

**FINANCIAL STATEMENTS
DECEMBER 31, 2014**

CONTENT

Management's Responsibility for the Financial Statements	1
Independent Auditor's Report	2
Statement of Financial Position	3
Statement of Operations and Fund Balances	4
Statement of Cash Flows	5
Notes to the Financial Statements	6 - 11

**The Perth and District
Community Foundation
Financial Statements
December 31, 2014**

Allan

Chartered Accountant Professional Corporation

INDEPENDENT AUDITOR'S REPORT

To the Members of The Perth and District Community Foundation:

We have audited the accompanying financial statements of The Perth and District Community Foundation which comprise the statement of financial position as at December 31, 2014, and the statements of operations and fund balances 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 audit 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 an audit to obtain reasonable assurance whether the financial statements are free of 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 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.

Basis of Qualified Opinion

In common with many charitable organizations, the organization derives revenue from fundraising events the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses and cash flow from operations for the year ended, December 31, 2014, current assets as at December 31, 2014 and fund balances as at January 1, 2014 and December 31, 2014.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the 'Basis of Qualified Opinion' paragraph, the financial statements present fairly, in all material respects, the financial position of the Perth and District Community Foundation as at December 31, 2014, and the results of operations and cash flows for the year ended in accordance with Canadian accounting standards for Not-For-Profit Organizations.



Chartered Accountants
Licensed Public Accountants
Allan Chartered Accountant Professional Corporation
Authorized to practice public accounting by the Institute of Chartered Accountants of Ontario

Perth, Ontario,
March 12, 2015.

**The Perth and District Community Foundation
Statement of Operations and Fund Balances**

For the year ended December 31	Operating Fund	Unrestricted Fund	Restricted Fund	2014	2013
	\$	\$	\$	\$	\$
Revenues					
Donations	2,000	1,420	201,648	205,068	165,978
Investment income (loss)	---	15,258	58,264	73,522	71,805
Golf Tournament (net)	19,636	---	---	19,636	30,933
Christmas Fundraiser (net)	24,458	---	---	24,458	25,427
Other income	2,230	---	(711)	1,519	1,575
	<u>48,324</u>	<u>16,678</u>	<u>259,201</u>	<u>324,203</u>	<u>295,718</u>
Expenditures					
Administrative					
Marketing					
and advertising	2,249	---	---	2,249	4,445
Office and general	11,781	---	---	11,781	10,346
Salaries and benefits	45,701	---	---	45,701	39,291
Grants	10,010	4,103	92,314	106,427	38,000
	<u>69,741</u>	<u>4,103</u>	<u>92,314</u>	<u>166,158</u>	<u>92,082</u>
Net Revenues (Expenditures) for the Year	(21,417)	12,575	166,887	158,045	203,636
Fund Balances, Beginning of Year	56,459	147,759	824,704	1,028,922	825,286
Fund Balances, End of Year	<u>35,042</u>	<u>160,334</u>	<u>991,591</u>	<u>1,186,967</u>	<u>1,028,922</u>

The accompanying notes are an integral part of these financial statements.

The Perth and District Community Foundation

Notes to the Financial Statements

December 31, 2014

Purpose of Organization

The Perth and District Community Foundation was incorporated without share capital under Part II of the Canada Corporations Act. The Community Foundation pools charitable gifts which are invested in perpetuity. The income earned on these funds is used to encourage community development in areas such as arts and culture, health and social services, education and environmental initiatives.

The Foundation is a registered charity and is classified as a public foundation under Section 149.1(1) of the Income Tax Act (Canada). As such, the Community Foundation is exempt from income taxes and able to issue donation receipts for income tax purposes.

1. Significant Accounting Policies

Fund Accounting

The Foundation follows the restricted fund method for accounting for contributions. The Foundation ensures, as part of its fiduciary responsibilities, that all funds received with a restricted purpose are expended for that purpose.

For financial reporting purposes, the accounts have been classified into the following funds:

The Unrestricted Fund reports resources that are required to be maintained by the Foundation on a permanent basis but may be expended for any purpose approved by the Board.

The Restricted Fund reports resources that are available to be used for purposes specified by the donor and do not form part of the Unrestricted Fund.

The Operating Fund reports resources available for the Foundation's general operating activities. These activities include fund development, grant making, community leadership projects, and philanthropic services to the community. The general costs of supporting these activities are reported as expenditures in the Operating Fund.

Investments

The investments of the Foundation are classified as held-for-trading financial assets and are recorded at fair value using quoted market values. Investment income includes dividends, interest, realized gains (losses), the net change in unrealized gains (losses) for the year, less investment counsel and custodian fees.

Purchases and sales of investments are recorded at the settlement date. Investment costs are expensed as incurred.

The Perth and District Community Foundation Notes to the Financial Statements

December 31, 2014

1. Significant Accounting Policies / continued

Foreign Exchange

Investment transactions in foreign currencies are translated to Canadian dollars at the rate of exchange in effect at the date of the transaction. Investment held in foreign currencies are translated to Canadian dollars at the rate of exchange in effect at December 31.

Measurement Uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting year. Actual results could differ from management's best estimates, as additional information becomes available in the future. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in the periods in which they become known.

2. Investments

Investments of the Foundation, administered by RBC Dominion Securities, are invested in various GICs, bonds, debentures, stocks and equity funds and are stated at market value.

	2014	2013
	\$	\$
Cash and equivalents	31,056	23,747
Equities	747,476	596,293
Fixed income	325,948	320,554
	1,104,480	940,594

During the year, the net investment income was \$73,522 (2013 \$71,805) calculated as follows:

	2014	2013
	\$	\$
Investment income	88,437	83,894
Investment fees	(14,915)	(12,089)
Net Investment Income	73,522	71,805

The Perth and District Community Foundation

Notes to the Financial Statements

December 31, 2014

5. Risk Management

In the normal course of operations, the Foundation is exposed to a variety of financial risks which are actively managed by the Foundation.

The Foundation's financial instruments consist of cash, investments accounts payable and accrued liabilities. The fair values of cash, investments, accounts payable and accrued liabilities approximate their carrying values because of their expected short term maturity and treatment on normal trade terms.

The Foundation's exposure to and management of risk has not changed materially from December 31, 2013.

Interest Rate Risk

Interest rate risk arises from the possibility that the value of, or cash flows related to, a financial instrument will fluctuate as a result of changes in market interest rates. The Foundation is exposed to financial risk that arises from the interest rate differentials between the market interest rate and the rates on its cash and cash equivalents and operating loan. Changes in variable interest rates could cause unanticipated fluctuations in the Foundation's operating results.

Currency Risk

Currency risk is the risk that the fair value of future cash flows of financial instruments denominated in currencies other than the functional currency of the Foundation will fluctuate due to changes in foreign exchange rates.

Other Price Risk

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

6. Budget Figures

Non profit organizations are required to report the annual operating budgets approved by the Board. A summary of the operating budgets for the 2014 and 2013 fiscal years are set out below.