

CAMPBELLFORD/SEYMOUR COMMUNITY FOUNDATION

FINANCIAL STATEMENTS

year ended

December 31, 2014

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, 2014 and the statements of operations and changes in fund balances and cash flows for the year ended December 31, 2014, 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, 2014 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.



**CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS**

Trent Hills, Ontario
March 23, 2015

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

STATEMENT OF FINANCIAL POSITION
as at December 31, 2014

	<u>2014</u>	<u>2013</u>
	\$	\$
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	78,809	35,666
Accounts receivable	5,296	—
HST recoverable	1,698	1,855
Prepaid expenses	<u>3,609</u>	<u>3,498</u>
	<u>89,412</u>	<u>41,019</u>
INVESTMENTS (note 4)	<u>6,418,753</u>	<u>6,226,337</u>
CAPITAL ASSETS		
Land and building	193,899	190,105
Equipment and furniture	36,588	36,390
Less: accumulated amortization	<u>(55,328)</u>	<u>(46,760)</u>
	<u>175,159</u>	<u>179,735</u>
	<u>6,683,324</u>	<u>6,447,091</u>
<u>LIABILITIES AND FUND BALANCES</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	5,590	6,444
Government remittances payable	<u>2,411</u>	<u>—</u>
	<u>8,001</u>	<u>6,444</u>
FUND BALANCES		
Internally restricted - invested in capital assets	175,159	179,735
Internally restricted - other (note 5)	6,431,722	6,195,986
Externally restricted (note 5)	67,344	67,344
Unrestricted	<u>1,098</u>	<u>(2,418)</u>
	<u>6,675,323</u>	<u>6,440,647</u>
	<u>6,683,324</u>	<u>6,447,091</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, 2014

	General Fund \$	Community Fund \$	Municipal Fund \$	Capital Assets Fund \$	Endowment Fund \$	2014 Total \$	2013 Total \$
REVENUES							
General contributions		45,435				45,435	24,853
Other revenues	41,064					41,064	25,172
Investment income	163					163	137
Investment gains (note 8)		<u>306,759</u>	<u>308,485</u>			<u>615,244</u>	<u>867,412</u>
	<u>41,227</u>	<u>352,194</u>	<u>308,485</u>			<u>701,906</u>	<u>917,574</u>
EXPENDITURES							
Advertising	842					842	1,266
Amortization				8,568		8,568	8,681
Board and meeting costs	1,584					1,584	1,921
Community relations/projects	14,566					14,566	12,233
Grants - annual		108,321	105,781			214,102	128,115
Insurance	4,878					4,878	4,527
Investment management fees		26,917	27,906			54,823	52,735
Memberships	2,041					2,041	1,963
Office	11,222					11,222	12,709
Professional fees	5,872					5,872	6,600
Property taxes	3,183					3,183	3,190
Salaries and benefits	140,664					140,664	120,808
Telephone	2,635					2,635	2,461
Training	1,303					1,303	3,082
Travel	<u>947</u>					<u>947</u>	<u>976</u>
	<u>189,737</u>	<u>135,238</u>	<u>133,687</u>	<u>8,568</u>		<u>467,230</u>	<u>361,267</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(148,510)	216,956	174,798	(8,568)		234,676	556,307
INTERFUND TRANSFERS (note 6)	<u>152,026</u>	<u>(78,929)</u>	<u>(77,089)</u>	<u>3,992</u>			
NET CHANGE IN FUNDS	3,516	138,027	97,709	(4,576)		234,676	556,307
FUND BALANCES - beginning 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>
FUND BALANCES - end 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>

See notes to financial statements.

CAMPBELLFORD/SEYMOUR COMMUNITY FOUNDATION

STATEMENT OF CASH FLOWS
year ended December 31, 2014

	<u>2014</u>	<u>2013</u>
	\$	\$
OPERATING ACTIVITIES		
Excess of revenues over expenditures	234,676	556,307
Adjustments for non-cash items		
Amortization of capital assets	8,568	8,681
(Gain) loss on investments	<u>(604,627)</u>	<u>(863,577)</u>
	(361,383)	(298,589)
 Net change in non-cash working capital	<u>(3,693)</u>	<u>1,103</u>
	<u>(365,076)</u>	<u>(297,486)</u>
 INVESTING ACTIVITIES		
Funds invested	(6,509)	(1,223)
Purchase of capital assets	<u>(3,992)</u>	<u>—</u>
	<u>(10,501)</u>	<u>(1,223)</u>
 FINANCING ACTIVITIES		
Funds drawn from investments	<u>418,720</u>	<u>325,553</u>
 NET INCREASE IN CASH	43,143	26,844
 CASH - beginning of year	<u>35,666</u>	<u>8,822</u>
 CASH - end of year	<u><u>78,809</u></u>	<u><u>35,666</u></u>

See notes to financial statements

CAMPBELLFORD/SEYMOUR COMMUNITY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS year ended December 31, 2014

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 (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 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.

CAMPBELLFORD/SEYMOUR COMMUNITY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

year ended December 31, 2014

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 Community Foundation consisted of a mix of cash and fixed income investments (31%), Canadian equities (11%), US equities (8%), and international equity and other strategies (50%) at December 31, 2014 with the pooled funds having a total market value of approximately \$191,000,000. 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>2014</u>	<u>2013</u>
	\$	\$
Pooled funds with the Toronto Community Foundation	6,200,927	6,018,405
Mutual funds	137,326	129,928
Aron Theatre Bond	<u>80,500</u>	<u>78,004</u>
	<u>6,418,753</u>	<u>6,226,337</u>

CAMPBELLFORD/SEYMOUR COMMUNITY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS
year ended December 31, 2014

5. EXTERNALLY AND INTERNALLY RESTRICTED FUND BALANCES

Restrictions on funds are as follows:

	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>	
	Community	Municipal	Endowment	Total
2013	\$	\$	\$	\$
Externally Restricted			67,344	<u>67,344</u>
Internally Restricted	<u>2,992,194</u>	<u>3,153,792</u>	<u>50,000</u>	<u>6,195,986</u>
Total	<u>2,992,194</u>	<u>3,153,792</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 gain of \$5,478 (2013 -\$11,109 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	(3,992)			3,992
Internal charges for administration	<u>156,018</u>	<u>(78,929)</u>	<u>(77,089)</u>	<u>—</u>
	<u>152,026</u>	<u>(78,929)</u>	<u>(77,089)</u>	<u>3,992</u>

7. COMMITMENTS

The Foundation is party to an investment agreement with the Toronto Community 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 \$450,000 over the next nine 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 \$41,136 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, 2014

8. INVESTMENT INCOME

	<u>2014</u>	<u>2013</u>
<u>Community Fund</u>	\$	\$
Toronto Community Foundation Pooled Funds		
Interest and dividends	70,260	60,418
Net realized capital gains	<u>146,437</u>	<u>159,012</u>
	216,697	219,430
Net unrealized capital gains	<u>72,800</u>	<u>192,810</u>
	<u>289,497</u>	<u>412,240</u>
Other investments		
Interest and dividends	9,534	3,813
Net realized capital gains	<u>1,083</u>	<u>22</u>
	10,617	3,835
Net unrealized capital gains	<u>6,645</u>	<u>14,045</u>
	<u>17,262</u>	<u>17,880</u>
Total	<u>306,759</u>	<u>430,120</u>
<u>Municipal Fund</u>		
Interest and dividends	75,011	64,400
Net realized capital gains	<u>155,996</u>	<u>168,795</u>
	231,007	233,195
Net unrealized capital gains	<u>77,478</u>	<u>204,097</u>
Total	<u>308,485</u>	<u>437,292</u>
Combined Totals	<u>615,244</u>	<u>867,412</u>

9. COMPARATIVE FIGURES

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