

Financial Statements of

**DEEP RIVER & DISTRICT
COMMUNITY FOUNDATION**

Year ended December 31, 2015
(Unaudited)

SCOTT ROSIEN & DEMPSEY

Chartered Professional Accountants

D.M. Scott, CPA, CA, LPA
D.W. Rosien, CPA, CA, LPA
K.I. Black, CPA, CA, LPA
R.A. Locke, CPA, CA, LPA
W.T. Dempsey, CPA, CA, LPA (Retired)

545 Pembroke Street West
Pembroke, Ontario K8A 5P2

TELEPHONE: 613-735-3981

FAX: 613-732-3829

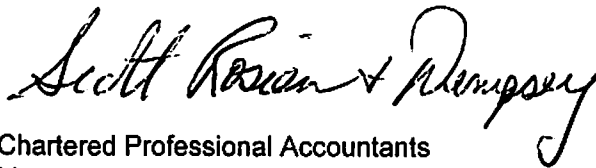
REVIEW ENGAGEMENT REPORT

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, 2015 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 Professional Accountants
Licensed Public Accountants

Pembroke, Ontario
February 8, 2016

DEEP RIVER & DISTRICT COMMUNITY FOUNDATION

Balance Sheet (Unaudited)

December 31, 2015, with comparative figures for 2014

				December 31 2015	December 31 2014
	General Fund	Restricted Funds (note 4)	Endowment Funds (note 5)	Total	Total
Assets					
Current assets:					
Cash (note 2)	\$ 11,953	\$ -	\$ 5,657	\$ 17,610	\$ 17,302
Investments (note 3)	7,287	100,146	795,967	903,400	858,351
Accounts receivable	-	-	97	97	200
Government remittances receivable	646	-	-	646	1,550
	<u>\$ 19,886</u>	<u>\$ 100,146</u>	<u>\$ 801,721</u>	<u>\$ 921,753</u>	<u>\$ 877,403</u>

Liabilities and Fund Balances

Current liabilities:					
Accounts payable and accrued liabilities	\$ 2,600	\$ -	\$ -	\$ 2,600	\$ 9,265
Bourns Vocal Scholarship Managed Fund	5,255	-	-	5,255	5,255
Deep River Rotary Managed Fund	2,700	-	-	2,700	2,700
	<u>10,555</u>	<u>-</u>	<u>-</u>	<u>10,555</u>	<u>17,220</u>
Fund balances:					
Restricted	-	100,146	801,721	901,867	851,779
Unrestricted Funds	9,331	-	-	9,331	8,404
	<u>9,331</u>	<u>100,146</u>	<u>801,721</u>	<u>911,198</u>	<u>860,183</u>
	<u>\$ 19,886</u>	<u>\$ 100,146</u>	<u>\$ 801,721</u>	<u>\$ 921,753</u>	<u>\$ 877,403</u>

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, 2015, with comparative figures for 2014

	General Fund		Restricted Funds		Endowment Funds	
	2015	2014	2015	2014	2015	2014
Donations	\$ -	\$ 12	\$ 100	\$ 500	\$ 39,224	\$ 42,216
Interest and dividends	-	-	29,189	26,814	-	-
Realized gain (loss) on investments	-	-	14,625	(12,287)	-	-
Unrealized gain on investments	-	-	23,091	56,299	-	-
Operating fund income	7,000	8,000	-	-	-	-
	7,000	8,012	67,005	71,326	39,224	42,216
Charitable disbursements	-	-	36,608	25,036	-	-
Operating fund expense	-	-	7,000	8,000	-	-
Investment counsel fees	-	-	11,959	10,175	-	-
Office supplies	360	217	-	-	-	-
Professional fees	5,393	5,536	-	-	-	-
Telephone	100	100	-	-	-	-
Advertising	239	60	-	-	-	-
Fees and dues	470	450	-	-	-	-
Fundraising fees	85	1,132	-	-	-	-
	6,647	7,495	55,567	43,211	-	-
Excess of revenue over expenses	\$ 353	\$ 517	\$ 11,438	\$ 28,115	\$ 39,224	\$ 42,216

See accompanying notes to financial statements.

DEEP RIVER & DISTRICT COMMUNITY FOUNDATION

Statement of Changes in Fund Balances (Unaudited)

Year ended December 31, 2015, with comparative figures for 2014

	Externally Restricted Endowment Fund	Restricted Funds	Unrestricted	Total 2015	Total 2014
Balance, beginning of year	\$ 758,746	\$ 93,033	\$ 8,404	\$ 860,183	\$ 789,335
Excess of revenue over expenses	39,224	11,438	353	51,015	70,848
Interfund transfers	3,751	(4,325)	574	-	-
Balance, end of year	\$ 801,721	\$ 100,146	\$ 9,331	\$ 911,198	\$ 860,183

See accompanying notes to financial statements.

DEEP RIVER & DISTRICT COMMUNITY FOUNDATION

Statement of Changes in Financial Position (Unaudited)

Year ended December 31, 2015, with comparative figures for 2014

	General Fund 2015	Restricted Funds 2015	Endowment Funds 2015	Total 2015	Total 2014
Cash provided by (used in):					
Operations:					
Cash received from donors and members	\$ 8,104	\$ 100	\$ 39,127	\$ 47,331	\$ 57,829
Cash paid to suppliers and spent on charitable activities	(6,912)	(50,008)	-	(56,920)	(34,266)
Interest and dividend income	-	29,189	-	29,189	26,814
Gain on sale of investments	-	14,625	-	14,625	(12,287)
Unrealized gain on investments	-	23,091	-	23,091	56,299
Investment fees paid	-	(11,959)	-	(11,959)	(10,175)
	1,192	5,038	39,127	45,357	84,214
Financing:					
Decrease in managed funds	-	-	-	-	-
Interfund transfers	574	(4,325)	3,751	-	-
Increase in deferred revenue	-	-	-	-	(100)
	574	(4,325)	3,751	-	(100)
Increase in cash position	1,766	713	42,878	45,357	84,114
Cash position, beginning of year	17,474	99,433	758,746	875,653	791,539
Cash position, end of year	\$ 19,240	\$ 100,146	\$ 801,624	\$ 921,010	\$ 875,653
Represented by:					
Cash	\$ 11,953	\$ -	\$ 5,657	\$ 17,610	\$ 17,302
Investments	7,287	100,146	795,967	903,400	858,351
	\$ 19,240	\$ 100,146	\$ 801,624	\$ 921,010	\$ 875,653

See accompanying notes to financial statements.

DEEP RIVER & DISTRICT COMMUNITY FOUNDATION

Notes to Financial Statements
(Unaudited)

Year ended December 31, 2015

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.

DEEP RIVER & DISTRICT COMMUNITY FOUNDATION

Notes to Financial Statements
(Unaudited)

Year ended December 31, 2015

1. Significant accounting policies (continued):

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) 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 Foundation 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 Foundation 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 Foundation 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 Foundation, including but not limited to the following events: significant financial

DEEP RIVER & DISTRICT COMMUNITY FOUNDATION

Notes to Financial Statements
(Unaudited)

Year ended December 31, 2015

1. Significant accounting policies (continued):

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 Foundation 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 Foundation 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.

DEEP RIVER & DISTRICT COMMUNITY FOUNDATION

Notes to Financial Statements
(Unaudited)

Year ended December 31, 2015

1. Significant accounting policies (continued):

(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:

	2015	2014
Cash on deposit	\$ 18,175	\$ 19,472
Cheques issued and outstanding	(565)	(2,170)
	<hr/> \$ 17,610	<hr/> \$ 17,302

3. Investments (at market value):

	2015	2014
Cash accounts	\$ 20,941	\$ 35,433
Fixed Income	345,285	346,858
Corporate Equity	537,174	476,060
	<hr/> \$ 903,400	<hr/> \$ 858,351

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, 2015

4. Restricted Funds:

Externally restricted:

	Balance January 1 2015	Income	Transfer and Expenditures	Balance December 31 2015
Community Fund	\$ 11,838	\$ 6,644	\$ (9,546)	\$ 8,936
Elizabeth Hulbert Memorial Fund	847	455	(750)	552
Milton Family Fund	7,104	5,427	6,400	18,931
Laurentian Hills Youth Fund	692	282	-	974
Deep River Science Academy Scholarship Fund	954	748	(954)	748
Arts and Education Fund	757	324	-	1,081
Foundation Development Fund	574	515	(574)	515
Four Seasons Fund	11,404	3,572	(11,404)	3,572
The Original Six Hockey Fund	3,306	833	-	4,139
Bourns Vocal Scholarship Managed Fund	1,464	324	-	1,788
Mary-Jane and Bob Brown Memorial Fund	668	294	-	962
Environmental Legacy Fund	882	779	-	1,661
The North Renfrew Family Services Fund	10,845	4,879	(10,845)	4,879
Rotary Club of North Renfrew Fund	1,949	556	-	2,505
Deep River Rotary Managed Fund	1,042	181	-	1,223
Mary Moore Ecological Fund	6,164	5,548	(3,972)	7,740
Library Endowment Fund	915	827	(900)	842
W. G. Cross Concert Piano Fund	1,440	475	-	1,915
Order of the Eastern Star (Pembroke #288) Bursary Fund	1,730	797	(1,000)	1,527
Jean and Bruce Bigham Student Activity Fund	637	568	(637)	568
Deep River Area Health Care Fund	1,502	459	(1,500)	461
Flow Through Donations	700	100	(700)	100
MHS Reunion Award Fund	2,845	1,101	(1,500)	2,446
Laura Alice Cooper Memorial	1,387	1,052	-	2,439
Renfrew County United Way Fund	470	255	-	725
	\$ 72,116	\$ 36,995	\$ (37,882)	\$ 71,229

DEEP RIVER & DISTRICT COMMUNITY FOUNDATION

Notes to Financial Statements
(Unaudited)

Year ended December 31, 2015

4. Restricted Funds (continued):

Internally restricted:

	Balance January 1 2015	Income	Expenditures	Balance December 31 2015
Reserve Fund	\$ 20,917	\$ 8,000	\$ -	\$ 28,917
	\$ 20,917	\$ 8,000	\$ -	\$ 28,917
Total Restricted Funds	\$ 93,033	\$ 44,995	\$ (37,882)	\$ 100,146

DEEP RIVER & DISTRICT COMMUNITY FOUNDATION

Notes to Financial Statements
(Unaudited)

Year ended December 31, 2015

5. Externally restricted endowment funds:

	Balance January 1 2015	Additions (transfers)	Balance December 31 2015
Community Fund	\$ 126,843	\$ 9,239	\$ 136,082
Elizabeth Hulbert Memorial Fund	11,206	113	11,319
The Original Six Hockey Fund	17,580	176	17,756
Milton Family Fund	104,651	1,000	105,651
MHS Reunion Award Fund	20,593	-	20,593
Laurentian Hills Youth Fund	5,152	-	5,152
Deep River Science Academy Scholarship Fund	14,962	900	15,862
Arts and Education Fund	7,513	75	7,588
Foundation Development Fund	12,725	127	12,852
Four Seasons Fund	63,025	22,475	85,500
Environmental Legacy Fund	19,231	592	19,823
Mary Moore Ecological Fund	140,009	1,400	141,409
The North Renfrew Family Services Fund	93,595	3,237	96,832
Rotary Club of North Renfrew Fund	12,078	120	12,198
Mary-Jane and Bob Brown Memorial Fund	5,401	-	5,401
Library Endowment Fund	20,639	303	20,942
W. G. Cross Concert Piano Fund	10,582	106	10,688
Deep River Area Health Care Fund	10,401	104	10,505
Order of the Eastern Star (Pembroke #288) Bursary Fund	14,123	2,576	16,699
Jean and Bruce Bigham Student Activity Fund	14,236	143	14,379
Renfrew County United Way Fund	5,300	-	5,300
Laura Alice Cooper Memorial Fund	28,901	289	29,190
	\$ 758,746	\$ 42,975	\$ 801,721

DEEP RIVER & DISTRICT COMMUNITY FOUNDATION

Notes to Financial Statements
(Unaudited)

Year ended December 31, 2015

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. The Foundation uses BMO Nesbitt Burns to manage its investment portfolio. BMO Nesbitt Burns monitors the investments daily and adjusts the portfolio to manage currency risk.

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.

DEEP RIVER & DISTRICT COMMUNITY FOUNDATION

Notes to Financial Statements
(Unaudited)

Year ended December 31, 2015

6. Financial instruments (continued):

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 Foundation uses 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.