

**FINANCIAL STATEMENTS  
DECEMBER 31, 2010**

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**The Perth and District  
Community Foundation  
Financial Statements  
December 31, 2010**

# Allan

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Chartered Accountant Professional Corporation

## AUDITORS' REPORT

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To the Members of The Perth and District Community Foundation:

We have audited the accompanying financial statements of The Perth and District Community Foundation which comprise the statement of financial position as at December 31, 2010, and the statement of financial activities and fund balances and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an audit 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 comply with ethical requirements and plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2010 and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants  
Licenced Public Accountants  
Perth, Ontario,  
February 3, 2011.

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

December 31	2010	2009
	\$	\$
<b>Assets</b>		
<b>Current</b>		
Cash	50,644	40,300
Miscellaneous receivables	2,786	---
	53,430	40,300
<b>Investments</b> (note 2)	356,565	318,350
<b>Capital</b> (note 3)	452	1,130
<b>Total Assets</b>	410,447	359,780
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	891	670
<b>Fund Balances</b>		
Operating fund	49,714	37,087
Unrestricted fund	125,021	119,001
Restricted and named funds (note 4)	234,821	203,022
	409,556	359,110
<b>Total Liabilities and Fund Balances</b>	410,447	359,780

Approved 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	Operating Fund	Unrestricted Fund	Restricted Fund	2010	2009
	\$	\$	\$	\$	\$
<b>Revenues</b>					
Donations	1,250	2,200	42,203	<b>45,653</b>	55,187
Investment income	122	11,659	14,177	<b>25,958</b>	47,234
Golf Tournament (net)	27,629	---	---	<b>27,629</b>	25,491
Christmas Fundraiser (net)	26,772	---	---	<b>26,772</b>	20,613
Other income	2,579	---	---	<b>2,579</b>	1,100
	<b>58,352</b>	<b>13,859</b>	<b>56,380</b>	<b>128,591</b>	<b>149,625</b>
<b>Expenditures</b>					
Administrative					
Amortization	678	---	---	<b>678</b>	226
Bank charges	77	---	---	<b>77</b>	107
Marketing and advertising	2,312	---	---	<b>2,312</b>	5,663
Office and general	4,992	---	---	<b>4,992</b>	8,867
Salaries and benefits	32,666	---	---	<b>32,666</b>	30,200
Grants	5,000	7,839	24,581	<b>37,420</b>	13,000
	<b>45,725</b>	<b>7,839</b>	<b>24,581</b>	<b>78,145</b>	<b>58,063</b>
<b>Net Revenues for the Year</b>	12,627	6,020	31,799	<b>50,446</b>	91,562
<b>Fund Balances, Beginning of Year</b>	37,087	119,001	203,022	<b>359,110</b>	267,548
<b>Fund Balances, End of Year</b>	49,714	125,021	234,821	<b>409,556</b>	359,110

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>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
<b>Cash Flows Provided From:</b>		
<b>Operating Activities</b>		
Net revenues for the year	50,446	91,562
Add: amortization	678	226
	<u>51,124</u>	<u>91,788</u>
<b>Working Capital Provided (Applied)</b>		
Miscellaneous receivables	(2,786)	---
Accounts payable and accrued liabilities	221	(1,909)
	<u>(2,565)</u>	<u>(1,909)</u>
<b>Investing Activities</b>		
Acquisition of capital assets	---	(1,356)
Investments	(38,215)	(86,890)
	<u>(38,215)</u>	<u>(88,246)</u>
<b>Change in Cash, During the Year</b>	<b>10,344</b>	<b>1,633</b>
<b>Cash, Beginning of Year</b>	<u><b>40,300</b></u>	<u><b>38,667</b></u>
<b>Cash, End of Year</b>	<u><b>50,644</b></u>	<u><b>40,300</b></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, 2010

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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

These financial statements are prepared in accordance with Canadian generally accepted accounting principles ('GAAP') and reflect the following 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 Unrestricted Fund reports resources that are required to be maintained by the Foundation on a permanent basis but may be expended for any purpose approved by the Board.

The Restricted Fund reports resources that are available to be used for purposes specified by the donor and do not form part of the Unrestricted 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) Cash and Cash Equivalents

Cash and cash equivalents are classified as held-for-trading and include cash on hand, balances with banks and highly liquid temporary money market instruments.

#### (c) Capital Assets

Capital assets are recorded at cost and amortized over their useful lives.

#### (d) Investments

The investments of The Foundation are classified as held-for-trading financial assets and are recorded at fair value using quoted 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.

# The Perth and District Community Foundation

## Notes to the Financial Statements

December 31, 2010

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### 1. Significant Accounting Policies / continued

#### (d) Investments / continued

Purchases and sales of investments are recorded at the settlement date. Investment costs are expensed as incurred.

#### (e) Revenue Recognition

Unrestricted contributions for permanent fund purposes are recognized as revenue in the Named Unrestricted Fund. Other donor-restricted contributions are recognized as revenue in the Restricted Fund (non-permanent) 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.

#### (f) 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.

#### (g) 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.

#### (h) Foreign Exchange

Investment transactions in foreign currencies are translated to Canadian dollars at the rate of exchange in effect at the date of the transaction. Investment held in foreign currencies are translated to Canadian dollars at the rate of exchange in effect at December 31.

#### (i) 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, 2010**

**2. Investments at Market**

Investments are comprised of the following:

	2010	2009
	\$	\$
Cash and equivalents	8,072	53,207
Equities	197,334	138,125
Fixed income	151,159	127,018
	356,565	318,350

**3. Capital Assets**

	2010		2009	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Computer	1,356	904	452	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, 2010 consist of the following:

	2010	2009
	\$	\$
Environmental	54,070	51,703
Dr. Gordon Jackson	29,131	26,891
McIntosh Perry	35,536	25,380
Physician Recruitment	---	19,646
Young Talent	12,820	11,835
Graham Family	12,453	11,657
MERA Award of Excellence	11,160	10,313
Dr. Murray Wilson	10,355	10,260
GKJ Community	10,905	10,067
Bill Cuthbertson	5,750	6,320
Hollis Family	5,050	5,050
Ellard Family	10,777	5,000
Big Brothers Big Sisters	12,414	4,500
Anderson Family	4,500	3,400
Noble / Stolee	7,799	1,000
Munroe Family	1,050	---
VCK Fund	11,051	---
	234,821	203,022



# The Perth and District Community Foundation

## Notes to the Financial Statements

December 31, 2010

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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. Risk Management

In the normal course of operations, the Foundation is exposed to a variety of financial risks which are actively managed by the Foundation.

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.

The Foundation's exposure to and management of risk has not changed materially from December 31, 2009.

#### (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) Currency Risk

Currency risk is the risk that the fair value of future cash flows of financial instruments denominated in currencies other than the functional currency of the Foundation will fluctuate due to changes in foreign exchange rates.

#### (d) 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, 2010**

**6. Risk Management / continued**

**(d) Liquidity Risk / continued**

The fair values of these financial instruments are as follows:

	2010		2009	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	\$	\$	\$	\$
<b>Held-For-Trading Financial Assets</b>				
Cash and cash equivalents	50,644	50,644	40,300	40,300
Investments	356,565	356,565	318,350	318,350
<b>Other Financial Liabilities (not held-for-trading)</b>				
Accounts payable and accrued liabilities	891	891	670	670