

Financial Statements of

**DEEP RIVER & DISTRICT
COMMUNITY FOUNDATION**

Year ended December 31, 2013
(Unaudited)

REVIEW ENGAGEMENT REPORT

To the Directors of Deep River & District Community Foundation

We have reviewed the statement of financial position of Deep River & District Community Foundation as at December 31, 2013 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 Accounts

Pembroke, Ontario
March 28, 2014

DEEP RIVER & DISTRICT COMMUNITY FOUNDATION

Balance Sheet
(Unaudited)

December 31, 2013, with comparative figures for 2012

				December 31 2013	December 31 2012
	General Fund	Restricted Funds (note 4)	Endowment Funds (note 5)	Total	Total
Assets					
Current assets:					
Cash (note 2)	\$ 6,748	\$ -	\$ 72,872	\$ 79,620	\$ 60,773
Investments (note 3)	7,923	69,636	634,360	711,919	657,432
Accounts receivable	200	-	5,401	5,601	400
Government remittances receivable	3,250	-	-	3,250	2,028
	\$ 18,121	\$ 69,636	\$ 712,633	\$ 800,390	\$ 720,633

Liabilities and Fund Balances

Current liabilities:					
Accounts payable and accrued liabilities	\$ 3,000	\$ -	\$ -	\$ 3,000	\$ 2,100
Bourns Vocal Scholarship Managed Fund	5,255	-	-	5,255	5,255
Deep River Rotary Managed Fund	2,700	-	-	2,700	2,700
Deferred revenue	-	100	-	100	-
	10,955	100	-	11,055	10,055
Fund balances:					
Restricted	-	69,536	712,633	782,169	705,427
Unrestricted Funds	7,166	-	-	7,166	5,151
	7,166	69,536	712,633	789,335	710,578
	\$ 18,121	\$ 69,636	\$ 712,633	\$ 800,390	\$ 720,633

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

DEEP RIVER & DISTRICT COMMUNITY FOUNDATION

Statement of Operations (Unaudited)

Year ended December 31, 2013, with comparative figures for 2012

	General Fund		Restricted Funds		Endowment Funds	
	2013	2012	2013	2012	2013	2012
				(note 4)		(note 5)
Donations	\$ -	\$ 1,400	\$ 900	\$ 600	\$ 36,977	\$ 75,733
Interest and dividends	7	-	26,263	21,677	-	-
Realized gain on investments	-	-	27,034	4,012	-	-
Unrealized gain on investments	-	-	21,894	19,840	-	-
Operating fund income	6,200	5,200	-	-	-	-
Video sales	-	84	-	-	-	-
Special events	2,000	2,277	-	-	-	-
	8,207	8,961	76,091	46,129	36,977	75,733
Charitable disbursements	-	-	20,893	9,205	-	1,000
Operating fund expense	-	-	6,200	5,200	-	-
Investment counsel fees	-	-	8,740	7,167	-	-
Office supplies	497	741	-	-	-	-
Professional fees	4,538	2,287	-	-	-	-
Telephone	100	-	-	-	-	-
Advertising	99	221	-	-	-	-
Fees and dues	480	480	-	-	-	-
Fundraising fees	971	5,216	-	-	-	-
	6,685	8,945	35,833	21,572	-	1,000
Excess of revenue over expenses	\$ 1,522	\$ 16	\$ 40,258	\$ 24,557	\$ 36,977	\$ 74,733

See accompanying notes to financial statements.

DEEP RIVER & DISTRICT COMMUNITY FOUNDATION

Statement of Changes in Fund Balances
(Unaudited)

Year ended December 31, 2013, with comparative figures for 2012

	Externally Restricted Endowment Fund	Restricted Funds	Unrestricted	Total 2013	Total 2012
Balance, beginning of year	\$ 669,785	\$ 35,642	\$ 5,151	\$ 710,578	\$ 611,272
Excess of revenue over expenses	36,977	40,258	1,522	78,757	99,306
Interfund transfers	5,871	(6,364)	493	-	-
Balance, end of year	\$ 712,633	\$ 69,536	\$ 7,166	\$ 789,335	\$ 710,578

See accompanying notes to financial statements.

DEEP RIVER & DISTRICT COMMUNITY FOUNDATION

Statement of Changes in Financial Position

(Unaudited)

Year ended December 31, 2013, with comparative figures for 2012

	General Fund 2013	Restricted Funds 2013	Endowment Funds 2013	Total 2013	Total 2012
Cash provided by (used in):					
Operations:					
Cash received from donors and members	\$ 7,185	\$ 900	\$ 31,576	\$ 39,661	\$ 83,693
Cash paid to suppliers and spent on charitable activities	(5,785)	(27,093)	-	(32,878)	(24,350)
Interest and dividend income	-	26,263	-	26,263	21,677
Gain on sale of investments	-	27,034	-	27,034	4,012
Unrealized gain on investments	-	21,894	-	21,894	19,840
Investment fees paid	-	(8,740)	-	(8,740)	(7,167)
	1,400	40,258	31,576	73,234	97,705
Financing:					
Decrease in managed funds	-	-	-	-	(3,746)
Interfund transfers	493	(6,364)	5,871	-	-
Increase in deferred revenue	-	100	-	100	-
	493	(6,264)	5,871	100	(3,746)
Increase in cash position	1,893	33,994	37,447	73,334	93,959
Cash position, beginning of year	12,778	35,642	669,785	718,205	624,246
Cash position, end of year	\$ 14,671	\$ 69,636	\$ 707,232	\$ 791,539	\$ 718,205
Represented by:					
Cash	\$ 6,748	\$ -	\$ 72,872	\$ 79,620	\$ 60,773
Investments	7,923	69,636	634,360	711,919	657,432
	\$ 14,671	\$ 69,636	\$ 707,232	\$ 791,539	\$ 718,205

See accompanying notes to financial statements.

DEEP RIVER & DISTRICT COMMUNITY FOUNDATION

Notes to Financial Statements
(Unaudited)

Year ended December 31, 2013

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. 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.

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

DEEP RIVER & DISTRICT COMMUNITY FOUNDATION

Notes to Financial Statements
(Unaudited)

Year ended December 31, 2013

1. Significant accounting policies (continued):

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) Cash:

Cash includes cash on hand and cash on deposit net of cheques issued and outstanding at the reporting date.

(d) 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.

(e) 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.

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

DEEP RIVER & DISTRICT COMMUNITY FOUNDATION

Notes to Financial Statements
(Unaudited)

Year ended December 31, 2013

1. Significant accounting policies (continued):

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.

(f) 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.

(g) 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.

2. Cash:

	2013	2012
Cash on deposit	\$ 82,867	\$ 66,280

DEEP RIVER & DISTRICT COMMUNITY FOUNDATION

Notes to Financial Statements
(Unaudited)

Year ended December 31, 2013

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

Cheques issued and outstanding	(3,247)	(5,507)
	<u>\$ 79,620</u>	<u>\$ 60,773</u>

3. Investments (at market value):

	2013	2012
Cash accounts	\$ 48,541	\$ 13,685
Fixed Income	235,524	273,976
Corporate Equity	427,854	369,771
	<u>\$ 711,919</u>	<u>\$ 657,432</u>

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

DEEP RIVER & DISTRICT COMMUNITY FOUNDATION

Notes to Financial Statements
(Unaudited)

Year ended December 31, 2013

4. Restricted Funds:

Externally restricted:

	Balance January 1 2013	Income	Transfer and Expenditures	Balance December 31 2013
Community Fund	\$ 2,273	\$ 6,050	\$ (2,242)	\$ 6,081
Elizabeth Hulbert Memorial Fund	451	636	-	1,087
Milton Family Fund	3,837	6,934	(1,225)	9,546
Laurentian Hills Youth Fund	228	376	(230)	374
Deep River Science Academy Scholarship Fund	608	1,066	(608)	1,066
Arts and Education Fund	249	418	(249)	418
Foundation Development Fund	493	721	(493)	721
Four Seasons Fund	2,720	4,636	-	7,356
Original Six Hockey Fund	1,384	1,046	-	2,430
Bourns Vocal Scholarship Managed Fund	679	419	-	1,098
Mary Jane and Bob Brown Fund	176	305	(143)	338
Environmental Legacy Fund	525	1,002	-	1,527
North Renfrew Family Services Fund	3,754	5,214	(3,754)	5,214
Rotary Club of North Renfrew Fund	492	694	-	1,186
Deep River Rotary Managed Fund	606	233	-	839
Mary Moore Ecological Fund	5,910	7,775	(5,910)	7,775
Library Fund	831	1,167	(832)	1,166
Community Reserved - RCUW	12	13	(24)	1
Community Reserved - Cross Concert Piano	381	562	-	943
Community Reserved - Cooper	268	453	(685)	36
Order of the Eastern Star Bursary Fund	329	587	-	916
Jean and Bruce Bigham Student Activity Fund	443	763	(443)	763
Deep River Area Health Care Fund	418	591	-	1,009
Flow Through Donations	1,000	900	(1,200)	700
MHS Reunion Award	869	1,187	-	2,056
Community Reserved - Chas Millar	-	423	-	423
Laura A Cooper Memorial	-	953	417	1,370
Renfrew County United Way	-	156	24	180
	\$ 28,936	\$ 45,280	\$ (17,597)	\$ 56,619

DEEP RIVER & DISTRICT COMMUNITY FOUNDATION

Notes to Financial Statements
(Unaudited)

Year ended December 31, 2013

4. Restricted Funds (continued):

Internally restricted:

	Balance January 1 2013	Income	Expenditures	Balance December 31 2013
Reserve Fund	\$ 6,706	\$ 10,000	\$ (3,789)	\$ 12,917
	\$ 6,706	\$ 10,000	\$ (3,789)	\$ 12,917
Total Restricted Funds	\$ 35,642	\$ 55,280	\$ (21,386)	\$ 69,536

DEEP RIVER & DISTRICT COMMUNITY FOUNDATION

Notes to Financial Statements
(Unaudited)

Year ended December 31, 2013

5. Externally restricted endowment funds:

	Balance January 1 2013	Additions (transfers)	Balance December 31 2013
Community Fund	\$ 80,817	\$ 10,526	\$ 91,343
Elizabeth Hulbert Memorial Fund	10,878	163	11,041
Original Six Hockey Fund	17,064	256	17,320
Milton Family Fund	92,651	7,000	99,651
MHS Reunion Award Fund	20,289	304	20,593
Laurentian Hills Yough Fund	5,152	-	5,152
Deep River Science Academy Scholarship Fund	14,662	-	14,662
Arts and Education Fund	7,293	109	7,402
Foundation Development Fund	12,352	185	12,537
Four Seasons Fund	63,025	-	63,025
Environmental Legacy Fund	17,242	1,310	18,552
Mary Moore Ecological Fund	135,901	2,039	137,940
North Renfrew Family Services Fund	89,170	2,658	91,828
Rotary Club of North Renfrew Fund	11,898	180	12,078
Mary Jane and Bob Brown Fund	5,322	79	5,401
Library fund	20,033	301	20,334
Community Reserved - RCUW	300	(300)	-
Community Reserved - Cross Concert Piano	9,181	1,245	10,426
Community Reserved - Cooper	18,040	(18,040)	-
Community Reserved - Millar	6,000	-	6,000
Deep River Area Health Care Fund	10,096	151	10,247
Order of the Eastern Star Fund	9,593	3,281	12,874
Jean and Bruce Bigham Student Activity Fund	12,826	1,200	14,026
Renfrew County United Way	-	5,300	5,300
Laura A Cooper Memorial Fund	-	24,901	24,901
	\$ 669,785	\$ 42,848	\$ 712,633

DEEP RIVER & DISTRICT COMMUNITY FOUNDATION

Notes to Financial Statements
(Unaudited)

Year ended December 31, 2013

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.

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.

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.

DEEP RIVER & DISTRICT COMMUNITY FOUNDATION

Notes to Financial Statements
(Unaudited)

Year ended December 31, 2013

6. Financial instruments (continued):

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.