

**FINANCIAL STATEMENTS  
DECEMBER 31, 2009**

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**The Perth and District  
Community Foundation  
Financial Statements  
December 31, 2009**

# Allan

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Chartered Accountant Professional Corporation

## AUDITOR'S REPORT

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To the Members of The Perth and District Community Foundation:

We have audited the statement of financial position of The Perth and District Community Foundation as at December 31, 2009, and the statement of financial activities and fund balances and statement of cash flows for the year then ended. These financial statements are the responsibility of the organization'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 consolidated 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 organization derives revenue from fundraising events the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenses, current assets and net assets.

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 the revenues other than grants, referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2009 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants  
Licensed Public Accountants

Perth, Ontario  
February 2, 2010.

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

December 31	2009	2008
	\$	\$
<b>Assets</b>		
<b>Financial Assets</b>		
Cash	40,300	38,667
Investments (note 2)	318,350	231,460
	<u>358,650</u>	<u>270,127</u>
<b>Property, Plant and Equipment</b> (note 3)	<u>1,130</u>	<u>---</u>
<b>Total Assets</b>	<u>359,780</u>	<u>270,127</u>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	<u>670</u>	<u>2,579</u>
<b>Fund Balances</b>		
Operating fund	37,087	31,085
Endowment fund	119,001	87,996
Restricted and named funds (note 4)	203,022	148,467
	<u>359,110</u>	<u>267,548</u>
<b>Total Liabilities and Fund Balances</b>	<u>359,780</u>	<u>270,127</u>

On behalf of the Board:

\_\_\_\_\_ Director  \_\_\_\_\_ Director

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	Endowment			2009	2008
	Operating Fund	Unrestricted Fund	Restricted Fund		
	\$	\$	\$	\$	\$
<b>Revenue</b>					
Donations	595	13,781	40,811	<b>55,187</b>	60,110
Investment income (loss)	124	22,923	24,187	<b>47,234</b>	(26,745)
Golf Tournament (net)	25,491	---	---	<b>25,491</b>	25,875
Christmas Fundraiser (net)	20,613	---	---	<b>20,613</b>	15,283
Other income (losses)	1,100	---	---	<b>1,100</b>	976
	47,923	36,704	64,998	<b>149,625</b>	75,499
<b>Expenditure</b>					
Administrative					
Amortization	226	---	---	<b>226</b>	---
Bank charges	107	---	---	<b>107</b>	83
Marketing and advertising	2,570	---	3,093	<b>5,663</b>	3,251
Office and general	8,867	---	---	<b>8,867</b>	5,708
Salaries and benefits	30,200	---	---	<b>30,200</b>	26,800
Grants	---	5,650	7,350	<b>13,000</b>	8,900
	41,970	5,650	10,443	<b>58,063</b>	44,742
<b>Net Revenue for the Year</b>	5,953	31,054	54,555	<b>91,562</b>	30,757
<b>Fund Balances, Beginning of Year</b>	31,085	87,996	148,467	<b>267,548</b>	236,791
<b>Fund Balances, End of Year</b>	37,038	119,050	203,022	<b>359,110</b>	267,548

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>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
<b>Cash Flows Provided From:</b>		
<b>Operating Activities</b>		
Net revenue for the year	91,562	30,757
Add: amortization	226	---
	<u>91,788</u>	<u>30,757</u>
<b>Working Capital Provided (Applied)</b>		
Investments	(86,890)	(34,601)
Accounts payable and accrued liabilities	(1,909)	574
	<u>(88,799)</u>	<u>(34,027)</u>
<b>Investing Activities</b>		
Acquisition of property, plant and equipment	(1,356)	---
	<u>1,633</u>	<u>(3,270)</u>
<b>Change in Cash, During the Year</b>	<b>1,633</b>	<b>(3,270)</b>
<b>Cash, Beginning of Year</b>	<u>38,667</u>	<u>41,937</u>
<b>Cash, End of Year</b>	<u>40,300</u>	<u>38,667</u>

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

# The Perth and District Community Foundation

## Notes to the Financial Statements

December 31, 2009

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### **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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### **1. Significant Accounting Policies**

#### **(a) 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.

#### **(b) Property, Plant and Equipment**

Property, plant and equipment are recorded at cost and amortized over their useful lives.

#### **(c) 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.

#### **(d) 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.

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

December 31, 2009

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## 1. Significant Accounting Policies / continued

### (d) Revenue Recognition / continued

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.

### (e) 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.

### (f) Financial Instruments

All financial instruments are initially recognized at fair value on the balance sheet. The Foundation has classified each financial instrument into one of the following categories: held-for-trading financial assets and liabilities, loans and receivables, held-to-maturity financial assets and other financial liabilities. Subsequent measurement of financial instruments is based on their classification.

Held-for-trading financial assets and liabilities are subsequently measured at fair value with changes in those fair values recognized in net earnings.

Loans and receivables, held-to-maturity financial assets and other financial liabilities are subsequently measured at amortized cost using the effective interest method.

The Foundation classifies cash and cash equivalents as held-for-trading financial assets, accounts receivable as loans and receivables, and accounts payable and accrued liabilities as other financial liabilities.

### (g) 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.

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

**December 31, 2009**

**2. Investments at Market**

Investments are comprised of the following:

	2009	2008
	\$	\$
Cash and equivalents	53,207	19,922
Equities	138,125	95,906
Fixed income	127,018	115,632
	318,350	231,460

**3. Property, Plant and Equipment**

	Cost	Accumulated Amortization	Net Book Value
	\$	\$	\$
Computer	1,356	226	1,130

**4. 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, 2009 consist of the following:

	2009	2008
	\$	\$
Environmental	51,703	47,096
Dr. Gordon Jackson	26,891	24,939
McIntosh Perry	25,380	13,958
Physician Recruitment	19,646	19,605
Young Talent	11,835	7,000
Graham Family	11,657	9,547
MERA	10,313	8,772
Dr. Murray Wilson	10,260	---
GKI Community	10,067	---
Bill Cuthbertson / Roy	6,320	5,750
Hollis Family	5,050	5,050
Ellard Family	5,000	---
Big Brothers Big Sisters	4,500	3,500
Anderson Family	3,400	3,250
Dr. Katherine Stolee	1,000	---
	203,022	148,467



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# The Perth and District Community Foundation

## Notes to the Financial Statements

December 31, 2009

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### 5. 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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### 6. Financial Instruments

The Foundation's financial instruments consist of cash, investments accounts payable and accrued liabilities.

The fair values of cash, investments, accounts payable and accrued liabilities approximate their carrying values because of their expected short term maturity and treatment on normal trade terms.

#### (a) Credit Risk

Credit risk arises from the possibility that the entities to which the Foundation provides services to may experience difficulty and be unable to fulfill their obligations. The Foundation is exposed to financial risk that arises from the credit quality of the entities to which it provides services. The Foundation does not have a significant exposure to any individual customer or counter party. As a result, the requirement for credit risk related reserves for accounts receivable is minimal.

#### (b) Interest Rate Risk

Interest rate risk arises from the possibility that the value of, or cash flows related to, a financial instrument will fluctuate as a result of changes in market interest rates. The Foundation is exposed to financial risk that arises from the interest rate differentials between the market interest rate and the rates on its cash and cash equivalents and operating loan. Changes in variable interest rates could cause unanticipated fluctuations in the Foundation's operating results.

#### (c) Liquidity Risk

Liquidity risk is the risk that the Foundation will not be able to meet its obligations as they fall due. The Foundation requires working capital to meet day-to-day operating activities. Management expects that the Foundation's cash flows from operating activities will be sufficient to meet these requirements.

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

**December 31, 2009**

**6. Financial Instruments /continued**

**(c) Liquidity Risk / continued**

The fair values of these financial instruments are as follows:

	2009		2008	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	\$	\$	\$	\$
<b>Held-For-Trading Financial Assets</b>				
Cash and cash equivalents	40,300	40,300	38,667	38,667
Investments	318,350	318,350	231,460	231,460
<b>Other Financial Liabilities (not held-for-trading)</b>				
Accounts payable and accrued liabilities	670	670	2,579	2,579