

*crawford  
smith &  
swallow*

**NIAGARA COMMUNITY FOUNDATION**

**Financial Statements**

**December 31, 2005**



## **NIAGARA COMMUNITY FOUNDATION**

### **Financial Statements**

**December 31, 2005**

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## AUDITORS' REPORT

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To the Directors of  
Niagara Community Foundation

We have audited the balance sheet of Niagara Community Foundation as at December 31, 2005 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, 2005 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 6, 2006

CRAWFORD, SMITH AND SWALLOW  
CHARTERED ACCOUNTANTS LLP

# NIAGARA COMMUNITY FOUNDATION

## BALANCE SHEET

December 31, 2005

<b>Assets</b>	2005	2004
	\$	\$
Cash	145,908	234,455
Temporary investments	337,919	216,702
Accounts receivable	13,363	19,414
Prepaid expenses	15,773	28,162
Investments - note 2	3,364,030	2,082,316
Fixed assets - note 3	3,760	4,554
	<b>3,880,753</b>	<b>2,585,603</b>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable and accrued liabilities	17,384	17,179
Deferred revenue	130,388	167,290
	147,772	184,469
<b>Fund Balances</b>		
Operating fund - note 4	67,373	63,036
Endowment fund	3,665,608	2,338,098
	3,732,981	2,401,134
	<b>3,880,753</b>	<b>2,585,603</b>

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, 2005

	Operating Fund \$	Endowment Fund \$	2005 \$	2004 \$
<b>Revenue</b>				
Donations	37,371	1,163,490	1,200,861	582,175
Restricted donations		203,838	203,838	558,619
Investment income - note 2	36,862	294,023	330,885	213,489
Special events and sundry	51,404		51,404	40,483
Trillium grant	10,600		10,600	6,795
Other grants	6,018		6,018	14,606
	142,255	1,661,351	1,803,606	1,416,167
<b>Expenses</b>				
Advertising and promotion	8,491		8,491	4,824
Depreciation	1,172		1,172	1,373
Grants		296,504	296,504	596,756
Investment counsel fees		33,729	33,729	21,605
Office and administration	37,635	3,608	41,243	38,846
Salaries and benefits	83,595		83,595	72,276
Special events and projects	7,025		7,025	20,200
	137,918	333,841	471,759	755,880
<b>Excess of Revenue over Expenses for the Year</b>	4,337	1,327,510	1,331,847	660,287
<b>Fund Balance, Beginning of Year</b>	63,036	2,338,098	2,401,134	1,740,847
<b>Fund Balance, End of Year</b>	<b>67,373</b>	<b>3,665,608</b>	<b>3,732,981</b>	<b>2,401,134</b>

See accompanying notes

# NIAGARA COMMUNITY FOUNDATION

## STATEMENT OF CASH FLOWS

for the year ended December 31, 2005

	2005 \$	2004 \$
<b>Operating Activities</b>		
Excess of revenue over expenses for the year	1,331,847	660,287
Depreciation	1,172	1,373
Working capital provided by operations	1,333,019	661,660
Changes in working capital components		
Temporary investments	(121,217)	213,987
Accounts receivable	6,051	(17,151)
Prepaid expenses	12,389	(26,229)
Accounts payable and accrued liabilities	205	11,261
Deferred revenue	(36,902)	(228,901)
	(139,474)	(47,033)
Funds provided by operating activities	1,193,545	614,627
<b>Investing Activities</b>		
Capital expenditures	(378)	(919)
Investments	(1,281,714)	(511,424)
Funds used by investing activities	(1,282,092)	(512,343)
<b>Increase (Decrease) in Cash Position</b>	<b>(88,547)</b>	<b>102,284</b>
<b>Cash Position, Beginning of Year</b>	<b>234,455</b>	<b>132,171</b>
<b>Cash Position, End of Year</b>	<b>145,908</b>	<b>234,455</b>

See accompanying notes

# NIAGARA COMMUNITY FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2005

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### 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 Canadian generally accepted accounting principles, consistently applied. 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 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 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. Restricted donations are treated as deferred revenue until disbursed.

#### 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.

# NIAGARA COMMUNITY FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2005

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### 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.

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. Investments and Investment Income

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

The pooled funds are invested as follows:

	2005 %	2004 %
Hedge funds	3.80	
Canadian equities	35.47	39.69
International equities	10.79	13.70
United States equities	11.89	12.66
Bonds	38.05	33.95
	<b>100.00</b>	<b>100.00</b>

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# NIAGARA COMMUNITY FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2005

### 2. Investments and Investment Income - continued

Investment income is allocated as follows:

	2005 \$	2004 \$
Endowment Fund:		
Income earned on funds administered by the Toronto Community Foundation on the foundation's behalf	294,023	184,826
Operating Fund:		
Interest earned on the assets held by the Operating Fund	10	603
Interest earned on Endowment Fund short term money market accounts	5,651	11,880
An amount equal to the aggregate of the administrative fee charged to each Endowment Fund	31,201	16,180
	36,862	28,663
	<b>330,885</b>	<b>213,489</b>

### 3. Fixed Assets

	Cost \$	Accumulated Depreciation \$	2005 \$	2004 \$
Equipment and furnishings	5,410	2,950	2,460	2,697
Computer equipment	3,952	2,652	1,300	1,857
	<b>9,362</b>	<b>5,602</b>	<b>3,760</b>	<b>4,554</b>

### 4. Operating Fund Balance

	2005 \$	2004 \$
Invested in fixed assets		
Fixed assets	3,760	4,554
Deferred contributions restricted towards fixed assets	1,605	2,208
	2,155	2,346
Unrestricted	65,218	60,690
	<b>67,373</b>	<b>63,036</b>

# NIAGARA COMMUNITY FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2005

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### 5. Pledges

The foundation has been named as beneficiary in certain life insurance policies as well as having certain pledges receivable at year-end. As at December 31, 2005, the total disclosed amounts from life insurance policies and other pledges expected to be received in future years is \$ 435,681. These amounts are not reflected in the accompanying financial statements.

### 6. Financial Instruments

#### Fair value

The foundation's financial instruments consist of cash, accounts receivable, investments, accounts payable and deferred revenue. The fair value of these financial instruments approximates their carrying value.

#### Price risk

The foundation has investments totaling \$3,701,949 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 fluctuations.

### 7. Disbursement Quota

In 2006, the foundation is required to disburse \$340,126 and has an excess carry-forward of \$ 496,675. Accordingly, the foundation is not required to make any net disbursement in order to meet the 2006 disbursement quota.

### 8. Comparative Figures

Prior year amounts have been restated to conform to current year's presentation.