

**CAMPBELLFORD/SEYMOUR COMMUNITY FOUNDATION**

**FINANCIAL STATEMENTS**

year ended

December 31, 2012

## 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, 2012 and December 31, 2011 and the statements of operations and changes in fund balances and cash flows for the years ended December 31, 2012 and December 31, 2011, 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 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, 2012 and December 31, 2011 and the results of its operations and its cash flows for the years then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Trent Hills, Ontario  
March 22, 2013

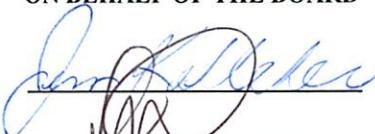

  
**CHARTERED ACCOUNTANTS  
LICENSED PUBLIC ACCOUNTANTS**

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

**STATEMENT OF FINANCIAL POSITION**  
as at December 31

	<u>2012</u>	<u>2011</u>
	\$	\$
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash	8,822	17,677
Accounts receivable	4,090	4,531
HST recoverable	3,407	5,023
Prepaid expenses	<u>2,305</u>	<u>2,785</u>
	<u>18,624</u>	<u>30,016</u>
<b>INVESTMENTS (note 5)</b>	<u>5,683,000</u>	<u>5,551,225</u>
<b>CAPITAL ASSETS</b>		
Land and building	190,105	190,105
Equipment and furniture	36,390	34,040
Less: accumulated amortization	<u>( 38,079)</u>	<u>( 29,122)</u>
	<u>188,416</u>	<u>195,023</u>
	<u>5,890,040</u>	<u>5,776,264</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	<u>5,700</u>	<u>10,818</u>
<b>FUND BALANCES</b>		
Internally restricted - invested in capital assets	188,416	195,023
Internally restricted - other (note 6)	5,632,950	5,508,612
Externally restricted (note 6)	67,319	66,129
Unrestricted	<u>( 4,345)</u>	<u>( 4,318)</u>
	<u>5,884,340</u>	<u>5,765,446</u>
	<u>5,890,040</u>	<u>5,776,264</u>

ON BEHALF OF THE BOARD

  
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See notes to financial statements.

**CAMPBELLFORD/SEYMOUR COMMUNITY FOUNDATION**

**STATEMENT OF OPERATIONS  
AND CHANGES IN FUND BALANCES  
years ended December 31**

	General Fund \$	Community Fund \$	Municipal Fund \$	Capital Assets Fund \$	Endowment Fund \$	2012 Total \$	2011 Total \$
<b>REVENUES</b>							
General contributions	6,575	3,125			1,190	10,890	115,305
Other revenues	15,645					15,645	12,950
Investment income	180					180	154
Investment gains (note 9)	<u>          </u>	<u>306,880</u>	<u>312,059</u>	<u>          </u>	<u>          </u>	<u>618,939</u>	<u>          </u>
	<u>22,400</u>	<u>310,005</u>	<u>312,059</u>	<u>          </u>	<u>1,190</u>	<u>645,654</u>	<u>128,409</u>
<b>EXPENDITURES</b>							
Advertising	696					696	1,437
Amortization				8,957		8,957	8,037
Board and meeting costs	1,529					1,529	1,976
Investment losses (note 9)							10,432
Community relations/projects	30,551					30,551	18,341
Grants - annual		182,392	107,000			289,392	306,848
Grants - special projects							109,180
Insurance	4,091					4,091	3,623
Investment management fees		25,073	25,695			50,768	53,194
Memberships	1,994					1,994	1,782
Office	13,795					13,795	17,368
Professional fees	6,444					6,444	6,819
Property taxes	3,785					3,785	2,849
Salaries and benefits	109,744					109,744	100,545
Telephone	2,869					2,869	2,550
Training	1,067					1,067	4,271
Travel	<u>1,078</u>					<u>1,078</u>	<u>475</u>
	<u>177,643</u>	<u>207,465</u>	<u>132,695</u>	<u>8,957</u>		<u>526,760</u>	<u>649,727</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>							
	(155,243)	102,540	179,364	( 8,957)	1,190	118,894	( 521,318)
<b>INTERFUND TRANSFERS (note 7)</b>	<u>155,216</u>	<u>( 79,566)</u>	<u>( 78,000)</u>	<u>2,350</u>			
<b>NET CHANGE IN FUNDS</b>	( 27)	22,974	101,364	( 6,607)	1,190	118,894	( 521,318)
<b>FUND BALANCES - beginning of year</b>	<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>
<b>FUND BALANCES - end of year</b>	<u>( 4,345)</u>	<u>2,716,304</u>	<u>2,866,646</u>	<u>188,416</u>	<u>117,319</u>	<u>5,884,340</u>	<u>5,765,446</u>

See notes to financial statements.

**CAMPBELLFORD/SEYMOUR COMMUNITY FOUNDATION**

**STATEMENT OF CASH FLOWS**  
**years ended December 31**

	<u>2012</u>	<u>2011</u>
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenues over expenditures	118,894	(521,318)
Adjustments for non-cash items		
Amortization of capital assets	8,957	8,036
(Gain) loss on investments	<u>( 613,859)</u>	<u>14,695</u>
	( 486,008)	( 498,587)
Net change in non-cash working capital	<u>( 2,581)</u>	<u>( 15,852)</u>
	<u>( 488,589)</u>	<u>( 514,439)</u>
<b>INVESTING ACTIVITIES</b>		
Funds invested	( 25,982)	( 52,398)
Purchase of capital assets	<u>( 2,350)</u>	<u>( 15,868)</u>
	<u>( 28,332)</u>	<u>( 68,266)</u>
<b>FINANCING ACTIVITIES</b>		
Funds drawn from investments	<u>508,066</u>	<u>563,620</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	( 8,855)	( 19,085)
<b>CASH - beginning of year</b>	<u>17,677</u>	<u>36,762</u>
<b>CASH - end of year</b>	<u>8,822</u>	<u>17,677</u>

See notes to financial statements

## CAMPBELLFORD/SEYMOUR COMMUNITY FOUNDATION

### NOTES TO THE FINANCIAL STATEMENTS year ended December 31, 2012 and 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. ADOPTION OF CANADIAN ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS

The financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO). These are the organization's first set of financial statements prepared in accordance with ASNFPO. The organization presented financial statements previously under Canadian generally accepted accounting principles (CGAAP) annually to December 31st of each fiscal year up to, and including, December 31, 2011.

As these financial statements are the first financial statements for which the organization has applied ASNFPO, the financial statements have been prepared in accordance with the provisions set out in Section 1501 of ASNFPO, First-time Adoption by Not-for-Profit Organizations. Accordingly, the organization has applied ASNFPO retroactively to all comparative financial statements presented.

Section 1501 provides organizations with certain elective exemptions with respect to the retrospective application of ASNFPO. However, the adoption of ASNFPO had no impact on the previously reported assets, liabilities, revenues, expenditures and fund balance of the organization, and accordingly, no adjustments have been recorded in the comparative statements of financial position, operations and changes in fund balance, and cash flows. Since no retrospective adjustments were required to the organization's assets, liabilities and fund balances as at January 1, 2011, the organization's date of transition to ASNFPO, a statement of financial position as at the date has not been provided. The account balances under ASNFPO at January 1, 2011 are consistent with the account balances that were reflected in the organization's previously issued statements of financial position as at December 31, 2010.

Certain disclosures have been added to these financial statements to comply with ASNFPO disclosure requirements

#### 3. 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 (excluding investments) 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 a bond held as an investment.

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.

**CAMPBELLFORD/SEYMOUR COMMUNITY FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS**  
**year ended December 31, 2012 and 2011**

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

**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.

**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. 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.

**4. FINANCIAL INSTRUMENTS**

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

**Market, currency and interest rate risks**

The investments held in the pooled funds with the Community Foundation for Greater Toronto consisted of a mix of cash and fixed income investments (22%), Canadian equities (25%), US equities (14%), and international equities (34%) at December 31, 2012 with the pooled funds having a total market value of approximately \$161,000,000. The Foundation also holds an investment 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.

**CAMPBELLFORD/SEYMOUR COMMUNITY FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS**  
**year ended December 31, 2012 and 2011**

**5. INVESTMENTS**

Investments consist of the following:

	<u>2012</u>	<u>2011</u>
	\$	\$
Pooled funds with the Community Foundation for Greater Toronto	5,494,713	5,393,610
Mutual funds	116,287	107,615
Aron Theatre Bond	<u>72,000</u>	<u>50,000</u>
	<u>5,683,000</u>	<u>5,551,225</u>

**6. EXTERNALLY AND INTERNALLY RESTRICTED FUND BALANCES**

Restrictions on funds are as follows:

	Community	Municipal	Endowment	Total
	\$	\$	\$	\$
2012				
Externally Restricted			67,319	<u>67,319</u>
Internally Restricted	<u>2,716,304</u>	<u>2,866,646</u>	<u>50,000</u>	<u>5,632,950</u>
Total	<u>2,716,304</u>	<u>2,866,646</u>	<u>117,319</u>	
2011				
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>

Of the net assets restricted for endowment purposes, \$98,617 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 gain of \$3,101 (2011 -\$4,008 loss) on resources held for endowment has been reported in the Community Fund. Externally restricted Community funds are unexpended amounts earned on endowment funds.

**7. INTERFUND TRANSFERS**

Interfund transfers are made up of the following amounts:

	General	Community	Municipal	Capital
	Fund	Fund	Fund	Assets
	\$	\$	\$	\$
Internal charges for administration	157,566	( 79,566)	( 78,000)	
Renovations to building	<u>( 2,350)</u>	<u>          </u>	<u>          </u>	<u>2,350</u>
	<u>155,216</u>	<u>( 79,566)</u>	<u>( 78,000)</u>	<u>2,350</u>



**CAMPBELLFORD/SEYMOUR COMMUNITY FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS**  
**year ended December 31, 2012 and 2011**

**8. 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.

The Foundation has also committed to grants totalling \$10,209 which were unpaid at year end.

**9. INVESTMENT INCOME (LOSSES)**

	<u>2012</u>	<u>2011</u>
<u>Community Fund</u>	\$	\$
Toronto Community Foundation Pooled Funds		
Interest and dividends	82,760	84,522
Net realized capital gains	<u>70,804</u>	<u>44,397</u>
	153,564	128,919
Net unrealized capital gains (losses)	<u>144,923</u>	<u>(133,683)</u>
	<u>298,487</u>	<u>( 4,764)</u>
Other investments		
Interest and dividends	5,137	4,252
Net realized capital gains (losses)	<u>( 56)</u>	<u> 11</u>
	5,081	4,263
Net unrealized capital gains (losses)	<u>3,312</u>	<u>( 4,407)</u>
	<u>8,393</u>	<u>( 144)</u>
Total	<u>306,880</u>	<u>( 4,908)</u>
 <u>Municipal Fund</u>		
Interest and dividends	87,020	87,146
Net realized capital gains	<u>75,234</u>	<u>45,667</u>
	162,254	132,813
Net unrealized capital gains (losses)	<u>149,805</u>	<u>(138,337)</u>
Total	<u>312,059</u>	<u>( 5,524)</u>
 Combined Totals	<u>618,939</u>	<u>( 10,432)</u>