

Financial Statements of

**DEEP RIVER AND DISTRICT  
COMMUNITY FOUNDATION**

Year ended December 31, 2012

(Unaudited)

## **REVIEW ENGAGEMENT REPORT**

To the Directors of  
Deep River and District Community Foundation

We have reviewed the statement of financial position of Deep River and District Community Foundation as at December 31, 2012, December 31, 2011, and January 1, 2011 and the statements of operations, changes in fund balances and cash flows for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of inquiry, analytical procedures and discussion related to information supplied to us by the Foundation.

A review does not constitute an audit and consequently we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian accounting standards for not-for-profit organizations.

Chartered Accountants  
Licensed Public Accountants

Pembroke, Ontario  
April 10, 2013

# DEEP RIVER AND DISTRICT COMMUNITY FOUNDATION

Statement of Financial Position  
(Unaudited)

December 31, 2012, with comparative figures for December 31, 2011 and January 1, 2011

				December 31	December 31	January 1
				2012	2011	2011
	General Fund	Restricted Funds	Endowment Funds	Total	Total	Total
<b>Assets</b>						
Current assets:						
Cash	\$ 3,751	\$ 1,000	\$ 56,022	\$ 60,773	\$ 22,351	\$ 19,863
Investments (note 3)	9,027	34,642	613,763	657,432	601,895	600,907
Accounts receivable	400	-	-	400	-	100
Government remittances receivable	2,028			2,028	827	1,012
	\$ 15,206	\$ 35,642	\$ 669,785	\$ 720,633	\$ 625,073	\$ 621,882
<b>Liabilities and Fund Balances</b>						
Current liabilities:						
Accounts payable and accrued liabilities	\$ 2,100	\$ -	\$ -	\$ 2,100	\$ 2,100	\$ 2,000
MHS Reunion Managed fund	-	-	-	-	3,746	3,746
Bourns Vocal Scholarship Managed Fund	5,255	-	-	5,255	5,255	5,255
Deep River Rotary Managed fund	2,700	-	-	2,700	2,700	2,700
Deferred donation	-	-	-	-	-	1,446
	10,055	-	-	10,055	13,801	15,147
Fund balances:						
Restricted	-	35,642	669,785	705,427	606,137	604,141
Unrestricted	5,151	-	-	5,151	5,135	2,594
	5,151	35,642	669,785	710,578	611,272	606,735
	\$ 15,206	\$ 35,642	\$ 669,785	\$ 720,633	\$ 625,073	\$ 621,882

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# DEEP RIVER AND DISTRICT COMMUNITY FOUNDATION

## Statement of Operations (Unaudited)

Year ended December 31, 2012, with comparative figures for 2011

	General Fund		Restricted Funds		Endowment Funds	
	2012	2011	2012	2011	2012	2011
<b>Revenue:</b>						
Donations	\$ 1,400	\$ 402	\$ 600	\$ 1,800	\$ 75,733	\$ 37,867
Interest and dividends	-	-	21,677	18,165	-	-
Realized gain (loss) on sale of investments	-	-	4,012	(1,396)	-	-
Unrealized gain (loss) on investments	-	-	19,840	(22,550)	-	(5,199)
Operating fund income	5,200	3,500	-	-	-	-
Video sales	84	165	-	-	-	-
Special events	2,277	-	-	-	-	-
	<u>8,961</u>	<u>4,067</u>	<u>46,129</u>	<u>(3,981)</u>	<u>75,733</u>	<u>32,668</u>
<b>Expenses:</b>						
Charitable disbursements	-	-	9,205	14,815	1,000	-
Operating fund expense	-	-	5,200	3,500	-	-
Meeting costs	-	15	-	-	-	-
Investment counsel fees	-	-	7,167	6,323	-	-
Office supplies	741	730	-	-	-	-
Professional fees	2,287	2,361	-	-	-	-
Advertising	221	293	-	-	-	-
Fees and dues	480	380	-	-	-	-
Fundraising fees (recovery)	5,216	(200)	-	-	-	-
	<u>8,945</u>	<u>3,579</u>	<u>21,572</u>	<u>24,638</u>	<u>1,000</u>	<u>-</u>
Excess of revenue over expenses (expenses over revenue)	\$ 16	\$ 488	\$ 24,557	\$ (28,619)	\$ 74,733	\$ 32,668

## Statement of Changes in Fund Balances

Year ended December 31, 2012, with comparative figures for 2011

	Externally	Restricted	Unrestricted	Total	Total
	Restricted				
	Endowment	Fund			
	Fund				
Balance, beginning of year	\$ 594,849	\$ 11,288	\$ 5,135	\$ 611,272	\$ 606,735
Excess of revenue over expenses	74,733	24,557	16	99,306	4,537
Interfund transfers	203	(203)	-	-	-
Balance, end of year	<u>\$ 669,785</u>	<u>\$ 35,642</u>	<u>\$ 5,151</u>	<u>\$ 710,578</u>	<u>\$ 611,272</u>

See accompanying notes to financial statements.

# DEEP RIVER AND DISTRICT COMMUNITY FOUNDATION

## Statement of Cash Flows (Unaudited)

Year ended December 31, 2012, with comparative figures for 2011

	General Fund 2012	Restricted Funds 2012	Endowment Funds 2012	Total 2012	Total 2011
Cash provided by (used in):					
Operations:					
Cash received from donors and members	\$ 7,360	\$ 600	\$ 75,733	\$ 83,693	\$ 42,689
Transfer of deferred donations	-	-	-	-	1,045
Cash paid to suppliers and spent on charitable activities	(8,945)	(14,405)	(1,000)	(24,350)	(21,509)
Interest and dividend income	-	21,677	-	21,677	18,165
Gain (loss) on sale of investments	-	4,012	-	4,012	(1,396)
Unrealized gain (loss) on investments	-	19,840	-	19,840	(27,749)
Investment fees paid	-	(7,167)	-	(7,167)	(6,323)
	(1,585)	24,557	74,733	97,705	4,922
Financing:					
Decrease in managed funds	(3,746)	-	-	(3,746)	-
Interfund transfers	-	(203)	203	-	-
Change in deferred donations	-	-	-	-	(1,446)
	(3,746)	(203)	203	(3,746)	(1,446)
Increase (decrease) in cash	(5,331)	24,354	74,936	93,959	3,476
Cash, beginning of year	18,109	11,288	594,849	624,246	620,770
Cash, end of year	\$ 12,778	\$ 35,642	\$ 669,785	\$ 718,205	\$ 624,246
Cash represented by:					
Cash	\$ 3,751	\$ 1,000	\$ 56,022	\$ 60,773	\$ 22,351
Investments	9,027	34,642	613,763	657,432	601,895
	\$ 12,778	\$ 35,642	\$ 669,785	\$ 718,205	\$ 624,246

See accompanying notes to financial statements.

# DEEP RIVER AND DISTRICT COMMUNITY FOUNDATION

Notes to Financial Statements  
(Unaudited)

Year ended December 31, 2012

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Deep River and District Community Foundation is a charitable public foundation incorporated without share capital under the Canada Corporations Act. The organization's object is to improve the quality of life for every resident of Deep River and District by supporting social services, promoting arts and cultural activities, and by advancing education and medical services. The organization is a registered charity under The Income Tax Act and accordingly is exempt from income taxes provided certain requirements of The Income Tax Act are met.

## 1. Adoption of Canadian accounting standards for not-for-profit organizations:

These financial statements have been prepared in accordance with Part III of the Canadian Institute of Chartered Accountants (CICA) Handbook - Accounting (Part III).

The Company's first reporting period using Part III is the year ended December 31, 2012. As a result, the date of transition to Part III is January 1, 2011. The Company presented financial statements under its previous Canadian generally accepted accounting principles ("CGAAP") annually to December 31 of each fiscal year up to and including December 31, 2011.

As these financial statements are the first financial statements for which the Company has applied Part III, the financial statements have been prepared in accordance with the provisions set out in Section 1501 of Part III, First-time Adoption by Not-for-Profit Organizations.

The Company is required to apply Part III effective for periods ending on December 31, 2012 in:

- a) preparing and presenting its opening statement of financial position at January 1, 2011
- b) Preparing and presenting its statement of financial position for December 31, 2012 (including comparative amounts for 2011), statement of operations and statement of cash flows for the year ended December 31, 2012 (including comparative amounts for 2011) and disclosures (including comparative information for 2011).

The adoption of Canadian accounting standards for not-for-profit organizations results in no adjustments to previously reported assets, liabilities, net assets, excess expenses over revenue, and cash flows of the company.

## 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:

### (a) Fund accounting

Deep River and District Community Foundation follows the restricted fund method of accounting for contributions.

The Restricted Funds reports the investment income earned on the various Endowment Funds according to the restrictions imposed by the contributors of the funds for endowment. The Restricted Funds also reports internally restricted funds.

The General Fund accounts for the organizations' program delivery and administrative activities. This fund reports unrestricted resources.

# DEEP RIVER AND DISTRICT COMMUNITY FOUNDATION

Notes to Financial Statements  
(Unaudited)

Year ended December 31, 2012

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## 2. Significant accounting policies (continued):

The Endowment Fund reports resources contributed for endowment. Investment income earned on resources of the Endowment Fund is reported in the Restricted Funds or General Fund depending on the nature of any restrictions imposed by contributors of the funds for endowment.

### (b) Revenue recognition

Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions for endowment are recognized as revenue in the Endowment Fund.

Restricted investment income earned on Endowment Fund resources is recognized as revenue of the Restricted Funds according to the restrictions imposed by the contributors of the funds for endowment. Unrestricted investment income earned on Endowment Fund resources is recognized as revenue of the General Fund. Other investment income is recognized as revenue of the General Fund when earned.

### (c) Expenditure recognition

Expenses are reported on the accrual basis of accounting. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

### (d) Financial Instruments

#### i) Measurement of financial instruments

The Company initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Company subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statements of operations in the period incurred. Financial assets measured at amortized cost include cash, amounts receivable and fixed income investments.

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

# DEEP RIVER AND DISTRICT COMMUNITY FOUNDATION

Notes to Financial Statements  
(Unaudited)

Year ended December 31, 2012

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ii) Impairment:

At the end of each reporting period, the Company assesses whether there are any indications that a financial asset measured at amortized cost may be impaired. Objective evidence of impairment includes observable data that comes to the attention of the Company, including but not limited to the following events: significant financial difficulty of the issuer; a breach of contract, such as a default or delinquency in interest or principal payments; or bankruptcy or other financial reorganization proceedings.

When there is an indication of impairment, the company determines whether a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset.

When the company identifies adverse change in the expected timing or amount of future cash flows from a financial asset, it reduces the carrying amount of the asset to the highest of the following:

- i) the present value of the cash flows expected to be generated by holding the asset discounted using a current market rate of interest appropriate to the asset;
- ii) the amount that could be realized by selling the asset at the statement of financial position date; and
- iii) the amount the company expects to realize by exercising its rights to any collateral held to secure repayment of the asset net of all costs necessary to exercise those rights.

The carrying amount of the asset is reduced directly or through the use of an allowance account. The amount of the reduction is recognized as an impairment loss in the statements of operations.

When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed

(e) Use of estimates

The preparation of financial statements in conformity with Canadian standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

(f) Contributed services

Volunteers contribute a significant amount of time to assist Deep River and District Community Foundation in carrying out its activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.



# DEEP RIVER AND DISTRICT COMMUNITY FOUNDATION

Notes to Financial Statements  
(Unaudited)

Year ended December 31, 2012

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### 3. Investments (at market value):

	December 31 2012	December 2011	January 1 2011
Cash accounts	\$ 13,685	\$ 28,027	\$ 18,517
Fixed Income	273,976	258,701	240,177
Corporate Equity	369,771	315,167	342,213
<b>Total</b>	<b>\$ 657,432</b>	<b>\$ 601,895</b>	<b>\$ 600,907</b>

The Foundation is exposed to market risk on its publicly traded investments as described in note 6.

# DEEP RIVER AND DISTRICT COMMUNITY FOUNDATION

Notes to Financial Statements, continued  
(Unaudited)

Year ended December 31, 2012

## 4. Restricted funds

(a) Externally restricted:

	Year Ended December 31, 2012			
	Balance, January 1 2012	Income (Loss)	Transfer and Expenditures	Balance, December 31 2012
Community Fund	\$ -	\$ 2,273	\$ -	\$ 2,273
Elizabeth Hulbert Memorial Fund	-	451	-	451
Milton Family Fund	-	3,837	-	3,837
MHS Reunion Managed Fund	203	14	(217)	-
Laurentian Hills Youth Fund	280	218	(270)	228
Deep River Science Academy Scholarship Fund	-	608	-	608
Arts and Education Fund	(41)	290	-	249
Foundation Development Fund	-	493	-	493
Four Seasons Fund	2,577	2,720	(2,577)	2,720
Original Six Hockey Fund	650	734	-	1,384
Bourns Vocal Scholarship Managed Fund	443	236	-	679
Mary Jane and Bob Brown Fund	(43)	219	-	176
Environmental Legacy Fund	(170)	695	-	525
North Renfrew Family Services Fund	2,522	3,754	(2,522)	3,754
Rotary Club of North Renfrew Fund	-	492	-	492
Deep River Rotary Managed Fund	474	132	-	606
Mary Moore Ecological Fund	2,959	5,757	(2,806)	5,910
Community Reserved – Thompson Library Fund	-	88	(88)	-
	-	831	-	831
Community Reserved – Eastern Star	-	25	(25)	-
Community Reserved – RCUW	-	12	-	12
Community Reserved – Cross Concert Piano	-	381	-	381
Community Reserved – Health Care	-	86	(86)	-
Community Reserved – Cooper	-	268	-	268
Order of the Eastern Star Bursary Fund	-	304	25	329
Jean and Bruce Bigham Student Activity Fund	-	443	-	443
Deep River Area Health Care Fund	-	244	174	418
Flow Through Donations	1,200	-	(200)	1,000
MHS Reunion Award	-	855	14	869
	\$ 11,054	\$ 26,460	\$ (8,578)	\$ 28,936

Internally restricted:

	Year Ended December 31, 2012			
	Balance, January 1 2012	Income	Expenditures	Balance, December 31 2012
Reserve Fund	\$ 234	\$ 6,702	\$ (230)	\$ 6,706
	\$ 234	\$ 6,702	\$ (230)	\$ 6,706
<b>Total Restricted Funds</b>	<b>\$ 11,288</b>	<b>\$ 33,162</b>	<b>\$ (8,808)</b>	<b>\$ 35,642</b>

# DEEP RIVER AND DISTRICT COMMUNITY FOUNDATION

Notes to Financial Statements, continued  
(Unaudited)

Year ended December 31, 2012

## 4. Restricted funds

(b) Externally restricted:

	Year Ended December 31, 2011			
	Balance, January 1 2011	Income (Loss)	Transfer and Expenditures	Balance, December 31 2011
Community Fund	\$ 2,669	\$ (49)	\$ (2,620)	\$ -
United Way Fund	3,433	-	(3,433)	-
Elizabeth Hulbert Memorial Fund	880	(20)	(860)	-
Milton Family Fund	5,438	(601)	(4,837)	-
MHS Reunion Scholarship Fund	1,130	(130)	(1,000)	-
MHS Reunion Managed Fund	297	(94)	-	203
Laurentian Hills Youth Fund	460	(128)	(52)	280
Deep River Science Academy Scholarship Fund	1,007	(7)	(1,000)	-
Arts and Education Fund	250	-	(291)	(41)
Foundation Development Fund	2,144	-	(2,144)	-
Four Seasons Fund	4,141	(1,564)	-	2,577
Original Six Hockey Fund	1,073	(423)	-	650
Bourns Vocal Scholarship Managed Fund	579	(136)	-	443
Mary Jane and Bob Brown Fund	357	-	(400)	(43)
Environmental Legacy Fund	1,200	-	(1,370)	(170)
North Renfrew Family Services Fund	1,229	(2,140)	3,433	2,522
Rotary Club of North Renfrew Fund	572	-	(572)	-
Deep River Rotary Managed Fund	550	(76)	-	474
Mary Moore Ecological Fund	8,113	(3,354)	(1,800)	2,959
Community Reserved – Thompson	365	-	(365)	-
Library Fund	1,584	(284)	(1,300)	-
Community Reserved – Eastern Star	98	(98)	-	-
Flow Through Donations	-	-	1,200	1,200
	<u>\$ 37,569</u>	<u>\$ (9,104)</u>	<u>\$ (17,411)</u>	<u>\$ 11,054</u>

Internally restricted:

	Year Ended December 31, 2011			
	Balance, January 1 2011	Income	Expenditures	Balance, December 31 2011
Reserve Fund	\$ 6,734	\$ (6,500)	\$ -	\$ 234
	<u>\$ 6,734</u>	<u>\$ (6,500)</u>	<u>\$ -</u>	<u>\$ 234</u>
<b>Total Restricted Funds</b>	<u>\$ 44,303</u>	<u>\$ (15,604)</u>	<u>\$ (17,411)</u>	<u>\$ 11,288</u>

# DEEP RIVER AND DISTRICT COMMUNITY FOUNDATION

Notes to Financial Statements, continued  
(Unaudited)

Year ended December 31, 2012

## 5. Externally restricted endowment funds

(a)

	Year Ended December 31, 2012		
	Balance, January 1 2012	Additions (transfers)	Balance, December 31 2012
Community Fund	\$ 51,103	\$ 29,714	\$ 80,817
Community Reserved – Eastern Star	7,248	(7,248)	-
Community Reserved – Thompson	5,096	(5,096)	-
Elizabeth Hulbert Memorial Fund	10,878	-	10,878
Original Six Hockey Fund	17,064	-	17,064
Milton Family Fund	92,551	100	92,651
MHS Reunion Award Fund	17,340	2,949	20,289
Laurentian Hills Youth Fund	5,152	-	5,152
Deep River Science Academy Scholarship Fund	14,662	-	14,662
Arts and Education Fund	7,043	250	7,293
Foundation Development Fund	11,852	500	12,352
Four Seasons Fund	63,025	-	63,025
Environmental Legacy Fund	16,942	300	17,242
Mary Moore Ecological Fund	135,901	-	135,901
North Renfrew Family Services Fund	87,483	1,687	89,170
Rotary Club of North Renfrew Fund	11,698	200	11,898
Mary Jane and Bob Brown Fund	5,322	-	5,322
Library Fund	20,033	-	20,033
Community Reserved - RCUW	300	-	300
Community Reserved – Health Care	5,000	(5,000)	-
Cross Concert Piano	9,156	25	9,181
Community Reserved – Cooper	-	18,040	18,040
Community Reserved – Millar	-	6,000	6,000
Deep River Area Health Care Fund	-	10,096	10,096
Order of the Eastern Star Fund	-	9,593	9,593
Jean and Bruce Bigham Student Activity Fund	-	12,826	12,826
	\$ 594,849	\$ 74,936	\$ 669,785

# DEEP RIVER AND DISTRICT COMMUNITY FOUNDATION

Notes to Financial Statements, continued  
(Unaudited)

Year ended December 31, 2012

## 5. Externally restricted endowment funds

(b)

	Year Ended December 31, 2011			
	Balance, January 1 2011	Additions (transfers)	Allocation of loss	Balance, of December 31 2011
Community Fund	\$ 42,658	\$ 9,469	\$ (1,024)	\$ 51,103
Community Reserved – Eastern Star	5,020	2,260	(32)	7,248
Community Reserved – Thompson	5,226	-	(130)	5,096
United Way Fund	61,500	(61,500)	-	-
Elizabeth Hulbert Memorial Fund	11,025	111	(258)	10,878
Original Six Hockey Fund	17,064	-	-	17,064
Milton Family Fund	88,296	5,837	(1,582)	92,551
MHS Reunion Scholarship Fund	15,900	1,705	(265)	17,340
Laurentian Hills Youth Fund	5,101	51	-	5,152
Deep River Science Academy Scholarship Fund	14,711	300	(349)	14,662
Arts and Education Fund	6,663	541	(161)	7,043
Foundation Development Fund	10,000	2,091	(239)	11,852
Four Seasons Fund	63,025	-	-	63,025
Environmental Legacy Fund	17,200	170	(428)	16,942
Mary Moore Ecological Fund	135,901	-	-	135,901
North Renfrew Family Services Fund	25,355	62,128	-	87,483
Rotary Club of North Renfrew Fund	9,943	2,022	(267)	11,698
Mary Jane and Bob Brown Fund	5,000	450	(128)	5,322
Library Fund	20,250	-	(217)	20,033
Community Reserved - RCUW	-	300	-	300
Community Reserved – Health Care	-	5,000	-	5,000
Cross Concert Piano	-	9,275	(119)	9,156
	<b>\$ 559,838</b>	<b>\$ 40,210</b>	<b>\$ (5,199)</b>	<b>\$ 594,849</b>

## 6. Financial instruments

The carrying value of the cash, investments, accounts payable and accrued liabilities and managed funds approximate the fair value due to the short-term nature of the financial assets and liabilities.

All managed funds are non-interest bearing. Consequently the debt risk exposure is not significant.

### Market Risk

Market Risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk and other price risk.

# DEEP RIVER AND DISTRICT COMMUNITY FOUNDATION

Notes to Financial Statements, continued  
(Unaudited)

Year ended December 31, 2012

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## 6. Financial instruments (continued)

### Currency Risk

Currency risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate relative to the Canadian dollar due to changes in foreign exchanges. At December 31, 2012, the Foundation does not have investments in foreign financial instruments and as a result currency risk is minimal.

### Interest Rate Risk

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates. The foundation has no interest bearing liabilities.

The primary objective of the foundation with respect to its investments in fixed income investments is to ensure the security of principal amounts invested and provide for a high degree of liquidity, while achieving a satisfactory investment return.

The foundation manages the interest rate risk exposure of its fixed income investments by using a laddered portfolio with varying terms of maturity. The laddered structure of maturities helps to enhance the average portfolio yield while reducing the sensitivity of the portfolio to the impact of interest rate fluctuations.

### Other Price Risk

Other price risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all similar instruments traded in the market.

The Foundations used BMO Nesbitt Burns to manage its investment portfolio. The investment policy provides for an asset mix of 55% equities and 45% fixed income investments and is monitored monthly. Risk and volatility of investment returns are mitigated through diversification of investments.