

NIAGARA COMMUNITY FOUNDATION
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

PARTRIDGE IGGULDEN



PARTRIDGE IGGULDEN LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

WALLACE PARTRIDGE, CPA, CA
LAWRENCE IGGULDEN, Hons. B.A., FCPA, CA
ALAN SIMPSON, B.B.A., CPA, CA
ELISEO SINOPLI, Hons. B. Admin., CPA, CA

May 1, 2014

To the Directors of
Niagara Community Foundation

We have completed the audit of Niagara Community Foundation for the year ended December 31, 2013 and attached the following:

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

Lawrence A. Iggulden, Hons. B.A., FCPA, FCA, for
PARTRIDGE IGGULDEN LLP
Chartered Professional Accountants
Licensed Public Accountants



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INDEPENDENT AUDITOR'S 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, 2013 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 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 in our audit is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable 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 expenses and fund balances.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion, the financial statements present fairly, in all material respects, the financial position of Niagara Community Foundation as at December 31, 2013 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

St. Catharines, Ontario
May 1, 2014

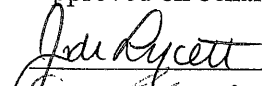



PARTRIDGE IGGULDEN LLP
Chartered Professional Accountants
Licensed Public Accountants

NIAGARA COMMUNITY FOUNDATIONSTATEMENT OF FINANCIAL POSITIONDECEMBER 31, 2013

	<u>2013</u>	<u>2012</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 536,988	\$ 469,048
Accounts receivable	20,701	28,402
Bequest receivable	-	3,971,634
Prepaid expenses	<u>9,923</u>	<u>22,421</u>
	567,612	4,491,505
INVESTMENTS (Note 2)	23,756,642	16,830,091
FIXED ASSETS (Note 3)	<u>4,824</u>	<u>6,243</u>
	<u>\$ 24,329,078</u>	<u>\$ 21,327,839</u>
<u>LIABILITIES AND FUND BALANCES</u>		
LIABILITIES		
Accounts payable and accrued charges (Note 4)	\$ 20,649	\$ 28,196
Grants payable	212,616	187,943
Deferred revenue	<u>116,641</u>	<u>98,163</u>
	<u>349,906</u>	<u>314,302</u>
FUNDS		
Operating fund (Note 6)	54,370	52,091
Endowment fund	<u>23,924,802</u>	<u>20,961,446</u>
	<u>23,979,172</u>	<u>21,013,537</u>
	<u>\$ 24,329,078</u>	<u>\$ 21,327,839</u>

Approved on behalf of the Board:

 _____, Director
 _____, Director

St. Catharines, Ontario

May 1, 2014

NIAGARA COMMUNITY FOUNDATION

STATEMENT OF REVENUE, EXPENSES AND FUND BALANCES

YEAR ENDED DECEMBER 31, 2013

	2013			2012
	Operating Fund	Endowment Fund	Total	Total
REVENUE				
Donations	\$ 12,894	\$ 956,193	\$ 969,087	\$ 6,697,385
Flow through donations	-	223,009	223,009	139,903
Investment income (Note 2)	-	1,592,855	1,592,855	1,268,509
Unrealized gain on investments (Note 2)	-	1,287,135	1,287,135	744,478
Special events and other fundraising	197,693	171,198	368,891	376,748
Special projects (Note 7)	270,607	-	270,607	211,451
Trillium grant	1,254	-	1,254	461
	<u>482,448</u>	<u>4,230,390</u>	<u>4,712,838</u>	<u>9,438,935</u>
EXPENSES				
Administrative, governance, overhead	136,017	163,376	299,393	237,642
Charitable programs	73,636	-	73,636	77,972
Fund development	197,035	79,201	276,236	281,085
Grants and donations	-	827,331	827,331	581,409
Special projects (Note 7)	270,607	-	270,607	211,451
	<u>677,295</u>	<u>1,069,908</u>	<u>1,747,203</u>	<u>1,389,559</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE FUND TRANSFER	(194,847)	3,160,482	2,965,635	8,049,376
FUND TRANSFER (Note 8)	<u>197,126</u>	<u>(197,126)</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	2,279	2,963,356	2,965,635	8,049,376
FUND BALANCE, BEGINNING OF YEAR	<u>52,091</u>	<u>20,961,446</u>	<u>21,013,537</u>	<u>12,964,161</u>
FUND BALANCE, END OF YEAR	<u>\$ 54,370</u>	<u>\$ 23,924,802</u>	<u>\$ 23,979,172</u>	<u>\$ 21,013,537</u>

NIAGARA COMMUNITY FOUNDATIONSTATEMENT OF CASH FLOWSYEAR ENDED DECEMBER 31, 2013

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM (USED IN) OPERATIONS		
Excess of revenue over expenses for the year	\$ 2,965,635	\$ 8,049,376
Add (deduct) items not affecting cash		
Amortization	1,419	1,367
Donations in-kind, net of expense	(341,921)	(1,631,281)
Unrealized gain on investments (Note 2)	<u>(1,287,135)</u>	<u>(744,478)</u>
	1,337,998	5,674,984
Effects on cash from changes in operating assets and liabilities		
Accounts receivable	7,701	(15,753)
Bequest receivable	3,971,634	(3,971,634)
Prepaid expenses	12,498	(14,795)
Accounts payable and accrued charges	(7,547)	6,939
Grants payable	24,673	80,505
Deferred revenue	<u>18,478</u>	<u>38,344</u>
	<u>5,365,435</u>	<u>1,798,590</u>
CASH FLOWS USED IN INVESTING ACTIVITIES		
Capital expenditures	-	(2,615)
Transfers to investments, net of withdrawals	<u>(5,297,495)</u>	<u>(1,450,156)</u>
	<u>(5,297,495)</u>	<u>(1,452,771)</u>
INCREASE IN CASH FOR THE YEAR	67,940	345,819
CASH, BEGINNING OF YEAR	<u>469,048</u>	<u>123,229</u>
CASH, END OF YEAR	<u>\$ 536,988</u>	<u>\$ 469,048</u>

NIAGARA COMMUNITY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

OPERATIONS

The Niagara Community Foundation is a public foundation registered under the Canada Not-for-Profit Corporations Act 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.

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations, and reflect the following policies:

Revenue recognition

The Foundation follows the restricted fund method of accounting for unrestricted and endowment contributions. Externally restricted contributions for purposes other than endowment are deferred and recognized as revenue in the year in which related expenses are incurred.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Pledged donations are not recorded until received due to the uncertainty involved in their collection.

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

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

The Endowment Fund reports resources contributed for endowment that are required to be maintained by the Foundation on a permanent basis.

Investment Income

Interest income is recognized when earned, dividends when declared, and investment gains and losses when realized or unrealized based on the changes in the fair value of the investments as at the statement of financial position date.

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%

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. Fixed assets are tested for impairment when changes in circumstances indicate the asset could be impaired.

NIAGARA COMMUNITY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Disclosure of Allocated Expenses

The Foundation's operations include administrative, governance, overhead, charitable programs and funds development expenditures. The costs of each function include the costs of personnel that are directly related to carry out these activities.

The Foundation allocates salaries and benefits proportionately based on the time spent by personnel to carry out these activities.

Financial Instruments

Financial instruments are comprised of cash, accounts receivable, investments, accounts payable and accrued charges and grants payable.

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, investments are reported at fair value, with any unrealized gains and losses reported in operations. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

Estimates

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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

2. INVESTMENTS AND INVESTMENT INCOME

	<u>2013</u>	<u>2012</u>
Toronto Community Foundation ("TCF")	\$ 17,789,659	\$ 15,326,088
RBC Dominion Securities ("RBC")	5,966,933	1,503,953
Temporary investments	<u>50</u>	<u>50</u>
	<u>\$ 23,756,642</u>	<u>\$ 16,830,091</u>

The majority of the Foundation's investments are pooled with the investments of the TCF and RBC. These funds are invested as follows:

	<u>2013</u>	<u>2012</u>
Cash	7.8 %	8.2 %
Canadian equities	16.0	29.2
Global equities	28.4	42.9
Fixed Income Bonds	27.6	14.2
Alternative strategies	<u>20.2</u>	<u>5.5</u>
	<u>100.0 %</u>	<u>100.0 %</u>

NIAGARA COMMUNITY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

2. INVESTMENTS AND INVESTMENT INCOME (continued)

Income (loss) on funds administered by the TCF and RBC on the Foundation's behalf are as follows:

	<u>2013</u>	<u>2012</u>
Interest and dividends	\$ 501,408	\$ 461,369
Realized gains	<u>1,091,447</u>	<u>415,066</u>
	1,592,855	876,435
Loss on temporary investments	-	(664)
Income on funds held in trust	<u>-</u>	<u>392,738</u>
Investment income	<u>\$ 1,592,855</u>	<u>\$ 1,268,509</u>
Unrealized gains	<u>\$ 1,287,135</u>	<u>\$ 744,478</u>

3. FIXED ASSETS

	Net Book Value <u>Jan. 1, 2013</u>	Amort. Charged For Year	<u>December 31, 2013</u>		
			<u>Cost</u>	<u>Accum. Amort.</u>	<u>Net Book Value</u>
Equipment and furnishings	\$ 4,539	\$ 908	\$ 12,771	\$ 9,140	\$ 3,631
Computer equipment	<u>1,704</u>	<u>511</u>	<u>9,628</u>	<u>8,435</u>	<u>1,193</u>
	<u>\$ 6,243</u>	<u>\$ 1,419</u>	<u>\$ 22,399</u>	<u>\$ 17,575</u>	<u>\$ 4,824</u>

4. ACCOUNTS PAYABLE AND ACCRUED CHARGES

	<u>2013</u>	<u>2012</u>
Accounts payable	\$ 16,131	\$ 23,836
Source deductions payable	<u>4,518</u>	<u>4,360</u>
	<u>\$ 20,649</u>	<u>\$ 28,196</u>

5. COMMITMENT

The Foundation leases space in a building at 8 Church Street, St. Catharines with the lease expiring on September 30, 2015. Minimum lease and common area maintenance payments are as follows:

Year ending December 31, 2014	\$ 16,100
2015	<u>12,075</u>
	<u>\$ 28,175</u>

NIAGARA COMMUNITY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2013

6. OPERATING FUND BALANCE

	<u>2013</u>	<u>2012</u>
Invested in fixed assets		
Fixed assets	\$ 4,824	\$ 6,243
Deferred contributions restricted toward fixed assets	-	(1,254)
	<u>4,824</u>	<u>4,989</u>
Unrestricted Funds	<u>49,546</u>	<u>47,102</u>
	<u>\$ 54,370</u>	<u>\$ 52,091</u>

7. SPECIAL PROJECTS

Special projects are represented by amounts received to fund the Niagara Connects ("NC") and Niagara Prosperity Initiative ("NPI"). Revenues and expenses for the year are as follows:

	<u>2013</u>			<u>2012</u>
	<u>NC</u>	<u>NPI</u>	<u>Total</u>	<u>Total</u>
Revenue	<u>\$ 220,783</u>	<u>\$ 49,824</u>	<u>\$ 270,607</u>	<u>\$ 211,451</u>
Expenses				
Consulting	\$ 14,998	\$ 38,926	\$ 53,924	\$ 37,765
NC projects	113,920	-	113,920	82,841
Office and general	10,424	8,532	18,956	12,541
Salaries and wages	77,510	-	77,510	72,783
Travel	3,931	2,366	6,297	5,521
	<u>\$ 220,783</u>	<u>\$ 49,824</u>	<u>\$ 270,607</u>	<u>\$ 211,451</u>

8. FUND TRANSFER

Administration fees are charged on endowment fund balances at rates varying from 0.75% to 1% per annum. There is a minimum fee of \$50 for the year which could be waived depending on the agreement.

Flow through accounts fees vary based on the agreement, many do not have fees due to their short-term nature.

9. ALLOCATION OF EXPENSES

Salaries and benefits expenses incurred during the year amounted to \$198,146 (2012: \$192,681). These expenses have been allocated on the Statement of Revenue, Expenses and Fund Balances as follows:

	<u>2013</u>	<u>2012</u>
Administrative, governance, overhead	\$ 41,559	\$ 40,559
Charitable programs	69,323	64,433
Fund development	<u>87,264</u>	<u>87,689</u>
	<u>\$ 198,146</u>	<u>\$ 192,681</u>

NIAGARA COMMUNITY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

10. PLEDGES

As at December 31, 2013, pledges expected to be received in future years total \$360,936 (2012: \$391,452). In addition, the amount of lifetime pledges total \$16,252 annually. These amounts are not reflected in the financial statements.

11. LIFE INSURANCE POLICIES

The Foundation is the owner and beneficiary of certain life insurance policies. The face value of the policies is \$527,349 (2012: \$527,349). This amount is not reflected in the financial statements.

12. GIFTS-IN-KIND

During the year, the Foundation received \$366,515 (2012: \$1,663,659) of gifts-in-kind which are recorded in donations and special events revenue. The majority of gifts-in-kind relate to endowment donations of investment securities totalling \$341,921 (2012: \$1,631,281).

13. FINANCIAL RISKS AND CONCENTRATION OF RISK

The significant financial risk to which the Foundation is exposed is price and credit risk. There have been no changes to risk exposures from prior year.

Price Risk Exposure

The price risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices. The Foundation is exposed to the effects of the market fluctuations related to its investments 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.

Credit Risk Exposure

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Foundation is exposed to credit risk in the event of non-performance by counterparties in connection with its investments. Management has an investment policy in place to reduce exposure to credit risk with a balanced and diversified portfolio.

NIAGARA COMMUNITY FOUNDATIONSUPPLEMENTARY CORPORATE INFORMATIONDECEMBER 31, 2013

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. The Organization filed a certificate of continuance on October 9, 2013 to continue under the Canada Not-for-Profit Corporations Act.

HEAD OFFICE:

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DIRECTORS AND OFFICERS:

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Christopher Wilson - Secretary
Mel Groom - Past-President
Sandy Annunziata
William Charron
Dino DiCienzo
Denise Elliott
John Fisher
Rich Gark
Alan Goddard
Damian Goulbourne
Kelly Robson
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