

CAMPBELLFORD/SEYMOUR COMMUNITY FOUNDATION

FINANCIAL STATEMENTS

year ended

December 31, 2015

INDEPENDENT AUDITOR'S 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, 2015 and the statements of operations and changes in fund balances and cash flows for the year ended December 31, 2015, 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 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 charitable organizations, Campbellford/Seymour Community Foundation derives revenue from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the corporation. Therefore, we were not able to determine whether any adjustments might be necessary to donations and fundraising revenue, excess of revenues over expenditures, assets and fund balances, and cash flows from operations for the years ended December 31, 2015 and 2014, current assets as at December 31, 2015 and 2014, and net assets January 1 and December 31, 2015 for both the 2015 and 2014 years. Our audit opinion on the financial statements for the year ended December 31, 2014 was modified accordingly because of the possible effects of this limitation in scope.

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 the Campbellford/Seymour Community Foundation as at December 31, 2015 and the results of its operations and its cash flows for the years ended December 31, 2014 in accordance with Canadian accounting standards for not-for-profit organizations.

Trent Hills, Ontario
April 18, 2016


CHARTERED PROFESSIONAL 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, 2015

	<u>2015</u>	<u>2014</u>
	\$	\$
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	44,594	78,809
Accounts receivable	181	5,296
HST recoverable	4,292	1,698
Prepaid expenses	<u>3,012</u>	<u>3,609</u>
	<u>52,079</u>	<u>89,412</u>
INVESTMENTS (note 4)	<u>6,582,109</u>	<u>6,418,753</u>
CAPITAL ASSETS		
Land and building	204,384	193,899
Equipment and furniture	37,046	36,588
Less: accumulated amortization	<u>(63,917)</u>	<u>(55,328)</u>
	<u>177,513</u>	<u>175,159</u>
	<u>6,811,701</u>	<u>6,683,324</u>
<u>LIABILITIES AND FUND BALANCES</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	7,055	5,590
Government remittances payable	<u>2,543</u>	<u>2,411</u>
	<u>9,598</u>	<u>8,001</u>
FUND BALANCES		
Internally restricted - invested in capital assets	177,513	175,159
Internally restricted - other (note 5)	6,549,198	6,431,722
Externally restricted (note 5)	67,344	67,344
Unrestricted	<u>8,048</u>	<u>1,098</u>
	<u>6,802,103</u>	<u>6,675,323</u>
	<u>6,811,701</u>	<u>6,683,324</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, 2015**

	General Fund \$	Community Fund \$	Municipal Fund \$	Capital Assets Fund \$	Endowment Fund \$	2015 Total \$	2014 Total \$
REVENUES							
General contributions	7,950	65,677				73,627	45,435
Other revenues	51,834					51,834	41,064
Investment income	192					192	163
Investment gains (note 8)		<u>295,718</u>	<u>304,547</u>			<u>600,265</u>	<u>615,244</u>
	<u>59,976</u>	<u>361,395</u>	<u>304,547</u>			<u>725,918</u>	<u>701,906</u>
EXPENDITURES							
Advertising	1,177					1,177	842
Amortization				8,589		8,589	8,568
Board and meeting costs	2,905					2,905	1,584
Community relations/projects	39,658	26,000				65,658	18,637
Grants - annual		140,472	141,450			281,922	210,031
Insurance	3,759					3,759	4,878
Investment management fees		27,436	28,668			56,104	54,823
Memberships	2,098					2,098	2,041
Office	11,285					11,285	11,222
Professional fees	8,488					8,488	5,872
Property taxes	3,170					3,170	3,183
Salaries and benefits	147,478					147,478	140,664
Telephone	2,647					2,647	2,635
Training	2,540					2,540	1,303
Travel	<u>1,318</u>					<u>1,318</u>	<u>947</u>
	<u>226,523</u>	<u>193,908</u>	<u>170,118</u>	<u>8,589</u>		<u>599,138</u>	<u>467,230</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES							
	(166,547)	167,487	134,429	(8,589)		126,780	234,676
INTERFUND TRANSFERS (note 6)	<u>173,497</u>	<u>(93,190)</u>	<u>(91,250)</u>	<u>10,943</u>			
NET CHANGE IN FUNDS	6,950	74,297	43,179	2,354		126,780	234,676
FUND BALANCES - beginning of year	<u>1,098</u>	<u>3,130,221</u>	<u>3,251,501</u>	<u>175,159</u>	<u>117,344</u>	<u>6,675,323</u>	<u>6,440,647</u>
FUND BALANCES - end of year	<u>8,048</u>	<u>3,204,518</u>	<u>3,294,680</u>	<u>177,513</u>	<u>117,344</u>	<u>6,802,103</u>	<u>6,675,323</u>

See notes to financial statements.

CAMPBELLFORD/SEYMOUR COMMUNITY FOUNDATION

STATEMENT OF CASH FLOWS
year ended December 31, 2015

	<u>2015</u>	<u>2014</u>
	\$	\$
OPERATING ACTIVITIES		
Excess of revenues over expenditures	126,780	234,676
Adjustments for non-cash items		
Amortization of capital assets	8,589	8,568
(Gain) loss on investments	(584,473)	(604,627)
	(449,104)	(361,383)
Net change in non-cash working capital	<u>4,715</u>	<u>(3,693)</u>
	<u>(444,389)</u>	<u>(365,076)</u>
INVESTING ACTIVITIES		
GIC Purchase	(85,000)	—
Funds invested	(8,846)	(6,509)
Purchase of capital assets	(10,943)	(3,992)
	<u>(104,789)</u>	<u>(10,501)</u>
FINANCING ACTIVITIES		
Funds drawn from investments	<u>514,963</u>	<u>418,720</u>
NET INCREASE (DECREASE) IN CASH	(34,215)	43,143
CASH - beginning of year	<u>78,809</u>	<u>35,666</u>
CASH - end of year	<u><u>44,594</u></u>	<u><u>78,809</u></u>

See notes to financial statements

CAMPBELLFORD/SEYMOUR COMMUNITY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS
year ended December 31, 2015

1. PURPOSE OF THE ORGANIZATION

The Campbellford/Seymour Community Foundation was incorporated on January 23, 2001 under the laws of Canada as a corporation without share capital, and registered as a charitable organization under the Income Tax Act on the same date. The Foundation was continued under the Canada Not-for-profit Corporations Act on October 8, 2014. 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

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following 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.

Financial Instruments

The Foundation has initially measured its financial instruments and financial liabilities at fair value adjusted by transaction costs in the case where a financial asset or liability is subsequently measured at amortized cost. The organization subsequently measures all of its financial assets and financial liabilities at amortized cost except for investments which are quoted in an active market, which are measured at fair value. Transaction costs associated with the acquisition and disposal of investments are expensed when incurred.

Financial assets measured at amortized cost include cash, accounts receivable and bonds held as investments.

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

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.

NOTES TO THE FINANCIAL STATEMENTS
year ended December 31, 2015

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

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.

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 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. Actual results could differ from their estimates.

By their nature, these estimates are subject to measurement uncertainty. Management makes accounting estimates when determining the estimated useful life of the capital assets and fair values of investments.

3. **FINANCIAL INSTRUMENTS**

The organization is exposed to risks through its financial instruments as follows:

Market, currency, interest rate and credit risks

The investments held in the pooled funds with the Toronto Foundation consisted of a mix of cash and fixed income investments (19%), Canadian equities (12%), US equities (9%), and international equity and other strategies (60%) at December 31, 2015 with the pooled funds having a total market value of approximately \$205,000,000. The Foundation also holds investments in mutual funds and bonds. The nature of these investments exposes the Foundation to market, currency, interest rate, and credit risks. The Foundation mitigates the risk exposure through its portfolio management plan.

Liquidity risk

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.

Other risks

Due to the nature of its operations, the Foundation is not exposed to significant other price risks.

Changes In Risk

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

4. **INVESTMENTS**

Investments consist of the following:

	<u>2015</u>	<u>2014</u>
	\$	\$
Pooled with the Toronto Foundation	6,287,627	6,200,927
Mutual funds	125,893	137,326
Aron Theatre Bonds	83,067	80,500
Guaranteed Investment Certificate	<u>85,522</u>	<u>—</u>
	<u>6,582,109</u>	<u>6,418,753</u>

The Aron Theatre Bonds consist of seven hundred twenty bonds held at a face value of \$100 each. These bonds bear interest at rates ranging from 2.5% to 3.5% and mature between May 1, 2017 and March 10, 2026.

The guaranteed investment certificate has an interest rate of 1.75% and is due in August 2016.

CAMPBELLFORD/SEYMOUR COMMUNITY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS
year ended December 31, 2015

5. EXTERNALLY AND INTERNALLY RESTRICTED FUND BALANCES

Restrictions on funds are as follows:

	Community	Municipal	Endowment	Total
2015	\$	\$	\$	\$
Externally Restricted			67,344	<u>67,344</u>
Internally Restricted	<u>3,204,518</u>	<u>3,294,680</u>	<u>50,000</u>	<u>6,549,198</u>
Total	<u>3,204,518</u>	<u>3,294,680</u>	<u>117,344</u>	
	Community	Municipal	Endowment	Total
2014	\$	\$	\$	\$
Externally Restricted			67,344	<u>67,344</u>
Internally Restricted	<u>3,130,221</u>	<u>3,251,501</u>	<u>50,000</u>	<u>6,431,722</u>
Total	<u>3,130,221</u>	<u>3,251,501</u>	<u>117,344</u>	

Of the net assets restricted for endowment purposes, \$98,642 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 \$3,574 (2014 -\$5,478 gain) on resources held for endowment has been reported in the Community Fund.

6. INTERFUND TRANSFERS

Interfund transfers are made up of the following amounts:

	General Fund	Community Fund	Municipal Fund	Capital Asset Fund
	\$	\$	\$	\$
Purchase of capital assets	(10,943)			10,943
Internal charges for administration	<u>184,440</u>	<u>(93,190)</u>	<u>(91,250)</u>	<u> </u>
	<u>173,497</u>	<u>(93,190)</u>	<u>(91,250)</u>	<u>10,943</u>

7. COMMITMENTS

The Foundation is party to an investment agreement with the Toronto Foundation. 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.

As part of the Flourish Campaign, the Foundation has committed \$400,000 over the next eight years out of the Community Fund for the Recreation and Wellness Centre. Additionally, the Foundation has committed up to a total of \$1,500,000 out of the Municipal Fund for the same project, with annual amounts to be determined.

The Foundation has received donations of \$56,746 for use in recreation redevelopment. These funds will be transferred to the Municipality to assist in the financing of these projects.

CAMPBELLFORD/SEYMOUR COMMUNITY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS
year ended December 31, 2015

8. INVESTMENT INCOME

	<u>2015</u>	<u>2014</u>
<u>Community Fund</u>	\$	\$
Toronto Foundation Pooled Funds		
Interest and dividends	76,423	70,260
Net realized capital gains	<u>41,304</u>	<u>146,437</u>
	117,727	216,697
Net unrealized capital gains	151,159	72,800
Other income	<u>15,672</u>	<u>—</u>
	<u>284,558</u>	<u>289,497</u>
Other investments		
Interest and dividends	12,498	9,534
Net realized capital gains	<u>3,293</u>	<u>1,083</u>
	15,791	10,617
Net unrealized capital gains (losses)	<u>(4,631)</u>	<u>6,645</u>
	<u>11,160</u>	<u>17,262</u>
Total	<u>295,718</u>	<u>306,759</u>
 <u>Municipal Fund</u>		
Interest and dividends	83,049	75,011
Net realized capital gains	<u>44,747</u>	<u>155,996</u>
	127,796	231,007
Net unrealized capital gains	160,538	77,478
Other income	<u>16,213</u>	<u>—</u>
Total	<u>304,547</u>	<u>308,485</u>
 Combined Totals	<u>600,265</u>	<u>615,244</u>

9. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to agree with the current year presentation.