


FOREST COMMUNITY FOUNDATION

Financial Statements

Year Ended December 31, 2014

**WOODS PEARSON
ASSOCIATES**
CHARTERED ACCOUNTANTS 

FOREST COMMUNITY FOUNDATION
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Year Ended December 31, 2014

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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 statement of financial position as at December 31, 2014 and the statements of operations, changes in net assets and cash flows for the year then ended, 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 audit. We conducted our audit 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 is sufficient and appropriate to provide a basis for our audit opinion.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Forest Community Foundation as at December 31, 2014 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Strathroy, Ontario
March 24, 2015

Woods Pearson & Associates
CHARTERED ACCOUNTANTS LLP
Licensed Public Accountants

FOREST COMMUNITY FOUNDATION
Statement of Financial Position
December 31, 2014

	2014	2013
ASSETS		
CURRENT		
Cash	\$ 84,159	\$ 86,501
Accounts receivable	6,643	7,602
HST recoverable	356	377
	91,158	94,480
LONG TERM INVESTMENTS, at Market Value <i>(Note 3)</i>	1,469,612	1,416,345
	\$ 1,560,770	\$ 1,510,825
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 3,499	\$ 3,498
NET ASSETS		
General Fund, internally restricted <i>(Note 4)</i>	1,557,271	1,507,327
LIABILITIES AND NET ASSETS	\$ 1,560,770	\$ 1,510,825

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, 2014

	2014	2013
NET ASSETS - BEGINNING OF YEAR	\$ 1,507,327	\$ 1,416,016
Excess of revenue over expenses	49,944	91,311
NET ASSETS - END OF YEAR	\$ 1,557,271	\$ 1,507,327

FOREST COMMUNITY FOUNDATION
Statement of Operations
Year Ended December 31, 2014

	2014	2013
REVENUE		
— Capital gains (losses), net	\$ 62,943	\$ 40,184
Interest and other income	27,701	32,371
Dividend income	19,512	14,781
Capital gains distributions	10,014	-
Refunded donations <i>(Note 5)</i>	4,921	-
Membership fees	90	120
Donations	-	23
Contributions - Restricted	-	350
	125,181	87,829
EXPENSES		
Administration expenses	2,200	2,000
Advertising and promotion	442	431
Bank charges	50	134
Donations - Foundation <i>(Note 5)</i>	53,191	31,169
Donations - Restricted	-	350
Insurance	1,998	1,998
Management fees	9,601	9,388
Memberships	903	450
Professional fees	3,638	3,898
	72,023	49,818
EXCESS OF REVENUE OVER EXPENSES FROM OPERATIONS	53,158	38,011
OTHER INCOME	(3,214)	53,300
EXCESS OF REVENUE OVER EXPENSES	\$ 49,944	\$ 91,311

FOREST COMMUNITY FOUNDATION
Statement of Cash Flows
Year Ended December 31, 2014

	2014	2013
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 49,944	\$ 91,311
Items not affecting cash:		
Change in unrealized gain (loss) on investments	3,214	(53,300)
Capital gains (losses), net	(62,943)	(40,184)
	(9,785)	(2,173)
Changes in non-cash working capital:		
Accounts receivable	959	(354)
Accounts payable and accrued liabilities	1	(1)
HST payable (receivable)	21	510
	981	155
Cash flow used by operating activities	(8,804)	(2,018)
INVESTING ACTIVITIES		
Proceeds from sale of investments	465,345	664,000
Purchases of Investments	(458,883)	(644,537)
Cash flow from investing activities	6,462	19,463
INCREASE (DECREASE) IN CASH FLOW	(2,342)	17,445
Cash - beginning of year	86,501	69,056
CASH - END OF YEAR	\$ 84,159	\$ 86,501

FOREST COMMUNITY FOUNDATION

Notes to Financial Statements

Year Ended December 31, 2014

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

Revenue recognition

The Foundation follows the deferral method of accounting for contributions. Unrestricted contributions are 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

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.

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.

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FOREST COMMUNITY FOUNDATION

Notes to Financial Statements

Year Ended December 31, 2014

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

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, 2014

3. Investments

	2014	2013
Fixed Income Securities	\$ 767,399	\$ 778,271
Common Stock & Equivalents	450,069	435,636
Mutual Funds	252,144	202,438
	\$ 1,469,612	\$ 1,416,345

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.

4. 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.

5. Donations

During the year donations were made to the following organizations.

	2014
Communities in Bloom	\$ 4,921
Kiwanis Kineto Theatre	1,600
Lambton County Development Services	1,700
North Lambton Secondary School	3,000
Little Rocker Curling	4,683
Lambton Senior Citizen Home Corporation	9,888
Forest Agricultural Society	20,000
Forest Food Bank	7,400
	\$ 53,192

During the year, unused grants from the previous years totalling \$4,921 (2013 - \$nil) were refunded to the foundation and are shown as Refunded donations on the statement of operations.

6. Donations - Restricted

During the year, there were no restricted donations paid out (2013 - \$350).

7. Comparative figures

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