

NIAGARA COMMUNITY FOUNDATION
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2009

PARTRIDGE IGGULDEN



PARTRIDGE IGGULDEN LLP
CHARTERED ACCOUNTANTS

WALLACE PARTRIDGE, C.A.
LAWRENCE IGGULDEN, HONS. B.A., C.A.
ALAN SIMPSON, B.B.A., C.A.
ELISEO SINOPOLI, HONS. B. ADMIN., C.A.

February 12, 2010

To the Directors of
Niagara Community Foundation

We have completed the audit of Niagara Community Foundation for the year ended December 31, 2009 and have prepared and attached the following:

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We shall be pleased to provide any further information you may require.

A handwritten signature in black ink, appearing to read "L. A. Iggulden".

Lawrence A. Iggulden, Hons. B.A., C.A., for
PARTRIDGE IGGULDEN LLP
Chartered Accountants
Licensed Public Accountants

PARTRIDGE IGGULDEN



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AUDITORS' REPORT

To the Directors of
Niagara Community Foundation

We have audited the statement of financial position of the Niagara Community Foundation as at December 31, 2009 and the statements of operations and fund balances, and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many non-profit organizations, the completeness of donation revenues is not susceptible to satisfactory audit verification. Accordingly, our verification of the receipts from these sources was limited to a comparison of bank deposits with the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to revenues, excess of revenue over expenditures and net assets.

In our 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 revenues referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of Niagara Community Foundation as at December 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

St. Catharines, Ontario
February 12, 2010

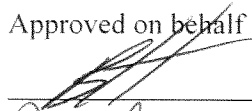
Partridge Iggulden LLP

PARTRIDGE IGGULDEN LLP
Chartered Accountants
Licensed Public Accountants

NIAGARA COMMUNITY FOUNDATIONSTATEMENT OF FINANCIAL POSITIONDECEMBER 31, 2009

| | <u>2009</u> | <u>2008</u> |
|---|----------------------|---------------------|
| <u>ASSETS</u> | | |
| Cash | \$ 94,754 | \$ 340,268 |
| Accounts receivable | 17,728 | 18,142 |
| Prepaid expenses | 9,888 | 4,512 |
| Investments (Note 4) | 9,925,701 | 8,712,815 |
| Fixed assets (Note 5) | <u>9,024</u> | <u>7,889</u> |
| | <u>\$ 10,057,095</u> | <u>\$ 9,083,626</u> |
| <u>LIABILITIES AND FUND BALANCES</u> | | |
| LIABILITIES | | |
| Accounts payable and accrued charges | \$ 14,360 | \$ 14,989 |
| Grants payable | 170,545 | 280,977 |
| Deferred revenue | <u>101,473</u> | <u>64,206</u> |
| | <u>286,378</u> | <u>360,172</u> |
| FUNDS | | |
| Operating fund (Note 6) | 108,240 | 124,770 |
| Endowment fund | <u>9,662,477</u> | <u>8,598,684</u> |
| | <u>9,770,717</u> | <u>8,723,454</u> |
| | <u>\$ 10,057,095</u> | <u>\$ 9,083,626</u> |

Approved on behalf of the Board:


 _____, Director


 _____, Director

St. Catharines, Ontario

February 12, 2010

NIAGARA COMMUNITY FOUNDATIONSTATEMENT OF REVENUE, EXPENSES AND FUND BALANCESYEAR ENDED DECEMBER 31, 2009

| | 2009 | | | 2008 |
|--|-------------------|---------------------|---------------------|---------------------|
| | Operating Fund | Endowment Fund | Total | Total |
| REVENUE | | | | |
| Donations | \$ 34,636 | \$ 372,350 | \$ 406,986 | \$ 829,715 |
| Restricted donations | - | 235,932 | 235,932 | 281,359 |
| Investment income (loss) (Note 4) | 853 | 1,074,852 | 1,075,705 | (1,699,087) |
| Special events and sundry | 158,546 | 95,341 | 253,887 | 322,451 |
| Trillium grant | 48,909 | - | 48,909 | 7,783 |
| Other grants | 723 | - | 723 | 3,548 |
| | <u>243,667</u> | <u>1,778,475</u> | <u>2,022,142</u> | <u>(254,231)</u> |
| EXPENSES | | | | |
| Advertising and promotion | 19,904 | - | 19,904 | 6,518 |
| Amortization | 3,002 | - | 3,002 | 2,164 |
| Grants | - | 514,613 | 514,613 | 469,087 |
| Investment counsel fees | - | 68,188 | 68,188 | 74,195 |
| Office and administration | 66,019 | 12,307 | 78,326 | 65,174 |
| Salaries and benefits | 155,474 | - | 155,474 | 122,417 |
| Special events and projects | 101,820 | 33,552 | 135,372 | 189,983 |
| | <u>346,219</u> | <u>628,660</u> | <u>974,879</u> | <u>929,538</u> |
| EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE FUND TRANSFER | (102,552) | 1,149,815 | 1,047,263 | (1,183,769) |
| FUND TRANSFER | <u>86,022</u> | <u>(86,022)</u> | <u>-</u> | <u>-</u> |
| EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR | (16,530) | 1,063,793 | 1,047,263 | (1,183,769) |
| FUND BALANCE, BEGINNING OF YEAR | <u>124,770</u> | <u>8,598,684</u> | <u>8,723,454</u> | <u>9,907,223</u> |
| FUND BALANCE, END OF YEAR | <u>\$ 108,240</u> | <u>\$ 9,662,477</u> | <u>\$ 9,770,717</u> | <u>\$ 8,723,454</u> |

NIAGARA COMMUNITY FOUNDATIONSTATEMENT OF CASH FLOWSYEAR ENDED DECEMBER 31, 2009

| | <u>2009</u> | <u>2008</u> |
|---|------------------|-------------------|
| CASH FLOWS FROM (USED IN) OPERATIONS | | |
| Excess (deficiency) of revenue over expenses for the year | \$ 1,047,263 | \$ (1,183,769) |
| Add (deduct) items not affecting cash | | |
| Amortization | 3,002 | 2,164 |
| Realized (gain) loss on investments with Toronto Community Foundation | 606,887 | (110,534) |
| Unrealized (gain) loss on investments with Toronto Community Foundation | (1,358,922) | 1,803,020 |
| Realized (gain) loss on investments administered by the Foundation | 23 | 13,792 |
| Loss on disposal of equipment | - | 104 |
| | <u>298,253</u> | <u>524,777</u> |
| Effects on cash from changes in operating assets and liabilities | | |
| Accounts receivable | 414 | 98,495 |
| Prepaid expenses | (5,376) | 7,812 |
| Accounts payable and accrued charges | (629) | (13,053) |
| Grants payable | (110,432) | 167,695 |
| Deferred revenue | 37,267 | 22,528 |
| | <u>219,497</u> | <u>808,254</u> |
| CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES | | |
| Capital expenditures | (4,137) | (5,368) |
| Advances to investments, net of withdrawals | (460,874) | (617,909) |
| | <u>(465,011)</u> | <u>(623,277)</u> |
| INCREASE (DECREASE) IN CASH FOR THE YEAR | (245,514) | 184,977 |
| CASH, BEGINNING OF YEAR | <u>340,268</u> | <u>155,291</u> |
| CASH, END OF YEAR | <u>\$ 94,754</u> | <u>\$ 340,268</u> |

NIAGARA COMMUNITY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009

1. GENERAL

The Niagara Community Foundation is a public foundation registered under the Income Tax Act (Canada) and, as such, is exempt from income taxes and able to issue donation receipts for income tax purposes. The Foundation serves the Niagara Peninsula by building permanently endowed charitable funds for the changing needs and opportunities of the community.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the corporation are the representations of management prepared in accordance with Canadian generally accepted accounting principles, consistently applied. Due to the fact that a precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgment in the light of available information. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below:

Fund Accounting

The Foundation follows the deferral method of accounting for contributions and reports using fund accounting.

The operating fund reports resources available for the Foundation's general operating activities including fixed assets.

The endowment fund reports resources that are required to be maintained by the Foundation on a permanent basis.

Revenue Recognition

Contributions are recognized as revenue of the appropriate fund as received. Restricted donations are treated as deferred revenue until disbursed.

Gifts-in-kind

Gifts-in-kind are recognized when fair value can be reasonably estimated, the materials are used in the normal course of operations and the organization would have purchased the materials or services if they had not been contributed.

Investments

Investments are classified as held for trading and reported at fair value. They are initially recognized at acquisition cost and subsequently re-measured at fair value at each reporting date.

Investment Income

Interest income is recognized when earned, dividends when declared, and investment gains and losses when realized or based on fair value on the balance sheet date for investments classified as held for trading.

NIAGARA COMMUNITY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009

2. SIGNIFICANT ACCOUNTING POLICIES - cont'd

Fixed Assets and Amortization

Fixed assets are recorded at cost. Expenditures for maintenance and repairs are charged to operating expenses. Amortization is calculated using the declining balance method at rates designed to amortize the cost of fixed assets as follows:

| | |
|---------------------------|-----|
| Equipment and furnishings | 20% |
| Computer equipment | 30% |
| Computer software | 50% |

Additions during the year are amortized from the month of acquisition. Disposals are depreciated until the month of disposition. Gains or losses on assets sold or otherwise disposed of are included in the statement of operations.

3. FINANCIAL INSTRUMENTS

The Foundation's financial instruments consist of cash, accounts receivable, investments, accounts payable and accrued charges, and grants payable.

The price risk related to investments arises due to fluctuations as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. Accordingly, the Foundation is exposed to the effects of the market fluctuations.

Cash is held on deposit and interest is recorded when earned.

The carrying value of these financial instruments, approximates their fair value.

NIAGARA COMMUNITY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009

4. INVESTMENTS AND INVESTMENT INCOME (LOSS)

| | <u>2009</u> | <u>2008</u> |
|------------------------------|---------------------|---------------------|
| Toronto Community Foundation | \$ 9,613,878 | \$ 8,466,891 |
| Temporary investments | <u>311,823</u> | <u>245,924</u> |
| | <u>\$ 9,925,701</u> | <u>\$ 8,712,815</u> |

Most of the Foundation's investments are pooled with the investments of the Toronto Community Foundation for investing purposes.

The pooled funds are invested as follows:

| | <u>2009</u> | <u>2008</u> |
|------------------------|----------------|----------------|
| Cash | 2.1 % | - % |
| Canadian equities | 29.0 | 20.8 |
| Global equities | 34.4 | 36.4 |
| Bonds | 33.4 | 41.5 |
| Alternative strategies | <u>1.1</u> | <u>1.3</u> |
| | <u>100.0 %</u> | <u>100.0 %</u> |

| | <u>2009</u> | <u>2008</u> |
|--|---------------------|-----------------------|
| Income (loss) earned on funds administered by the Toronto Community Foundation on the Foundation's behalf | | |
| Interest and dividends | \$ 322,840 | \$ 172,868 |
| Realized gains (losses) | (606,887) | (62,335) |
| Unrealized gains (losses) | <u>1,358,922</u> | <u>(1,803,019)</u> |
| | 1,074,875 | (1,692,486) |
| Income (loss) earned on funds administered by the Foundation | <u>(23)</u> | <u>(13,792)</u> |
| | 1,074,852 | (1,706,278) |
| Income earned on the assets held by the Operating Fund | <u>853</u> | <u>7,191</u> |
| Net income (loss) | <u>\$ 1,075,705</u> | <u>\$ (1,699,087)</u> |

NIAGARA COMMUNITY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009

5. **FIXED ASSETS**

| | <u>2009</u> | | <u>2008</u> | |
|---------------------------|------------------|--------------------------|---------------------------|---------------------------|
| | <u>Cost</u> | <u>Accum. Amort.</u> | <u>Net Book Value</u> | <u>Net Book Value</u> |
| Equipment and furnishings | \$ 10,781 | \$ 5,804 | \$ 4,977 | \$ 3,570 |
| Computer equipment | 9,003 | 5,311 | 3,692 | 2,898 |
| Computer software | 2,131 | 1,776 | 355 | 1,421 |
| | <u>\$ 21,915</u> | <u>\$ 12,891</u> | <u>\$ 9,024</u> | <u>\$ 7,889</u> |

6. **OPERATING FUND BALANCE**

| | <u>2009</u> | <u>2008</u> |
|---|-------------------|-------------------|
| Invested in fixed assets | | |
| Fixed assets | \$ 9,024 | \$ 7,889 |
| Deferred contributions restricted toward fixed assets | <u>(3,243)</u> | <u>(3,286)</u> |
| | 5,781 | 4,603 |
| Unrestricted | <u>102,459</u> | <u>120,167</u> |
| | <u>\$ 108,240</u> | <u>\$ 124,770</u> |

7. **PLEDGES**

As at December 31, 2009 pledges expected to be received in future years is \$306,740 (2008: \$259,847). This amount is not reflected in the accompanying financial statements.

8. **LIFE INSURANCE POLICIES**

The Foundation is the owner and beneficiary of certain life insurance policies. The face value of the policies is \$332,943 (2008: \$332,943). This amount is not reflected in the accompanying financial statements.

9. **GIFTS-IN-KIND**

During the year the Foundation received \$63,204 (2008: \$611,763) of gifts-in-kind which are recorded in donation revenue.

NIAGARA COMMUNITY FOUNDATION
SUPPLEMENTARY CORPORATE INFORMATION
DECEMBER 31, 2009

Niagara Community Foundation was incorporated as a company without share capital under the laws of Canada on April 18, 2000 for the purpose of building permanently endowed charitable funds for changing needs and opportunities of the community.

HEAD OFFICE:

17 Queen Street
 St. Catharines, Ontario
 L2R 5G5

DIRECTORS AND OFFICERS:

| | |
|-------------------|------------------|
| Brad Hutchings | - President |
| Mel Groom | - Vice President |
| Jodi Lycett | - Treasurer |
| Maria Menechella | - Secretary |
| Betty-Lou Souter | - Past President |
| John Armstrong | |
| Steve Butz | |
| Bill Charron | |
| John Fisher | |
| Alan Goddard | |
| Paul Jones | |
| Rena McDonald | |
| Kelly Robson | |
| Wade Stayzer | |
| Rob Welch | |
| Chris Wilson | |
| Madeline Woodhead | |

EXECUTIVE DIRECTOR:

Liz Palmieri

BANKER:

Bank of Montreal
 31 King Street
 P.O. Box 520
 St. Catharines, Ontario
 L2R 6W7

AUDITORS:

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 Chartered Accountants
 Licensed Public Accountants
 110 Hannover Drive, Suite B201
 St. Catharines, Ontario
 L2W 1A4