES</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	<u>10,818</u>	<u>17,346</u>
FUND BALANCES		
Internally restricted - invested in capital assets	195,023	187,191
Internally restricted - other (note 6)	5,508,612	6,023,507
Externally restricted (note 6)	66,129	73,318
Unrestricted	<u>(4,318)</u>	<u>2,748</u>
	<u>5,765,446</u>	<u>6,286,764</u>
	<u>5,776,264</u>	<u>6,304,110</u>

ON BEHALF OF THE BOARD

See notes to financial statements.

CAMPBELLFORD/SEYMOUR COMMUNITY FOUNDATION

**STATEMENT OF OPERATIONS
AND CHANGES IN FUND BALANCES
year ended December 31, 2011**

	General Fund \$	Community Fund \$	Municipal Fund \$	Capital Assets Fund \$	Endowment Fund \$	2011 Total \$	2010 Total \$
REVENUES							
General contributions	6,095	106,060			3,150	115,305	123,694
Other revenues	12,950					12,950	5,040
Investment income	<u>154</u>					<u>154</u>	<u>527,770</u>
	<u>19,199</u>	<u>106,060</u>			<u>3,150</u>	<u>128,409</u>	<u>656,504</u>
EXPENDITURES							
Advertising	1,437					1,437	2,624
Amortization				8,037		8,037	4,689
Board and meeting costs	1,976					1,976	8,956
Investment losses (note 10)		4,908	5,524			10,432	
Community relations/projects	18,341					18,341	4,083
Grants - annual		161,924	144,924			306,848	267,810
Grants - special projects		109,180				109,180	123,784
Insurance	3,623					3,623	2,801
Investment management fees		26,379	26,815			53,194	53,818
Memberships	1,782					1,782	1,440
Office	17,368					17,368	3,367
Professional fees	6,819					6,819	6,275
Property taxes	2,849					2,849	405
Rent							7,755
Salaries and benefits	100,545					100,545	91,813
Telephone	2,550					2,550	2,500
Training	4,271					4,271	1,544
Travel	<u>475</u>					<u>475</u>	<u>782</u>
	<u>162,036</u>	<u>302,391</u>	<u>177,263</u>	<u>8,037</u>		<u>649,727</u>	<u>584,446</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES							
	(142,837)	(196,331)	(177,263)	(8,037)	3,150	(521,318)	72,058
INTERFUND TRANSFERS (note 8)	<u>135,771</u>	<u>(76,640)</u>	<u>(75,000)</u>	<u>15,869</u>			
NET CHANGE IN FUNDS	(7,066)	(272,971)	(252,263)	7,832	3,150	(521,318)	72,058
FUND BALANCES - beginning of year	<u>2,748</u>	<u>2,966,301</u>	<u>3,017,545</u>	<u>187,191</u>	<u>112,979</u>	<u>6,286,764</u>	<u>6,214,706</u>
FUND BALANCES - end of year	<u>(4,318)</u>	<u>2,693,330</u>	<u>2,765,282</u>	<u>195,023</u>	<u>116,129</u>	<u>5,765,446</u>	<u>6,286,764</u>

See notes to financial statements.

CAMPBELLFORD/SEYMOUR COMMUNITY FOUNDATION

STATEMENT OF CASH FLOWS
year ended December 31, 2011

	<u>2011</u>	<u>2010</u>
	\$	\$
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenditures	(521,318)	72,058
Adjustments for non-cash items		
Amortization of capital assets	8,036	4,689
Gain (loss) on investments	<u>14,695</u>	<u>(526,161)</u>
	(498,587)	(449,414)
Net change in non-cash working capital	<u>(15,852)</u>	<u>10,668</u>
	<u>(514,439)</u>	<u>(438,746)</u>
INVESTING ACTIVITIES		
Funds invested	(52,398)	(1,080)
Purchase of capital assets	<u>(15,868)</u>	<u>(186,013)</u>
	<u>(68,266)</u>	<u>(187,093)</u>
FINANCING ACTIVITIES		
Funds drawn from investments	<u>563,620</u>	<u>632,170</u>
NET INCREASE (DECREASE) IN CASH	(19,085)	6,331
CASH - beginning of year	<u>36,762</u>	<u>30,431</u>
CASH - end of year	<u><u>17,677</u></u>	<u><u>36,762</u></u>

See notes to financial statements

CAMPBELLFORD/SEYMOUR COMMUNITY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS year ended December 31, 2011

1. PURPOSE OF THE ORGANIZATION

The Campbellford/Seymour Community Foundation was incorporated without share capital under the laws of Canada and is a registered charity under the Income Tax Act. The Foundation provides grants within the Campbellford/Seymour area to support educational programs, promote and advance social and health programs, support and advance awareness of community and local heritage traditions, support innovative approaches to community based management and stewardship of land, natural resources and the environment, and support other complementary purposes of a charitable nature.

2. SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting

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

The General Fund accounts for the organization's grant delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants.

The Community and Municipal Funds report restricted resources that are to be used for grant giving purposes.

The Capital Assets Fund reports the assets, liabilities, revenues and expenses related to the organization's capital assets.

The Endowment Fund reports non-expendable resources, the income from which is to be used for children and youth in recreation following the guidelines for the Ontario Endowment for Children and Youth in Recreation, arts and crafts activities, and environmental programs in the community.

Investments

The Foundation has classified its investments as held for trading and has recorded them at fair value. Fair values of the pooled funds have been calculated based on values of their share of the fund as provided by the investment manager. Fair values of other fixed income securities and equities are determined by reference to published price quotations in an active market at year end. The Aron Theatre Bond has been classified as held to maturity and is recorded at amortized cost.

The purchase and sale of investments are accounted for using settlement date accounting. Investment management fees are expensed as incurred.

Capital Assets

Purchased capital assets are recorded at cost. Amortization is provided on a straight-line basis on computers and electronic equipment over an estimated useful life of five years, on a straight-line basis over twenty-five years on the building and on a diminishing balance basis of 20% on furniture. Amortization is reported in the Capital Assets Fund.

Revenue Recognition

Unrestricted contributions are recognized as revenue of the General Fund in the year received.

Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred.

Contributions, where the donor has required that the principal be held in perpetuity, are recognized as revenue in the Endowment Fund.

All other restricted contributions are recognized as revenue of the appropriate fund.

Investment income earned on Endowment Fund resources is recognized as revenue of the Community Fund.

Investment income earned on Community and Municipal Funds is recognized as revenue in the pertinent fund. Other investment income is recognized as revenue of the General Fund.

Rental income earned is recognized as revenue of the General Fund in the year to which it relates.

The Foundation is permitted, by various agreements, to transfer funds from the Community and Municipal Funds to the General Fund to cover administrative costs.

Contributed Services and Materials

Contributed services are not recognized in the financial statements because of the difficulty of determining their fair value. Contributed materials are recognized in the financial statements only if fair value can be reasonably estimated and if the materials are used in the normal course of operations and would otherwise have been purchased.

CAMPBELLFORD/SEYMOUR COMMUNITY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS
year ended December 31, 2011

2. **SIGNIFICANT ACCOUNTING POLICIES (continued)**

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 expenditures during the reporting period. Management makes accounting estimates when determining the estimated useful life of the capital assets and fair values of investments and actual results could differ from those estimates.

3. **NEW FINANCIAL REPORTING FRAMEWORK**

Effective January 1, 2012, Canadian private sector not-for-profit organizations will have a new financial reporting framework. These organizations may apply accounting standards for not-for-profit organizations in the CICA Handbook - Accounting (Part III) or International Financial Reporting Standards in the Handbook (Part I). Initially, Part III will be comprised of the existing 4400 series of standards for not-for-profit organizations, the additional standards and amendment proposal, and the standards included in GAAP for private enterprises to the extent that they would apply to not-for-profit organizations. The CICA Accounting Standards Board notes that the standards themselves are not substantially changing and are not likely to result in a significant change in many not-for-profit organizations.

4. **FINANCIAL INSTRUMENTS**

The Foundation's financial instruments consist of cash, accounts receivable, and accounts payable and accrued liabilities. Due to their nature or capacity for prompt liquidation, the fair values of these financial instruments approximate their carrying value. The Foundation's investments are also financial instruments and are presented at their fair value in the financial statements. The investments held in the pooled funds with the Community Foundation for Greater Toronto consisted of a mix of bonds (36%), Canadian equities (25%), and global equities (34%) at December 31, 2011 with the pooled funds having a total market value of approximately \$150,000,000. The Foundation also holds an investment in mutual funds. The nature of these investments exposes the Foundation to market, currency and interest rate risks.

Liquidity risk is the risk that the Foundation cannot meet its debts when they become due. The Foundation's management manages this risk by reviewing its expected future cash flow requirements.

In accordance with Section 3855, Financial Instruments - Recognition and Measurement, financial instruments are classified into one of the following five categories: held for trading, held to maturity, loans and receivables, available for sale, or other financial liabilities. The classification determines the accounting treatment of the instrument. The classification of the instrument is determined by the Foundation when the financial instrument is initially recorded, based on the underlying purpose of the instrument.

The financial assets and financial liabilities of the Foundation are classified and measured as follows:

<u>Financial Asset/Liability</u>	<u>Category</u>	<u>Measurement</u>
Cash	Held for trading	Fair value
Accounts receivable	Loans and receivables	Amortized cost
Investments - other than bonds	Held for trading	Fair value
Aron Theatre Bond	Held to maturity	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost

Financial instruments measured at amortized cost are initially recognized at fair value and then subsequently at amortized cost with gains and losses recognized in the statements of operations in the period in which the gain or loss occurs. Changes in fair value of financial instruments classified as held for trading are recorded in the statement of operations.

CAMPBELLFORD/SEYMOUR COMMUNITY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS
year ended December 31, 2011

5. INVESTMENTS

Investments consist of the following:

	2011		2010	
	Fair Value	Cost	Fair Value	Cost
	\$	\$	\$	\$
Pooled funds with the Community Foundation for Greater Toronto	5,393,610		5,965,941	
Mutual funds	107,615	112,112	111,202	92,099
Aron Theatre Bond	<u>50,000</u>	50,000	<u>—</u>	
	<u>5,551,225</u>		<u>6,077,143</u>	

Due to the nature of pooled funds, cost cannot be determined.

6. EXTERNALLY AND INTERNALLY RESTRICTED FUND BALANCES

Restrictions on funds are as follows:

	Community	Municipal	Endowment	Total
	\$	\$	\$	\$
Externally Restricted			66,129	<u>66,129</u>
Internally Restricted	<u>2,693,330</u>	<u>2,765,282</u>	<u>50,000</u>	<u>5,508,612</u>
Total	<u>2,693,330</u>	<u>2,765,282</u>	<u>116,129</u>	

Of the net assets restricted for endowment purposes, \$97,427 is subject to restrictions that income is for use in youth related projects. Investment income on the remaining \$18,702 is unrestricted.

A net investment loss of \$4,008(2010 -\$7,192 gain) on resources held for endowment has been reported in the Community Fund. Externally restricted Community funds are unexpended amounts earned on endowment funds.

7. CAPITAL DISCLOSURES

CICA Handbook Section 1535 requires that the organization disclose information about its capital and how it is managed.

The Foundation defines capital as its fund balances. The Foundation's objectives with respect to managing capital are to comply with externally imposed restrictions and to hold sufficient unrestricted net assets to fund ongoing operations. The organization monitors its capital requirements and objectives through its budgeting process, its financial statement review process and reviews of the terms and conditions contained in its funding agreements. The external restrictions imposed on these contributions are disclosed in note 6. Management believes that the organization has adhered to all externally imposed restrictions.

The Foundation is exposed to externally imposed restrictions in regards to its obligations with Canada Revenue Agency in order to retain its status as a charitable foundation. Management believes that the Foundation has complied with this requirement.

CAMPBELLFORD/SEYMOUR COMMUNITY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS
year ended December 31, 2011

8. INTERFUND TRANSFERS

Interfund transfers are made up of the following amounts:

	General Fund \$	Community Fund \$	Municipal Fund \$	Capital Assets Fund \$
Internal charges for administration	151,640	(76,640)	(75,000)	
Renovations to building	<u>(15,869)</u>	<u> </u>	<u> </u>	<u>15,869</u>
	<u>135,771</u>	<u>(76,640)</u>	<u>(75,000)</u>	<u>15,869</u>

9. COMMITMENTS

The Foundation is party to an investment agreement with the Community Foundation for Greater Toronto. The Foundation is charged fees for the management of investment funds under this agreement. This agreement is automatically renewed in June of each year for one year periods until notice of termination is given.

10. INVESTMENT INCOME (LOSSES)

	<u>2011</u> \$	<u>2010</u> \$
<u>Community Fund</u>	\$	\$
Toronto Community Foundation Pooled Funds		
Interest and dividends	84,522	85,783
Net realized capital gains (losses)	<u>44,397</u>	<u>110,641</u>
	128,919	196,424
Net unrealized capital gains (losses)	<u>(133,683)</u>	<u>60,319</u>
	<u>(4,764)</u>	<u>256,743</u>
Other investments		
Interest and dividends	4,252	1,362
Net realized capital gains (losses)	<u>11</u>	<u>153</u>
	4,263	1,515
Net unrealized capital gains (losses)	<u>(4,407)</u>	<u>8,391</u>
	<u>(144)</u>	<u>9,906</u>
Total	<u>(4,908)</u>	<u>266,649</u>
 <u>Municipal Fund</u>		
Interest and dividends	87,146	87,339
Net realized capital gains (losses)	<u>45,667</u>	<u>112,834</u>
	132,813	200,173
Net unrealized capital gains (losses)	<u>(138,337)</u>	<u>60,855</u>
Total	<u>(5,524)</u>	<u>261,028</u>