

*crawford  
smith &  
swallow*

**NIAGARA COMMUNITY FOUNDATION**

**Financial Statements**

**December 31, 2006**



## **NIAGARA COMMUNITY FOUNDATION**

### **Financial Statements**

**December 31, 2006**

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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, 2006 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.

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 our opinion, these financial statements present fairly, in all material respects, the financial position of the foundation as at December 31, 2006 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  
March 29, 2007

CRAWFORD, SMITH AND SWALLOW  
CHARTERED ACCOUNTANTS LLP

LICENSED PUBLIC ACCOUNTANTS

# NIAGARA COMMUNITY FOUNDATION

## BALANCE SHEET

December 31, 2006

<b>Assets</b>	2006	2005
	\$	\$
Cash	523,971	145,908
Temporary investments	197,625	337,919
Accounts receivable	8,129	13,363
Prepaid expenses	12,826	15,773
Investments - note 2	4,630,772	3,364,030
Fixed assets - note 3	4,557	3,760
	<b>5,377,880</b>	<b>3,880,753</b>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable and accrued liabilities	26,106	17,384
Grants payable	132,013	91,110
Deferred revenue	50,419	39,278
	208,538	147,772
<b>Fund Balances</b>		
Operating fund - note 4	89,459	67,373
Endowment fund	5,079,883	3,665,608
	5,169,342	3,732,981
	<b>5,377,880</b>	<b>3,880,753</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, 2006

	Operating Fund \$	Endowment Fund \$	2006 \$	2005 \$
<b>Revenue</b>				
Donations	41,397	1,405,207	1,446,604	1,200,861
Restricted donations		253,414	253,414	203,838
Investment income - note 2	51,656	293,072	344,728	330,885
Special events and sundry	64,513		64,513	51,404
Trillium grant	7,760		7,760	10,600
Other grants	9,392		9,392	6,018
	174,718	1,951,693	2,126,411	1,803,606
<b>Expenses</b>				
Advertising and promotion	11,374		11,374	8,491
Depreciation	1,362		1,362	1,172
Grants		484,462	484,462	296,504
Investment counsel fees		47,381	47,381	33,729
Office and administration	42,369	5,575	47,944	41,243
Salaries and benefits	91,754		91,754	83,595
Special events and projects	5,773		5,773	7,025
	152,632	537,418	690,050	471,759
<b>Excess of Revenue over Expenses for the Year</b>	22,086	1,414,275	1,436,361	1,331,847
<b>Fund Balance, Beginning of Year</b>	67,373	3,665,608	3,732,981	2,401,134
<b>Fund Balance, End of Year</b>	<b>89,459</b>	<b>5,079,883</b>	<b>5,169,342</b>	<b>3,732,981</b>

See accompanying notes

# NIAGARA COMMUNITY FOUNDATION

## STATEMENT OF CASH FLOWS

for the year ended December 31, 2006

	2006	2005
	\$	\$
<b>Operating Activities</b>		
Excess of revenue over expenses for the year	1,436,361	1,331,847
Depreciation	1,362	1,172
Working capital provided by operations	1,437,723	1,333,019
Changes in working capital components		
Temporary investments	140,294	(121,217)
Accounts receivable	5,234	6,051
Prepaid expenses	2,947	12,389
Accounts payable and accrued liabilities	8,722	205
Grants payable	40,903	(17,190)
Deferred revenue	11,141	(19,712)
	209,241	(139,474)
Funds provided by operating activities	1,646,964	1,193,545
<b>Investing Activities</b>		
Capital expenditures	(2,159)	(378)
Investments	(1,266,742)	(1,281,714)
Funds used by investing activities	(1,268,901)	(1,282,092)
<b>Increase (Decrease) in Cash Position</b>	378,063	(88,547)
<b>Cash Position, Beginning of Year</b>	145,908	234,455
<b>Cash Position, End of Year</b>	<b>523,971</b>	<b>145,908</b>

See accompanying notes

# NIAGARA COMMUNITY FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2006

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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 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, 2006

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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:

	2006 %	2005 %
Hedge funds	1.44	3.80
Canadian equities	28.97	35.47
International equities	30.25	10.79
United States equities		11.89
Bonds	39.34	38.05
	<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, 2006

### 2. Investments and Investment Income - continued

Investment income is allocated as follows:

	2006 \$	2005 \$
Endowment Fund:		
Income earned on funds administered by the Toronto Community Foundation on the foundation's behalf	293,072	294,023
Operating Fund:		
Interest earned on the assets held by the Operating Fund	12	10
Interest earned on Endowment Fund short term money market accounts	9,197	5,651
An amount equal to the aggregate of the administrative fee charged to each Endowment Fund	42,447	31,201
	51,656	36,862
	<b>344,728</b>	<b>330,885</b>

### 3. Fixed Assets

	Cost \$	Accumulated Depreciation \$	2006 \$	2005 \$
Equipment and furnishings	5,689	3,474	2,215	2,460
Computer equipment	5,255	2,913	2,342	1,300
	<b>10,944</b>	<b>6,387</b>	<b>4,557</b>	<b>3,760</b>

### 4. Operating Fund Balance

	2006 \$	2005 \$
Invested in fixed assets		
Fixed assets	4,557	3,760
Deferred contributions restricted towards fixed assets	1,171	1,605
	3,386	2,155
Unrestricted	86,073	65,218
	<b>89,459</b>	<b>67,373</b>

# NIAGARA COMMUNITY FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2006

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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, 2006, the total disclosed amounts from life insurance policies and other pledges expected to be received in future years is \$ 348,933. 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 \$ 4,828,397 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 2007, the foundation is required to disburse \$ 424,883 and has an excess carry-forward of \$ 752,845. Accordingly, the foundation is not required to make any net disbursement in order to meet the 2007 disbursement quota.

### 8. Gifts-in-Kind

During the year the foundation received \$ 13,450 of gifts-in-kind.

### 9. Comparative Figures

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