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swallow*

NIAGARA COMMUNITY FOUNDATION

Financial Statements

December 31, 2001



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AUDITORS' REPORT

To the Directors of
Niagara Community Foundation

We have audited the balance sheet of Niagara Community Foundation as at December 31, 2001 and the statements of revenue, expenses 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 charitable organizations, the foundation derives revenue from donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to amounts recorded in the records of the foundation and we were not able to determine whether any adjustments might be necessary to donations, excess of revenue over expenses, assets and fund balances.

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 donations referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the foundation as at December 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Niagara Falls, Ontario
April 10, 2002

CRAWFORD, SMITH AND SWALLOW
CHARTERED ACCOUNTANTS LLP

NIAGARA COMMUNITY FOUNDATION

BALANCE SHEET

December 31, 2001

Assets	2001	2000
	\$	\$
Cash	128,824	22,488
Temporary investments	89,037	104,000
Accounts receivable	1,998	7,492
Prepaid expenses	1,223	1,227
Investments	533,530	199,866
Fixed assets - note 2	2,986	3,861
	757,598	338,934
Liabilities and Fund Balances		
Liabilities		
Accounts payable and accrued liabilities	3,417	7,997
Deferred revenue	18,750	18,750
	22,167	26,747
Fund Balances		
Operating fund - note	95,762	108,368
Endowment fund	639,669	203,819
	735,431	312,187
	757,598	338,934

Signed on behalf of the board:

_____ Director

_____ Director

See accompanying notes

NIAGARA COMMUNITY FOUNDATION
STATEMENT OF REVENUE, EXPENSES AND
FUND BALANCES

for the year ended December 31, 2001

	Operating Fund \$	Endowment Fund \$	2001 \$	2000 \$
Revenue				
Donations	51,694	423,306	475,000	332,409
Investment income	4,999	18,592	23,591	2,166
Sundry	4,975		4,975	
Trillium Grant	25,000		25,000	6,250
	86,668	441,898	528,566	340,825
Expenses				
Advertising and promotion	10,429		10,429	5,983
Depreciation	874		874	251
Education services	3,615		3,615	
Grants		9,500	9,500	
Insurance	1,387		1,387	177
Investment counsel fees		1,327	1,327	
Office and administration	8,313	204	8,517	5,248
Professional fees	2,030		2,030	1,035
Rent	2,406		2,406	602
Salaries and benefits	60,923		60,923	13,838
Telecommunications	1,595		1,595	1,188
Travel	2,719		2,719	316
	94,291	11,031	105,322	28,638
Excess (Deficiency) of Revenue over Expenses for the Year	(7,623)	430,867	423,244	312,187
Fund Balance, Beginning of Year	108,368	203,819	312,187	
Transfers				
Administration fee	1,135	(1,135)		
Other	(6,118)	6,118		
Fund Balance, End of Year	95,762	639,669	735,431	312,187

See accompanying notes

NIAGARA COMMUNITY FOUNDATION

STATEMENT OF CASH FLOWS

for the year ended December 31, 2001

	2001	2000
	\$	\$
Operating Activities		
Excess of revenue over expenses for the year	423,244	312,187
Depreciation	874	251
Working capital provided by operations	424,118	312,438
Changes in working capital components		
Temporary investments	14,963	(104,000)
Accounts receivable	5,494	(7,492)
Prepaid expenses	4	(1,227)
Accounts payable and accrued liabilities	(4,579)	7,997
Deferred revenue		18,750
	15,882	(85,972)
Funds provided by operating activities	440,000	226,466
Investing Activities		
Capital expenditures		(4,112)
Investments	(333,664)	(199,866)
Funds used by investing activities	(333,664)	(203,978)
Increase in Cash Position	106,336	22,488
Cash Position, Beginning of Year	22,488	
Cash Position, End of Year	128,824	22,488

See accompanying notes

NIAGARA COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2001

Organization

Niagara Community Foundation was incorporated without share capital in April, 2000 as a non-profit corporation under the laws of Canada. The 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. Niagara Community 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 of the corporation are the representations of management prepared in accordance with the accounting principles disclosed below. Because 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 judgement 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 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, except in the case of donated goods and services. Donated goods and services are recognized when the goods are received or services are provided.

Temporary investments

Temporary investments are valued at the lower of cost and market value.

Gifts-in-kind

Gifts-in-kind are recognized when the 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 and investment income

Investments are recorded at year-end market values. Investment income includes dividends, interest, realized gains (losses), and the net change in unrealized gains (losses) for the year.

1. Significant Accounting Policies - continued

Fixed assets and depreciation

Fixed assets are recorded at cost. Expenditures for maintenance and repairs are charged to operating expenses.

NIAGARA COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2001

Depreciation 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 depreciated 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

2. Fixed Assets

	Cost \$	Accumulated Depreciation \$	2001 \$	2000 \$
Equipment and furnishings	2,980	707	2,273	2,842
Computer equipment	1,132	419	713	1,019
	4,112	1,126	2,986	3,861

3. Operating Fund Balance

	2001 \$	2000 \$
Invested in fixed assets	2,986	3,861
Unrestricted	92,276	104,507
	95,762	108,368

4. Financial Instruments

Price risk

The foundation has investments totaling \$533,530 which fluctuate 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 market rate fluctuations.

Cash flow risk

The foundation has investments totaling \$89,037 which bear interest based on market rates. Accordingly, the foundation is exposed to the effects of interest rate fluctuations.

5. Disbursement Quota

The foundation is required to disburse \$58,183 and has an excess carry-forward of \$44,034 resulting in a net disbursement of \$14,149.