

CAMPBELLFORD/SEYMOUR COMMUNITY FOUNDATION

FINANCIAL STATEMENTS

year ended

December 31, 2018

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Campbellford/Seymour Community Foundation

Qualified Opinion

We have audited the accompanying financial statements of **CAMPBELLFORD/SEYMOUR COMMUNITY FOUNDATION**, which comprise the statement of financial position as at December 31, 2018 and the statements of operations, changes in fund balances and cash flows for the year ended December 31, 2018, including a summary of significant accounting policies and other explanatory information.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2018, 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.

Basis of Qualified Opinion

In common with many charitable organizations, the Organization 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 Organization. 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, 2018 and 2017, current assets as at December 31, 2018 and 2017, and net assets as at January 1 and December 31, 2018 for both the 2018 and 2017 years. Our audit opinion on the financials statements for the year ended December 31, 2017 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Responsibilities of Management 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.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ◆ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ◆ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- ◆ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ◆ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- ◆ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Trent Hills, Ontario
April 18, 2019



**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, 2018

	<u>2018</u>	<u>2017</u>
	\$	\$
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	41,311	44,920
Accounts receivable	—	181
HST recoverable	612	5,168
Prepaid expenses	<u>1,263</u>	<u>2,926</u>
	<u>43,186</u>	<u>53,195</u>
INVESTMENTS (note 4)	<u>6,104,893</u>	<u>6,489,293</u>
CAPITAL ASSETS		
Land and building	251,322	250,494
Equipment and furniture	43,198	42,764
Less: accumulated amortization	<u>(91,535)</u>	<u>(81,829)</u>
	<u>202,985</u>	<u>211,429</u>
	<u><u>6,351,064</u></u>	<u><u>6,753,917</u></u>
<u>LIABILITIES AND FUND BALANCES</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	<u>7,647</u>	<u>10,066</u>
FUND BALANCES		
Internally restricted - invested in capital assets	202,985	211,429
Internally restricted - other (note 5)	6,078,885	6,467,769
Externally restricted (note 5)	72,344	72,344
Unrestricted	<u>(10,797)</u>	<u>(7,691)</u>
	<u>6,343,417</u>	<u>6,743,851</u>
	<u><u>6,351,064</u></u>	<u><u>6,753,917</u></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, 2018

	General Fund \$	Community Fund \$	Municipal Fund \$	Capital Assets Fund \$	Endowment Fund \$	2018 Total \$	2017 Total \$
REVENUES							
General contributions	1,000	27,904				28,904	35,011
Grants	3,773					3,773	25,161
Other revenues	19,190					19,190	15,062
Investment income	341					341	197
Investment gains (losses) (note 8)	<u> </u>	<u>(13,271)</u>	<u>(21,508)</u>	<u> </u>	<u> </u>	<u>(34,779)</u>	<u>569,351</u>
	<u>24,304</u>	<u>14,633</u>	<u>(21,508)</u>	<u>—</u>	<u>—</u>	<u>17,429</u>	<u>644,782</u>
EXPENDITURES							
Amortization				9,706		9,706	9,232
Board and meeting costs	2,179					2,179	4,245
Community relations/projects	3,205	6,655				9,860	19,532
Grants - annual		77,156	71,281			148,437	261,500
Insurance	3,411					3,411	3,178
Investment management fees		23,467	25,307			48,774	49,520
Marketing and communications	5,204					5,204	2,242
Memberships	2,155					2,155	2,187
Office	9,751					9,751	12,381
Professional fees	7,962					7,962	7,224
Property taxes	3,516					3,516	3,387
Salaries and benefits	161,354					161,354	155,396
Telephone	2,972					2,972	2,832
Training	1,619					1,619	5,284
Travel	<u>963</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>963</u>	<u>1,653</u>
	<u>204,291</u>	<u>107,278</u>	<u>96,588</u>	<u>9,706</u>	<u> </u>	<u>417,863</u>	<u>539,793</u>
EXCESS (DEFICIENCY) OF REVENUES							
OVER EXPENDITURES	(179,987)	(92,645)	(118,096)	(9,706)		(400,434)	104,989
INTERFUND TRANSFERS (note 6)	<u>176,881</u>	<u>(90,005)</u>	<u>(88,138)</u>	<u>1,262</u>	<u> </u>	<u> </u>	<u> </u>
NET CHANGE IN FUNDS	(3,106)	(182,650)	(206,234)	(8,444)		(400,434)	104,989
FUND BALANCES - beginning of year	<u>(7,691)</u>	<u>3,135,689</u>	<u>3,282,080</u>	<u>211,429</u>	<u>122,344</u>	<u>6,743,851</u>	<u>6,638,862</u>
FUND BALANCES - end of year	<u>(10,797)</u>	<u>2,953,039</u>	<u>3,075,846</u>	<u>202,985</u>	<u>122,344</u>	<u>6,343,417</u>	<u>6,743,851</u>

See notes to financial statements.

CAMPBELLFORD/SEYMOUR COMMUNITY FOUNDATION

STATEMENT OF CASH FLOWS
year ended December 31, 2018

	<u>2018</u>	<u>2017</u>
	\$	\$
OPERATING ACTIVITIES		
Excess of revenues over expenditures	(400,434)	104,989
Adjustments for non-cash items		
Amortization of capital assets	9,706	9,232
(Gain) loss on investments	<u>40,974</u>	<u>(560,993)</u>
	(349,754)	(446,772)
Net change in non-cash working capital	<u>3,981</u>	<u>(2,512)</u>
	(345,773)	(449,284)
INVESTING ACTIVITIES		
GIC Purchase	(37,500)	—
Funds invested	—	(3,908)
Purchase of capital assets	<u>(1,262)</u>	<u>(28,562)</u>
	(38,762)	(32,470)
FINANCING ACTIVITIES		
Funds drawn from investments	<u>380,926</u>	<u>498,107</u>
NET INCREASE (DECREASE) IN CASH	(3,609)	16,353
CASH - beginning of year	<u>44,920</u>	<u>28,567</u>
CASH - end of year	<u><u>41,311</u></u>	<u><u>44,920</u></u>

See notes to financial statements

CAMPBELLFORD/SEYMOUR COMMUNITY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

year ended December 31, 2018

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.

Grant income is recognized in the pertinent fund when it is received.

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, 2018

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 (22%), Canadian equities (12%), US equities (8%), and international equity and other strategies (57%) at December 31, 2018 with the pooled funds having a total market value of approximately \$258,000,000. 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>2018</u>	<u>2017</u>
	\$	\$
Pooled with the Toronto Foundation	5,876,847	6,281,668
Mutual funds	37,828	20,480
Aron Theatre Bonds	91,359	88,514
Guaranteed Investment Certificates	<u>98,859</u>	<u>98,631</u>
	<u>6,104,893</u>	<u>6,489,293</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, 2022 and March 10, 2026.

The guaranteed investment certificates have interest rates of 2.60% and 2.57% and are due in August 2019 and September 2019.

CAMPBELLFORD/SEYMOUR COMMUNITY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS
year ended December 31, 2018

5. EXTERNALLY AND INTERNALLY RESTRICTED FUND BALANCES

Restrictions on funds are as follows:

	Community	Municipal	Endowment	Total
2018	\$	\$	\$	\$
Externally Restricted			72,344	<u>72,344</u>
Internally Restricted	<u>2,953,039</u>	<u>3,075,846</u>	<u>50,000</u>	<u>6,078,885</u>
Total	<u>2,953,039</u>	<u>3,075,846</u>	<u>122,344</u>	
	Community	Municipal	Endowment	Total
2017	\$	\$	\$	\$
Externally Restricted			72,344	<u>72,344</u>
Internally Restricted	<u>3,135,689</u>	<u>3,282,080</u>	<u>50,000</u>	<u>6,467,769</u>
Total	<u>3,135,689</u>	<u>3,282,080</u>	<u>122,344</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 \$23,702 is unrestricted.

A net investment loss of \$3,699 (2017 - \$6,153 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	(1,262)			1,262
Internal charges for administration	<u>178,143</u>	<u>(90,005)</u>	<u>(88,138)</u>	<u>—</u>
	<u>176,881</u>	<u>(90,005)</u>	<u>(88,138)</u>	<u>1,262</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.

The Foundation has committed \$500,000 out of the Community Fund and \$1,500,000 out of the Municipal Fund for the Campbellford Recreation and Wellness Centre.

The Foundation has committed to raising \$1,000,000 through the Flourish Campaign for recreational re-development in Trent Hills. During the year, the Foundation received donations of \$17,642 (2017 - \$27,797) for this purpose. These funds will be transferred to the Municipality to assist in the financing of these projects.

To date, the Foundation has collected \$198,594 in funds to be forwarded to the municipality, with another \$82,816 pledged. The municipality has received \$263,767 in grant funds directly, bringing to the total amount raised by the Foundation to \$545,177. The pledges are not recognized in the financial statements per the Foundation's revenue recognition policy outlined in note 2.

CAMPBELLFORD/SEYMOUR COMMUNITY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

year ended December 31, 2018

8. **INVESTMENT INCOME**

	<u>2018</u>	<u>2017</u>
<u>Community Fund</u>	\$	\$
Toronto Foundation Pooled Funds		
Interest and dividends	88,570	88,832
Net realized capital gains (losses)	<u>101,690</u>	<u>120,068</u>
	190,258	208,900
Net unrealized capital gains (losses)	(209,726)	59,978
Other income	<u>—</u>	<u>1,029</u>
	<u>(19,466)</u>	<u>269,907</u>
Other investments		
Interest and dividends	6,195	5,153
Net realized capital gains	<u>—</u>	<u>3,204</u>
	6,195	8,357
Net unrealized capital gains (losses)	<u>—</u>	<u>—</u>
	<u>6,195</u>	<u>8,357</u>
Total	<u>(13,271)</u>	<u>278,264</u>
 <u>Municipal Fund</u>		
Interest and dividends	94,936	94,838
Net realized capital gains (losses)	<u>108,344</u>	<u>129,534</u>
	203,280	224,372
Net unrealized capital gains (losses)	(224,788)	65,580
Other income	<u>—</u>	<u>1,135</u>
Total	<u>(21,508)</u>	<u>291,087</u>
 Combined Totals	<u>(34,779)</u>	<u>569,351</u>