

FOREST COMMUNITY FOUNDATION

Financial Statements

Year Ended December 31, 2015

MPW

CHARTERED PROFESSIONAL ACCOUNTANTS LLP

FOREST COMMUNITY FOUNDATION
Index to Financial Statements
Year Ended December 31, 2015

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Changes in Net Assets	4
Statement of Operations	5
Statement of Cash Flow	6
Notes to Financial Statements	7 - 9



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INDEPENDENT AUDITOR'S REPORT

To the Members of Forest Community Foundation

We have audited the accompanying financial statements of Forest Community Foundation, which comprise the statements of financial position as at December 31, 2015 and December 31, 2014 and the statements of operations, changes in net assets and cash flow for the years ended December 31, 2015 and 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 control 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 audits. We conducted our audits 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 judgment, 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 purpose 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 in our audits is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the foundation derives revenue from donations, 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 of the foundation and we were not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenses, current assets and net assets.

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Independent Auditor's Report to the Members of Forest Community Foundation *(continued)*

Qualified Opinion

In our qualified opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the contributions referred to in the preceding paragraph, the financial statements present fairly, in all material respects, the financial position of Forest Community Foundation as at December 31, 2015 and the results of its operations and its cash flow for the years then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Strathroy, Ontario
May 17, 2016

MPW

Chartered Professional Accountants LLP
Licensed Public Accountants

FOREST COMMUNITY FOUNDATION
Statement of Financial Position
December 31, 2015

	2015	2014
ASSETS		
CURRENT		
Cash	\$ 109,176	\$ 84,159
Accounts receivable	6,500	6,643
HST recoverable	355	356
	116,031	91,158
LONG TERM INVESTMENTS <i>(Note 4)</i>	1,433,945	1,469,612
RESTRICTED CASH AND INVESTMENTS <i>(Note 3)</i>	43,640	-
	\$ 1,593,616	\$ 1,560,770
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 3,500	\$ 3,499
Deferred revenue <i>(Note 3)</i>	43,640	-
	47,140	3,499
NET ASSETS		
General Fund, internally restricted <i>(Note 5)</i>	1,546,476	1,557,271
	\$ 1,593,616	\$ 1,560,770

ON BEHALF OF THE BOARD

_____ *Director*

_____ *Director*

See notes to financial statements

FOREST COMMUNITY FOUNDATION
Statement of Changes in Net Assets
Year Ended December 31, 2015

	2015	2014
NET ASSETS - BEGINNING OF YEAR	\$ 1,557,271	\$ 1,507,327
Deficiency of revenue over expenses	(10,795)	49,944
NET ASSETS - END OF YEAR	\$ 1,546,476	\$ 1,557,271

FOREST COMMUNITY FOUNDATION
Statement of Operations
For the Year Ended December 31, 2015

	2015	2014
REVENUE		
Capital gains (losses), net	\$ 14,373	\$ 62,943
Capital gains distributions	18,986	10,014
Dividend income	19,214	19,512
Interest and other income	26,379	27,701
Membership fees	110	90
Refunded donations (Note 6)	22,360	4,921
	101,422	125,181
EXPENSES		
Administration expenses	2,200	2,200
Advertising and promotion	430	442
Bank charges	58	50
Donations - Foundation (Note 6)	50,208	53,191
Insurance	1,998	1,998
Investment management fees	9,732	9,601
Memberships	-	903
Professional fees	3,638	3,638
	68,264	72,023
EXCESS OF REVENUE OVER EXPENSES FROM OPERATIONS	33,158	53,158
OTHER INCOME		
Unrealized gain (loss) on investments	(43,953)	(3,214)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ (10,795)	\$ 49,944

FOREST COMMUNITY FOUNDATION

Statement of Cash Flow

Year Ended December 31, 2015

	2015	2014
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ (10,795)	\$ 49,944
Items not affecting cash:		
Write-down of marketable securities	43,953	3,214
Gains (losses) on disposal of investments	(14,373)	(62,943)
	18,785	(9,785)
Changes in non-cash working capital:		
Accounts receivable	143	959
Accounts payable and accrued liabilities	1	1
Deferred revenue	43,640	-
HST recoverable	1	21
	43,785	981
Cash flow from (used by) operating activities	62,570	(8,804)
INVESTING ACTIVITIES		
Purchases of investments	(314,817)	(458,883)
Proceeds from sale of investments	320,904	465,345
Cash flow from investing activities	6,087	6,462
INCREASE (DECREASE) IN CASH FLOW	68,657	(2,342)
Cash - beginning of year	84,159	86,501
CASH - END OF YEAR	152,816	84,159
CASH FLOW SUPPLEMENTARY INFORMATION		
Interest received	\$ (26,379)	\$ (27,701)
CASH CONSISTS OF:		
Cash	\$ 109,176	\$ 84,159
Restricted cash and investments	43,640	-
	\$ 152,816	\$ 84,159

See notes to financial statements

FOREST COMMUNITY FOUNDATION

Notes to Financial Statements

Year Ended December 31, 2015

1. Nature of operations

The Forest Community Foundation ("the Foundation") was incorporated as a not-for-profit corporation without share capital under the Ontario Corporations Act on May 16, 2000 and is a registered charity under the Income Tax Act (ITA) as a Public Foundation. The Foundation acts as a community resource to make grants to applicants who are Qualified Donees pursuant to s.139.1(1) of the ITA. The purpose of the Foundation is to benefit the residents of the former municipality of Forest and its immediate environs by carrying out charitable activities primarily in the geographical area from which the funds were raised.

2. Summary of significant accounting policies

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

Cash and cash equivalents

Cash includes cash and cash equivalents. Cash equivalents are investments may include treasury bills and are valued at cost plus accrued interest. The carrying amounts approximate fair value because they have maturities at the date of purchase of less than ninety days.

Revenue recognition

The Foundation follows the deferral method of accounting for contributions. Unrestricted contributions, investment and other income is recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection can be reasonably assured. Contributions externally restricted are deferred and recognized as revenue in the year in which the related expenses are recognized.

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

The Foundation's financial instruments consist of cash, investments, accounts receivable, accounts payable and accrued liabilities. Unless otherwise noted below, it is management's opinion that the Foundation is not exposed to significant interest, currency, credit, market, liquidity or other risks arising from these financial instruments and the carrying amount of the financial instruments approximate their fair value.

Cash, accounts receivable, accounts payable and accrued liabilities are reported at their fair values on the Statement of Financial Position which are the same as the carrying values due to their short-term nature.

Fair value of investments is provided by the Foundation's professional investment counsellor and is based on published price quotations in active markets. Transaction costs related to investments are expensed as incurred. The Foundation accounts for its investments on a settlement date basis.

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FOREST COMMUNITY FOUNDATION

Notes to Financial Statements

Year Ended December 31, 2015

2. Summary of significant accounting policies *(continued)*

Financial assets and financial liabilities

Financial assets and financial liabilities are initially recognized at fair value and are subsequently accounted for based on their classification as described below. The classification depends on the purpose for which the financial instruments were acquired and their characteristics. Except in very limited circumstances, the classification is not changed subsequent to initial recognition.

Held for Trading

The Foundation has classified financial assets that are purchased and incurred with the intention of generating profits in the near term or are to be held until maturity as held for trading. These instruments are accounted for at fair value with the change in the fair value recognized in net revenue (expenses) during the period. Cash and investments are classified as held for trading.

Loans and receivables

These financial instruments are accounted for at amortized cost using the effective interest method, net of any impairment. Due to the short term nature of these balances, the effective interest method results in no significant differences from book value. Accrued interest receivable is classified as loans and receivables.

Other Liabilities

Other liabilities are accounted for at amortized cost.

Other

There are no financial assets on the statement of financial position designated as either available for sale or held to maturity.

Risks arising from Financial Instruments

Interest Rate Risk

The Foundation is subject to interest rate risk with respect to investments. The Foundation utilizes a professional investment counsellor to manage its portfolio based on its cash flow needs and with a view to optimising its investment income.

Market risk

The Foundation is subject to market risk with respect to its investments. The value of these investments will fluctuate as a result of changes in market prices or other factors. A variety of investment types, market locations and industry sectors has been chosen in order to manage market risk.

Currency risk

The Foundation is subject to currency risk with respect to investments held in foreign currency. The value of these investments will fluctuate as a result of changes in currency exchange rates.

Measurement uncertainty

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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

FOREST COMMUNITY FOUNDATION
Notes to Financial Statements
Year Ended December 31, 2015

3. Restricted cash and investment

At year end, the Foundation held cash received for specified donees. The total will be disbursed to those donees in the subsequent year and has been shown as deferred revenue on these financial statements.

4. Investments

	2015	2014
Fixed Income Securities	\$ 741,465	\$ 767,399
Common Stock & Equivalents	327,980	450,069
Mutual Funds	364,500	252,144
	\$ 1,433,945	\$ 1,469,612

Investments are classified as held for trading, accounted for at fair value and managed by a professional investment counsellor selected to provide diversity of investment philosophy and style. The investment goal is to ensure that funds are maintained and grown while optimising returns consistent with prudent investment.

5. Internally restricted net assets

The Foundation internally restricts amounts from unrestricted contributions for the benefit of the residents of the former municipality of Forest and the geographical area from which the funds were raised.

6. Donations

During the year donations were made to the following organizations.

	2015
Canada Day Committee	\$ 700
Communities in Bloom	750
Forest Legion Branch 176	5,763
Forest Minor Baseball	1,000
Kiwanis Club of Forest	4,000
Lambton County Development Services	21,814
Lambton Senior Citizen Home Corporation	13,181
North Lambton Secondary School	3,000
	\$ 50,208

During the year, unused grants from the previous years totalling \$22,360 (2014 - \$4,921) were refunded to the foundation and are shown as Refunded donations on the statement of operations.

7. Comparative figures

Some of the comparative figures have been reclassified to conform to the current year's presentation.