

**THE PERTH AND DISTRICT COMMUNITY FOUNDATION**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2006**

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**The Perth and District Community Foundation  
Statement of Financial Position**

<b>December 31</b>	<b>2006</b>	<b>2005</b>
	<b>\$</b>	<b>\$</b>
<b>Assets</b>		
<b>Financial Assets</b>		
Cash	16,043	26,571
Investments (note 2)	154,410	129,500
Accrued investment income	37,392	15,226
Donations receivable	---	1,200
	<u>207,845</u>	<u>172,497</u>
<b>Computer Equipment</b> (note 3)	---	340
	<u>207,845</u>	<u>172,837</u>
<b>Total Assets</b>	<b>207,845</b>	<b>172,837</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	1,666	2,573
	<u>1,666</u>	<u>2,573</u>
<b>Fund Balances</b>		
Operating fund	2,556	8,937
Endowment fund (note 4)	133,718	129,427
Restricted fund (note 5)	69,905	31,900
	<u>206,179</u>	<u>170,264</u>
<b>Total Liabilities and Fund Balances</b>	<b>207,845</b>	<b>172,837</b>

On behalf of the Board:

\_\_\_\_\_ President \_\_\_\_\_ Treasurer

The accompanying notes are an integral part of these financial statements.

**The Perth and District Community Foundation  
Statement of Financial Activities and Fund Balances**

For the year ended December 31	Operating Fund	Endowment Fund	Restricted Fund	2006	2005
	\$	\$	\$	\$	\$
<b>Revenue</b>					
Donations	400	11,070	32,960	<b>44,430</b>	65,264
Investment income	---	16,121	6,045	<b>22,166</b>	3,225
Golf Tournament (net)	20,198	---	---	<b>20,198</b>	12,997
Christmas Fundraiser (net)	---	---	---	---	8,563
Other income	190	---	---	<b>190</b>	190
	<b>20,788</b>	<b>27,191</b>	<b>39,005</b>	<b>86,984</b>	<b>90,239</b>
<b>Expenditure</b>					
Administrative					
Amortization	340	---	---	<b>340</b>	1,000
Bank charges	99	---	---	<b>99</b>	91
Marketing and advertising	765	---	---	<b>765</b>	1,758
Office and general	3,965	---	---	<b>3,965</b>	3,317
Professional fees	---	---	---	---	2,675
Rent	---	---	---	---	1,070
Salaries and benefits	22,000	---	---	<b>22,000</b>	20,000
Grants	---	22,900	1,000	<b>23,900</b>	11,586
	<b>27,169</b>	<b>22,900</b>	<b>1,000</b>	<b>51,069</b>	<b>41,497</b>
<b>Net Revenue (Expenditure) for the Year</b>	<b>(6,381)</b>	<b>4,291</b>	<b>38,005</b>	<b>35,915</b>	<b>48,742</b>
<b>Fund Balances, Beginning of Year</b>	<b>8,937</b>	<b>129,427</b>	<b>31,900</b>	<b>170,264</b>	<b>121,522</b>
<b>Fund Balances, End of Year</b>	<b>2,556</b>	<b>133,718</b>	<b>69,905</b>	<b>206,179</b>	<b>170,264</b>

The accompanying notes are an integral part of these financial statements.

**The Perth and District Community Foundation  
Statement of Cash Flows**

<b>For the year ended December 31</b>	<b>2006</b>	<b>2005</b>
	<b>\$</b>	<b>\$</b>
<b>Cash Flows Provided From:</b>		
<b>Operating Activities</b>		
Net revenue for the year	35,915	48,742
Add: amortization	340	1,000
	<u>36,255</u>	<u>49,742</u>
<b>Working Capital Provided (Applied)</b>		
Investments	(24,910)	(37,868)
Accrued investment income	(22,166)	(2,985)
Donations receivable	1,200	(1,200)
Accounts payable and accrued liabilities	(907)	645
	<u>(46,783)</u>	<u>(41,408)</u>
<b>Change in Cash, During the Year</b>	<b>(10,528)</b>	<b>8,334</b>
<b>Cash, Beginning of Year</b>	<u><b>26,571</b></u>	<u>18,237</u>
<b>Cash, End of Year</b>	<u><b>16,043</b></u>	<u>26,571</u>

The accompanying notes are an integral part of these financial statements.

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## The Perth and District Community Foundation Notes to the Financial Statements

**December 31, 2006**

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### 1. Purpose of Organization

The Perth and District Community Foundation was incorporated without share capital under Part II of the Canada Corporations Act. The Community Foundation pools charitable gifts which are invested in perpetuity. The income earned on these funds is used to encourage community development in areas such as arts and culture, health and social services, education and environmental initiatives.

The Foundation is a registered charity and is classified as a public foundation under Section 149.1(1) of the Income Tax Act (Canada). As such, the Community Foundation is exempt from income taxes and able to issue donation receipts for income tax purposes.

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### 2. Significant Accounting Policies

#### **Fund Accounting**

The Foundation follows the Restricted Fund method for accounting for contributions. The Foundation ensures, as part of its fiduciary responsibilities, that all funds received with a restricted purpose are expended for that purpose.

For financial reporting purposes, the accounts have been classified into the following funds:

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

The Restricted Fund reports resources that are available to be used for purposes specified by the donor and do not form part of the Endowment Fund.

The Operating Fund reports resources available for The Foundation's general operating activities. These activities include fund development, grant making, community leadership projects, and philanthropic services to the community. The general costs of supporting these activities are reported as expenditures in the Operating Fund.

#### **Capital Assets**

Capital assets are recorded at cost and amortized over their useful lives. Amortization based on the estimated useful life of the asset is calculated as follows:

Computer Equipment	5 years
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**The Perth and District Community Foundation  
Notes to the Financial Statements**

**December 31, 2006**

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**2. Significant Accounting Policies / continued**

**Investments**

The investments of The Foundation are recorded at year end market values. Investment income includes dividends, interest, realized gains (losses), the net change in unrealized gains (losses) for the year, less investment counsel and custodian fees.

**Revenue Recognition**

Donor contributions for endowment purposes are recognized as revenue in the Endowment Fund. Other donor-restricted contributions are recognized as revenue in the Restricted Fund or the Operating Fund depending on the nature of the restriction. Unrestricted contributions are recognized as revenue in the Operating Fund. Contributions are recognized as revenue when received.

Income is recorded as follows:

The Restricted Fund reports income earned on resources of the Endowment or Restricted Fund that must be spent on donor restricted activities.

The Operating Fund reports income earned on the assets held in the Operating Fund and donations specifically earmarked for facilitating The Foundation's operation in the short run.

**Contributed Goods and Services**

Volunteers contribute a substantial number of hours each year to assist The Foundation in carrying out its activities. Due to the difficulty of determining the fair value, contributions of such services are not recognized in the financial statements.

**Use of Estimates**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting year. Actual results could differ from management's best estimates, as additional information becomes available in the future. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in the periods in which they become known.

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**The Perth and District Community Foundation  
Notes to the Financial Statements**

**December 31, 2006**

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**2. Significant Accounting Policies / continued**

**Financial Instruments**

The Foundation's financial instruments consist of cash, other assets, investments, accounts payable and amounts due to (from) funds. Unless otherwise noted, it is management's opinion that The Foundation is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Investments recorded at market value are subject to fluctuations in value as a result of changing market conditions. The Foundation is exposed to significant interest and currency risk fluctuations arising from these investments.

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**3. Investments at Market**

Investments are comprised of the following:

	2006	2005
	\$	\$
Fixed income	177	129,500
Equities	16,576	---
Mutual / segregated funds	175,049	---
	191,802	129,500

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**4. Computer Equipment**

	2006		2005	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Computer	2,340	2,340	---	340

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**The Perth and District Community Foundation  
Notes to the Financial Statements**

**December 31, 2006**

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**5. Restricted and Named Funds**

Restricted funds consist of donor designated, donor advised, field of interest and agency endowed funds. All donations, the income of which are to be designated for specific purposes, are recorded as additions to the capital of a restricted fund. Funds as at December 31, 2006 consist of the following:

	<u>2006</u>	<u>2005</u>
	\$	\$
Graham Family	11,402	10,000
McIntosh Perry	14,778	9,000
Dr. Gordon Jackson	33,315	12,900
Bill Cuthbertson	5,410	---
Stevens Family	5,000	---
	<u>69,905</u>	<u>31,900</u>

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**6. Grants**

The Perth and District Community Foundation incurs expenditures on an annual basis in the form of grants to qualified donees. The funds received for granting purposes are derived from two sources. The first source is through investment income earned on The Foundations' endowed capital. The second source is through gifts received from donors whereby the donor has designated that the amount of the gift, less an agreed upon administrative fee, is to be directed immediately to an agency or agencies specified by the donor (provided that the agency is a "qualified donee"). The latter are referred to as "flow through" grants.

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