

NIAGARA COMMUNITY FOUNDATION  
FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2010

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# PARTRIDGE IGGULDEN

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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.

April 21, 2011

To the Directors of  
Niagara Community Foundation

We have completed the audit of Niagara Community Foundation for the year ended December 31, 2010 and have prepared and attached the following:

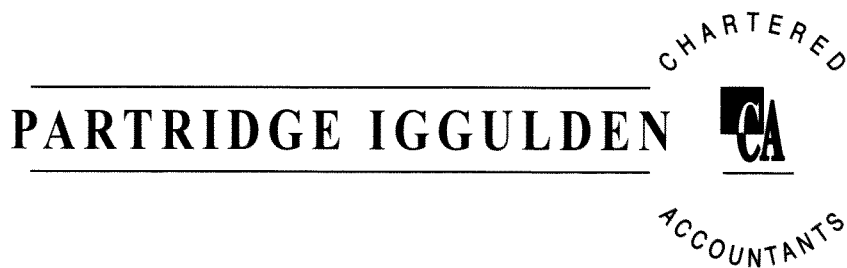
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We shall be pleased to provide any further information you may require.

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



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## INDEPENDENT AUDITORS' REPORT

To the Directors of  
Niagara Community Foundation

We have audited the accompanying financial statements of Niagara Community Foundation, which comprise the statement of financial position as at December 31, 2010 and the statements of revenue, expenses 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 generally accepted accounting principles, 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.

### **Auditors' 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 qualified audit opinion

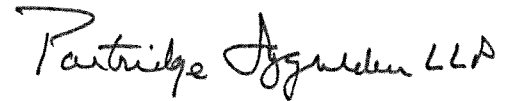
**Basis for Qualified Opinion**

In common with many non-profit organizations, the completeness of donation revenues is not susceptible of 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.

**Opinion**

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion, these financial statements present fairly, in all material respects, the financial position of Niagara Community Foundation as at December 31, 2010 and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

St. Catharines, Ontario  
April 21, 2011




**PARTRIDGE IGGULDEN LLP**  
Chartered Accountants  
Licensed Public Accountants

NIAGARA COMMUNITY FOUNDATIONSTATEMENT OF FINANCIAL POSITIONDECEMBER 31, 2010

	<u>2010</u>	<u>2009</u>
<u>ASSETS</u>		
Cash	\$ 237,001	\$ 94,754
Accounts receivable	18,059	17,728
Prepaid expenses	11,059	9,888
Investments (Note 4)	11,080,124	9,925,701
Fixed assets (Note 5)	<u>6,567</u>	<u>9,024</u>
	<u>\$ 11,352,810</u>	<u>\$ 10,057,095</u>
<u>LIABILITIES AND FUND BALANCES</u>		
<u>LIABILITIES</u>		
Accounts payable and accrued charges	\$ 16,833	\$ 14,360
Grants payable	78,657	170,545
Deferred revenue	<u>75,132</u>	<u>101,473</u>
	<u>170,622</u>	<u>286,378</u>
<u>FUNDS</u>		
Operating fund (Note 6)	96,571	108,240
Endowment fund	<u>11,085,617</u>	<u>9,662,477</u>
	<u>11,182,188</u>	<u>9,770,717</u>
	<u>\$ 11,352,810</u>	<u>\$ 10,057,095</u>

Approved on behalf of the Board:


 \_\_\_\_\_, Director


 \_\_\_\_\_, Director

St. Catharines, Ontario

April 21, 2011

NIAGARA COMMUNITY FOUNDATION

STATEMENT OF REVENUE, EXPENSES AND FUND BALANCES

YEAR ENDED DECEMBER 31, 2010

	2010			2009
	Operating Fund	Endowment Fund	Total	Total
<b>REVENUE</b>				
Donations	\$ 37,529	\$ 1,037,643	\$ 1,075,172	\$ 406,986
Restricted donations	-	168,843	168,843	235,932
Investment income (Note 4)	2,389	899,533	901,922	1,075,705
Special events and sundry	184,741	35,327	220,068	253,887
Special grants (Note 7)	97,683	-	97,683	723
Trillium grant	22,364	-	22,364	48,909
	<u>344,706</u>	<u>2,141,346</u>	<u>2,486,052</u>	<u>2,022,142</u>
<b>EXPENSES</b>				
Advertising and promotion	24,031	-	24,031	19,181
Amortization	2,457	-	2,457	3,002
Grants	-	518,003	518,003	514,613
Investment counsel fees	-	75,774	75,774	68,188
Office and administration	62,894	12,170	75,064	78,326
Salaries and benefits	166,202	-	166,202	155,474
Special events and projects	99,530	15,837	115,367	135,372
Special grants (Note 7)	97,683	-	97,683	723
	<u>452,797</u>	<u>621,784</u>	<u>1,074,581</u>	<u>974,879</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE FUND TRANSFER</b>	(108,091)	1,519,562	1,411,471	1,047,263
<b>FUND TRANSFER</b>	<u>96,422</u>	<u>(96,422)</u>	<u>-</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR</b>	(11,669)	1,423,140	1,411,471	1,047,263
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>108,240</u>	<u>9,662,477</u>	<u>9,770,717</u>	<u>8,723,454</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 96,571</u>	<u>\$ 11,085,617</u>	<u>\$ 11,182,188</u>	<u>\$ 9,770,717</u>

**NIAGARA COMMUNITY FOUNDATION****STATEMENT OF CASH FLOWS****YEAR ENDED DECEMBER 31, 2010**

	<u>2010</u>	<u>2009</u>
<b>CASH FLOWS FROM (USED IN) OPERATIONS</b>		
Excess of revenue over expenses for the year	\$ 1,411,471	\$ 1,047,263
Add (deduct) items not affecting cash		
Amortization	2,457	3,002
Realized (gain) loss on investments with Toronto Community Foundation	(381,655)	606,887
Unrealized (gain) loss on investments with Toronto Community Foundation	(222,410)	(1,358,922)
Realized (gain) loss on investments administered by the Foundation	-	23
	<u>809,863</u>	<u>298,253</u>
Effects on cash from changes in operating assets and liabilities		
Accounts receivable	(331)	414
Prepaid expenses	(1,171)	(5,376)
Accounts payable and accrued charges	2,473	(629)
Grants payable	(91,888)	(110,432)
Deferred revenue	(26,341)	37,267
	<u>692,605</u>	<u>219,497</u>
<b>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES</b>		
Capital expenditures	-	(4,137)
Transfers to investments, net of withdrawals	(550,358)	(460,874)
	<u>(550,358)</u>	<u>(465,011)</u>
<b>INCREASE (DECREASE) IN CASH FOR THE YEAR</b>	142,247	(245,514)
<b>CASH, BEGINNING OF YEAR</b>	<u>94,754</u>	<u>340,268</u>
<b>CASH, END OF YEAR</b>	<u>\$ 237,001</u>	<u>\$ 94,754</u>

**NIAGARA COMMUNITY FOUNDATION****NOTES TO THE FINANCIAL STATEMENTS****DECEMBER 31, 2010****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 Foundation 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 FOUNDATIONNOTES TO THE FINANCIAL STATEMENTSDECEMBER 31, 20102. **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, 2010

4. INVESTMENTS AND INVESTMENT INCOME

	<u>2010</u>	<u>2009</u>
Toronto Community Foundation	\$ 11,037,596	\$ 9,679,777
Temporary investments	<u>42,528</u>	<u>245,924</u>
	<u>\$ 11,080,124</u>	<u>\$ 9,925,701</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>2010</u>	<u>2009</u>
Cash	1.6 %	2.1 %
Canadian equities	26.8	29.0
Global equities	37.2	34.4
Bonds	33.3	33.4
Alternative strategies	<u>1.1</u>	<u>1.1</u>
	<u>100.0 %</u>	<u>100.0 %</u>

	<u>2010</u>	<u>2009</u>
Income (loss) on funds administered by the Toronto Community Foundation on the Foundation's behalf		
Interest and dividends	\$ 295,468	\$ 322,840
Realized gains (losses)	381,655	(606,887)
Unrealized gains	<u>222,410</u>	<u>1,358,922</u>
	899,533	1,074,875
Income (loss) on funds administered by the Foundation	<u>-</u>	<u>(23)</u>
	899,533	1,074,852
Income on the assets held by the Operating Fund	<u>2,389</u>	<u>853</u>
Net income	<u>\$ 901,922</u>	<u>\$ 1,075,705</u>

**NIAGARA COMMUNITY FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2010**

**5. FIXED ASSETS**

	2010		2009	
	Cost	Accum. Amort.	Net Book Value	Net Book Value
Equipment and furnishings	\$ 10,781	\$ 6,799	\$ 3,982	\$ 4,977
Computer equipment	9,003	6,418	2,585	3,692
Computer software	2,131	2,131	-	355
	<u>\$ 21,915</u>	<u>\$ 15,348</u>	<u>\$ 6,567</u>	<u>\$ 9,024</u>

**6. OPERATING FUND BALANCE**

	2010	2009
Invested in fixed assets		
Fixed assets	\$ 6,567	\$ 9,024
Deferred contributions restricted toward fixed assets	(2,354)	(3,243)
	4,213	5,781
Unrestricted	92,358	102,459
	<u>\$ 96,571</u>	<u>\$ 108,240</u>

**7. SPECIAL GRANTS**

Special grants are represented by amounts received from the Ontario Trillium Foundation to fund special projects for the Niagara Research & Planning Council ("NRPC") and Leadership Niagara ("LN"). Revenues and expenses for the year are as follows:

	2010		2009	
	NRPC	LN	Total	Total
Revenue	<u>\$ 67,329</u>	<u>\$ 30,354</u>	<u>\$ 97,683</u>	<u>\$ 723</u>
Expenses				
Advertising	745	-	745	723
Consulting	-	30,354	30,354	-
Office and general	1,494	-	1,494	-
Salaries and wages	63,865	-	63,865	-
Travel	1,225	-	1,225	-
	<u>\$ 67,329</u>	<u>\$ 30,354</u>	<u>\$ 97,683</u>	<u>\$ 723</u>

NIAGARA COMMUNITY FOUNDATIONNOTES TO THE FINANCIAL STATEMENTSDECEMBER 31, 2010**8. PLEDGES**

As at December 31, 2010, pledges expected to be received in future years is \$383,540 (2009: \$306,740). This amount is not reflected in the accompanying financial statements.

**9. LIFE INSURANCE POLICIES**

The Foundation is the owner and beneficiary of certain life insurance policies. The face value of the policies is \$332,943 (2009: \$332,943). This amount is not reflected in the accompanying financial statements.

**10. GIFTS-IN-KIND**

During the year the Foundation received \$681,305 (2009: \$63,204) of gifts-in-kind which are recorded in donation revenue.

**NIAGARA COMMUNITY FOUNDATION**  
**SUPPLEMENTARY CORPORATE INFORMATION**  
**DECEMBER 31, 2010**

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:**

Mel Groom	- President
Jodi Lycett	- Vice-President
Wade Stayzer	- Treasurer
Maria Menechella	- Secretary
Brad Hutchings	- Past-President
John Armstrong	
William Charron	
John Fisher	
Alan Goddard	
Paul Jones	
Rena McDonald	
Kelly Robson	
Rob Welch	
Doug Whitty	
Christopher Wilson	
Madeline Woodhead	

**EXECUTIVE DIRECTOR:**

Liz Palmieri

**AUDITORS:**

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

**BANKER:**

Bank of Montreal  
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 St. Catharines, Ontario  
 L2R 6W7