

**NIAGARA COMMUNITY FOUNDATION**

**FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2011**

**PARTRIDGE IGGULDEN**



PARTRIDGE IGGULDEN LLP  
CHARTERED ACCOUNTANTS

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

May 3, 2012

To the Directors of  
Niagara Community Foundation

We have completed the audit of Niagara Community Foundation for the year ended December 31, 2011 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., FCA, for  
**PARTRIDGE IGGULDEN LLP**  
Chartered Accountants  
Licensed Public Accountants

**PARTRIDGE IGGULDEN**



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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, 2011 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 auditors' 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 expenses and fund balances.

**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, 2011 and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

St. Catharines, Ontario  
May 3, 2012



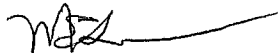
**PARTRIDGE IGGULDEN LLP**

Chartered Accountants  
Licensed Public Accountants

NIAGARA COMMUNITY FOUNDATIONSTATEMENT OF FINANCIAL POSITIONDECEMBER 31, 2011

	<u>2011</u>	<u>2010</u>
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 123,229	\$ 237,001
Accounts receivable	12,649	18,059
Prepaid expenses	<u>7,626</u>	<u>11,059</u>
	143,504	266,119
<b>INVESTMENTS (Note 5)</b>	<b>13,004,176</b>	<b>11,080,124</b>
<b>FIXED ASSETS (Note 6)</b>	<b><u>4,995</u></b>	<b><u>6,567</u></b>
	<b><u>\$ 13,152,675</u></b>	<b><u>\$ 11,352,810</u></b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>		
<b>LIABILITIES</b>		
Accounts payable and accrued charges	\$ 21,257	\$ 16,833
Grants payable	107,438	78,657
Deferred revenue	<u>59,819</u>	<u>75,132</u>
	<u>188,514</u>	<u>170,622</u>
<b>FUNDS</b>		
Operating fund (Note 7)	82,435	96,571
Endowment fund	<u>12,881,726</u>	<u>11,085,617</u>
	<u>12,964,161</u>	<u>11,182,188</u>
	<b><u>\$ 13,152,675</u></b>	<b><u>\$ 11,352,810</u></b>

Approved on behalf of the Board:

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

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

St. Catharines, Ontario

May 3, 2012

NIAGARA COMMUNITY FOUNDATIONSTATEMENT OF REVENUE, EXPENSES AND FUND BALANCESYEAR ENDED DECEMBER 31, 2011

	2011			2010
	Operating Fund	Endowment Fund	Total	Total
<b>REVENUE</b>				
Donations	\$ 26,198	\$ 2,747,223	\$ 2,773,421	\$ 1,075,172
Restricted donations	-	176,064	176,064	168,843
Investment income (loss) (Note 5)	47	(42,348)	(42,301)	901,922
Special events	200,283	121,639	321,922	220,068
Special grants and projects (Note 8)	204,862	-	204,862	97,683
Trillium grant	639	-	639	22,364
	<u>432,029</u>	<u>3,002,578</u>	<u>3,434,607</u>	<u>2,486,052</u>
<b>EXPENSES</b>				
Administrative, governance, overhead	111,162	100,073	211,235	199,401
Charitable programs	67,925	916,938	984,863	581,581
Fund development	186,659	65,015	251,674	195,916
Special projects (Note 8)	204,862	-	204,862	97,683
	<u>570,608</u>	<u>1,082,026</u>	<u>1,652,634</u>	<u>1,074,581</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE FUND TRANSFER</b>	(138,579)	1,920,552	1,781,973	1,411,471
<b>FUND TRANSFER</b>	<u>124,443</u>	<u>(124,443)</u>	<u>-</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR</b>	(14,136)	1,796,109	1,781,973	1,411,471
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>96,571</u>	<u>11,085,617</u>	<u>11,182,188</u>	<u>9,770,717</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 82,435</u>	<u>\$ 12,881,726</u>	<u>\$ 12,964,161</u>	<u>\$ 11,182,188</u>

NIAGARA COMMUNITY FOUNDATIONSTATEMENT OF CASH FLOWSYEAR ENDED DECEMBER 31, 2011

	<u>2011</u>	<u>2010</u>
<b>CASH FLOWS FROM (USED IN) OPERATIONS</b>		
Excess of revenue over expenses for the year	\$ 1,781,973	\$ 1,411,471
Add (deduct) items not affecting cash		
Amortization	1,572	2,457
Donations in-kind, net of expense	(1,267,610)	(644,646)
Realized (gain) loss on investments	(181,007)	(381,655)
Unrealized (gain) loss on investments	566,471	(222,410)
Realized (gain) loss on investments administered by the Foundation	5,976	-
	<u>907,375</u>	<u>165,217</u>
Effects on cash from changes in operating assets and liabilities		
Accounts receivable	5,410	(331)
Prepaid expenses	3,433	(1,171)
Accounts payable and accrued charges	4,424	2,473
Grants payable	28,781	(91,888)
Deferred revenue	(15,313)	(26,341)
	<u>934,110</u>	<u>47,959</u>
<b>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES</b>		
Transfers to investments, net of withdrawals	(1,047,882)	94,288
	<u>(1,047,882)</u>	<u>94,288</u>
<b>INCREASE (DECREASE) IN CASH FOR THE YEAR</b>	(113,772)	142,247
<b>CASH, BEGINNING OF YEAR</b>	<u>237,001</u>	<u>94,754</u>
<b>CASH, END OF YEAR</b>	<u>\$ 123,229</u>	<u>\$ 237,001</u>

**NIAGARA COMMUNITY FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2011**

**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 FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011

**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. CHANGE IN ACCOUNTING POLICY**

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.

In prior years, salaries and benefits were shown as a separate line item on the Statement of Revenue, Expenses and Fund Balances.

In the current year, the Foundation allocates salaries and benefits by identifying the appropriate basis of allocating the expense. Salaries and benefits are allocated proportionately based on the time spent by personnel to carry out these activities.

The comparative figures have been changed retroactively to reflect the presentation adopted in the current year.

**4. 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, 2011

5. INVESTMENTS AND INVESTMENT INCOME

	2011	2010
Toronto Community Foundation	\$ 12,504,126	\$ 11,037,596
Temporary investments	500,050	42,528
	\$ 13,004,176	\$ 11,080,124

The majority 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:

	2011	2010
Cash	2.8 %	1.6 %
Canadian equities	25.4	26.8
Global equities	34.3	37.2
Bonds	36.4	33.3
Alternative strategies	1.1	1.1
	100.0 %	100.0 %

	2011	2010
Income (loss) on funds administered by the Toronto Community Foundation on the Foundation's behalf		
Interest and dividends	\$ 349,092	\$ 295,468
Realized gains	181,007	381,655
Unrealized gains (losses)	(566,471)	222,410
	(36,372)	899,533
Income (loss) on funds administered by the Foundation	(5,976)	-
	(42,348)	899,533
Income on the assets held by the Operating Fund	47	2,389
	\$ (42,301)	\$ 901,922
Investment income (loss)		

**NIAGARA COMMUNITY FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2011**

**6. FIXED ASSETS**

	<u>2011</u>		<u>2010</u>	
	<u>Cost</u>	<u>Accum. Amort.</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Equipment and furnishings	\$ 10,781	\$ 7,595	\$ 3,186	\$ 3,982
Computer equipment	9,003	7,194	1,809	2,585
Computer software	2,131	2,131	-	-
	<u>\$ 21,915</u>	<u>\$ 16,920</u>	<u>\$ 4,995</u>	<u>\$ 6,567</u>

**7. OPERATING FUND BALANCE**

	<u>2011</u>	<u>2010</u>
Invested in fixed assets		
Fixed assets	\$ 4,995	\$ 6,567
Deferred contributions restricted toward fixed assets	<u>(1,715)</u>	<u>(2,354)</u>
	3,280	4,213
Unrestricted	<u>79,155</u>	<u>92,358</u>
	<u>\$ 82,435</u>	<u>\$ 96,571</u>

**8. SPECIAL GRANTS AND PROJECTS**

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

	<u>2011</u>			<u>2010</u>	
	<u>NRPC</u>	<u>NPI</u>	<u>LN</u>	<u>Total</u>	<u>Total</u>
Revenue	<u>\$ 151,004</u>	<u>\$ 41,712</u>	<u>\$ 12,146</u>	<u>\$ 204,862</u>	<u>\$ 97,683</u>
Expenses					
Consulting	\$ -	\$ 31,182	\$ 12,146	\$ 43,328	\$ 30,354
Living in Niagara	69,139	-	-	69,139	-
Office and general	4,351	8,506	-	12,857	2,239
Salaries and wages	74,819	-	-	74,819	63,865
Travel	2,695	2,024	-	4,719	1,225
	<u>\$ 151,004</u>	<u>\$ 41,712</u>	<u>\$ 12,146</u>	<u>\$ 204,862</u>	<u>\$ 97,683</u>

NIAGARA COMMUNITY FOUNDATIONNOTES TO THE FINANCIAL STATEMENTSDECEMBER 31, 2011**9. ALLOCATION OF EXPENSES**

Salaries and benefits expenses incurred during the year amounted to \$181,429 (2010: \$166,202). They have been allocated on the Statement of Revenue, Expenses and Fund Balances as follows:

	<u>2011</u>	<u>2010</u>
Administrative, governance, overhead	\$ 36,946	\$ 33,905
Charitable programs	58,451	53,517
Fund development	<u>86,032</u>	<u>78,780</u>
	<u>\$ 181,429</u>	<u>\$ 166,202</u>

**10. PLEDGES**

As at December 31, 2011, pledges expected to be received in future years total \$870,688 (2010: \$383,540). In addition, the amount of lifetime pledges total \$15,400 annually. These amounts are not reflected in the accompanying 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 \$382,943 (2010: \$332,943). This amount is not reflected in the accompanying financial statements.

**12. GIFTS-IN-KIND**

During the year the Foundation received \$1,302,466 (2010: \$681,305) 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 \$1,267,610 (2010: \$644,646).

NIAGARA COMMUNITY FOUNDATIONSUPPLEMENTARY CORPORATE INFORMATIONDECEMBER 31, 2011

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
Rena McDonald	- Treasurer
Maria Menechella	- Secretary
Brad Hutchings	- Past-President
Sandy Annunziata	
William Charron	
John Fisher	
Rich Gark	
Alan Goddard	
Damian Goulbourne	
Paul Jones	
Kelly Robson	
Rob Welch	
Doug Whitty	
Christopher Wilson	
Madeline Woodhead	

**EXECUTIVE DIRECTOR:**

Liz Palmieri

**AUDITORS:**

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