

**CAMPBELLFORD/SEYMOUR COMMUNITY FOUNDATION**

**FINANCIAL STATEMENTS**

year ended

December 31, 2013

**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, 2013 and the statements of operations and changes in fund balances and cash flows for the year ended December 31, 2013, 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 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, 2013 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.

Trent Hills, Ontario  
April 10, 2014



**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, 2013

	<u>2013</u>	<u>2012</u>
	\$	\$
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash	35,666	8,822
HST recoverable	1,855	3,407
Prepaid expenses	<u>3,498</u>	<u>2,305</u>
	<u>41,019</u>	<u>18,624</u>
<b>INVESTMENTS (note 4)</b>	<u>6,226,337</u>	<u>5,687,090</u>
<b>CAPITAL ASSETS</b>		
Land and building	190,105	190,105
Equipment and furniture	36,390	36,390
Less: accumulated amortization	<u>( 46,760)</u>	<u>( 38,079)</u>
	<u>179,735</u>	<u>188,416</u>
	<u>6,447,091</u>	<u>5,890,040</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	<u>6,444</u>	<u>5,700</u>
<b>FUND BALANCES</b>		
Internally restricted - invested in capital assets	179,735	188,416
Internally restricted - other (note 5)	6,194,936	5,632,950
Externally restricted (note 5)	68,394	67,319
Unrestricted	<u>( 2,418)</u>	<u>( 4,345)</u>
	<u>6,440,647</u>	<u>5,884,340</u>
	<u>6,447,091</u>	<u>5,890,040</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  
year ended December 31, 2013**

	General Fund \$	Community Fund \$	Municipal Fund \$	Capital Assets Fund \$	Endowment Fund \$	2013 Total \$	2012 Total \$
<b>REVENUES</b>							
General contributions		24,828			25	24,853	10,890
Other revenues	25,172					25,172	15,645
Investment income	137					137	180
Investment gains (note 8)		<u>430,120</u>	<u>437,292</u>			<u>867,412</u>	<u>618,939</u>
	<u>25,309</u>	<u>454,948</u>	<u>437,292</u>		<u>25</u>	<u>917,574</u>	<u>645,654</u>
<b>EXPENDITURES</b>							
Advertising	1,266					1,266	696
Amortization				8,681		8,681	8,957
Board and meeting costs	1,921					1,921	1,529
Community relations/projects	12,233					12,233	30,551
Grants - annual		78,115	50,000			128,115	289,392
Insurance	4,527					4,527	4,091
Investment management fees		25,941	26,794			52,735	50,768
Memberships	1,963					1,963	1,994
Office	12,709					12,709	13,795
Professional fees	6,600					6,600	6,444
Property taxes	3,190					3,190	3,785
Salaries and benefits	120,808					120,808	109,744
Telephone	2,461					2,461	2,869
Training	3,082					3,082	1,067
Travel	<u>976</u>					<u>976</u>	<u>1,078</u>
	<u>171,736</u>	<u>104,056</u>	<u>76,794</u>	<u>8,681</u>		<u>361,267</u>	<u>526,760</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>							
	(146,427)	350,892	360,498	( 8,681)	25	556,307	118,894
<b>INTERFUND TRANSFERS</b> (note 6)	<u>148,354</u>	<u>( 75,002)</u>	<u>( 73,352)</u>				
<b>NET CHANGE IN FUNDS</b>	1,927	275,890	287,146	( 8,681)	25	556,307	118,894
<b>FUND BALANCES</b> - beginning of year	<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>
<b>FUND BALANCES</b> - end of year	<u>( 2,418)</u>	<u>2,992,194</u>	<u>3,153,792</u>	<u>179,735</u>	<u>117,344</u>	<u>6,440,647</u>	<u>5,884,340</u>

See notes to financial statements.

CAMPBELLFORD/SEYMOUR COMMUNITY FOUNDATION

STATEMENT OF CASH FLOWS  
year ended December 31, 2013

	<u>2013</u>	<u>2012</u>
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenues over expenditures	556,307	118,894
Adjustments for non-cash items		
Amortization of capital assets	8,681	8,957
(Gain) loss on investments	<u>( 863,577)</u>	<u>( 613,859)</u>
	<u>( 298,589)</u>	<u>( 486,008)</u>
Net change in non-cash working capital	<u>1,103</u>	<u>( 2,581)</u>
	<u>( 297,486)</u>	<u>( 488,589)</u>
<b>INVESTING ACTIVITIES</b>		
Funds invested	<u>( 1,223)</u>	<u>( 25,982)</u>
Purchase of capital assets	<u>—</u>	<u>( 2,350)</u>
	<u>( 1,223)</u>	<u>( 28,332)</u>
<b>FINANCING ACTIVITIES</b>		
Funds drawn from investments	<u>325,553</u>	<u>508,066</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	26,844	<u>( 8,855)</u>
<b>CASH - beginning of year</b>	<u>8,822</u>	<u>17,677</u>
<b>CASH - end of year</b>	<u><u>35,666</u></u>	<u><u>8,822</u></u>

See notes to financial statements

**CAMPBELLFORD/SEYMOUR COMMUNITY FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS**  
year ended December 31, 2013

**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**

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.

**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.

CAMPBELLFORD/SEYMOUR COMMUNITY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS  
year ended December 31, 2013

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. 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. **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 Community Foundation for Greater Toronto consisted of a mix of cash and fixed income investments (31%), Canadian equities (13%), US equities (10%), and international equity and other strategies (46%) at December 31, 2013 with the pooled funds having a total market value of approximately \$176,000,000. 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.

4. **INVESTMENTS**

Investments consist of the following:

	<u>2013</u>	<u>2012</u>
	\$	\$
Pooled funds with the Community Foundation for Greater Toronto	6,018,405	5,494,713
Mutual funds	129,928	116,287
Aron Theatre Bond	<u>78,004</u>	<u>76,090</u>
	<u>6,226,337</u>	<u>5,687,090</u>

CAMPBELLFORD/SEYMOUR COMMUNITY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS  
year ended December 31, 2013

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

Restrictions on funds are as follows:

	Community	Municipal	Endowment	Total
2013	\$	\$	\$	\$
Externally Restricted	1,050		67,344	<u>68,394</u>
Internally Restricted	<u>2,991,144</u>	<u>3,153,792</u>	<u>50,000</u>	<u>6,194,936</u>
Total	<u>2,992,194</u>	<u>3,153,792</u>	<u>117,344</u>	
	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>	

Externally restricted Community funds pertain to the Smart and Caring Community Funds for Hastings (\$50) and Warkworth (\$1,000). These funds are to be used for future projects in these communities.

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 gain of \$11,109 (2012 -\$3,101 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 \$
Internal charges for administration	<u>148,354</u>	<u>(75,002)</u>	<u>(73,352)</u>

7. **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.

As part of the Flourish Campaign, the Foundation has committed \$500,000 over the next ten 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 \$21,308 for use in recreation redevelopment. It will transfer these funds to the Municipality to assist in the financing of these projects.



**CAMPBELLFORD/SEYMOUR COMMUNITY FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS**

year ended December 31, 2013

**8. INVESTMENT INCOME (LOSSES)**

	<u>2013</u>	<u>2012</u>
<u>Community Fund</u>	\$	\$
Toronto Community Foundation Pooled Funds		
Interest and dividends	60,418	82,760
Net realized capital gains	<u>159,012</u>	<u>70,804</u>
	219,430	153,564
Net unrealized capital gains (losses)	<u>192,810</u>	<u>144,923</u>
	<u>412,240</u>	<u>298,487</u>
Other investments		
Interest and dividends	3,813	5,137
Net realized capital gains (losses)	<u>22</u>	<u>(56)</u>
	3,835	5,081
Net unrealized capital gains (losses)	<u>14,045</u>	<u>3,312</u>
	<u>17,880</u>	<u>8,393</u>
Total	<u>430,120</u>	<u>306,880</u>
 <u>Municipal Fund</u>		
Interest and dividends	64,400	87,020
Net realized capital gains	<u>168,795</u>	<u>75,234</u>
	233,195	162,254
Net unrealized capital gains (losses)	<u>204,097</u>	<u>149,805</u>
Total	<u>437,292</u>	<u>312,059</u>
 Combined Totals	<u>867,412</u>	<u>618,939</u>

**9. COMPARATIVE FIGURES**

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