

**FINANCIAL STATEMENTS
DECEMBER 31, 2011**

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**The Perth and District
Community Foundation
Financial Statements
December 31, 2011**

Allan

Chartered Accountant Professional Corporation

INDEPENDENT AUDITOR'S REPORT

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, 2011, and the statement of financial activities and fund balances and cash flows 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.

Auditor's 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 Perth and District Community Foundation as at December 31, 2011 and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants
Licensed Public Accountants
Perth, Ontario,
February 17, 2012.

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

<u>December 31</u>	<u>Operating Fund</u>	<u>Unrestricted Fund</u>	<u>Restricted Fund</u>	<u>2011</u>	<u>2010</u>
	\$	\$	\$	\$	\$
Assets					
Current					
Cash	52,148	6,501	50,000	108,649	50,644
Miscellaneous receivables	3,304	---	---	3,304	2,786
	<u>55,452</u>	<u>6,501</u>	<u>50,000</u>	<u>111,953</u>	<u>53,430</u>
Investments (note 2)	---	108,268	511,686	619,954	356,565
Capital (note 3)	---	---	---	---	452
Total Assets	<u>55,452</u>	<u>114,769</u>	<u>561,686</u>	<u>731,907</u>	<u>410,447</u>
Liabilities					
Current					
Accounts payable and accrued liabilities	---	---	---	---	891
Fund Balances					
Operating fund	55,452	---	---	55,452	49,714
Unrestricted fund	---	114,769	---	114,769	125,021
Restricted and named funds (note 4)	---	---	561,686	561,686	234,821
	<u>55,452</u>	<u>114,769</u>	<u>561,686</u>	<u>731,907</u>	<u>409,556</u>
Total Liabilities and Fund Balances	<u>55,452</u>	<u>114,769</u>	<u>561,686</u>	<u>731,907</u>	<u>410,447</u>

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**

<u>For the year ended December 31</u>	<u>Operating Fund</u>	<u>Unrestricted Fund</u>	<u>Restricted Fund</u>	<u>2011</u>	<u>2010</u>
	\$	\$	\$	\$	\$
Revenues					
Donations	275	1,300	346,582	348,157	45,653
Investment (loss) income	---	(3,372)	(10,852)	(14,224)	25,958
Golf Tournament (net)	27,425	---	---	27,425	27,629
Christmas Fundraiser	29,779	---	---	29,779	26,772
Other income	906	---	---	906	2,579
	<u>58,385</u>	<u>(2,072)</u>	<u>335,730</u>	<u>392,043</u>	<u>128,591</u>
Expenditures					
Administrative					
Amortization	452	---	---	452	678
Bank charges	207	---	---	207	77
Marketing and advertising	1,875	---	---	1,875	2,312
Office and general	7,722	---	---	7,722	4,992
Salaries and benefits	36,091	---	---	36,091	32,666
Grants	6,300	8,180	8,865	23,345	37,420
	<u>52,647</u>	<u>8,180</u>	<u>8,865</u>	<u>69,692</u>	<u>78,145</u>
Net Revenues (Expenditures) for the Year	5,738	(10,252)	326,865	322,351	50,446
Fund Balances, Beginning of Year	<u>49,714</u>	<u>125,021</u>	<u>234,821</u>	<u>409,556</u>	<u>359,110</u>
Fund Balances, End of Year	<u>55,452</u>	<u>114,769</u>	<u>561,686</u>	<u>731,907</u>	<u>409,556</u>

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

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

For the year ended December 31	2011	2010
	\$	\$
Cash Flows Provided From:		
Operating Activities		
Net revenues for the year	322,351	50,446
Add: amortization	452	678
	322,803	51,124
Working Capital Provided (Applied)		
Miscellaneous receivables	(518)	(2,786)
Accounts payable and accrued liabilities	(891)	221
	(1,409)	(2,565)
Investing Activities		
Investments	(263,389)	(38,215)
Change in Cash, During the Year	58,005	10,344
Cash, Beginning of Year	50,644	40,300
Cash, End of Year	108,649	50,644

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

The Perth and District Community Foundation

Notes to the Financial Statements

December 31, 2011

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.

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.

The Perth and District Community Foundation

Notes to the Financial Statements

December 31, 2011

1. Significant Accounting Policies / continued

(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.

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.

The Perth and District Community Foundation

Notes to the Financial Statements

December 31, 2011

1. Significant Accounting Policies / continued

(i) Donated Goods and Services

The Foundation may receive goods at no cost from various sources. Significant donations are recorded in the accounts at their estimated fair value at the date of the donation.

The Foundation also benefits from the service of volunteers. Because of the difficulty of determining their fair value, donated services are not recognized in these financial statements.

(j) 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.

(k) Future Changes in Accounting Standards

The CICA has announced that all Canadian reporting entities, subject to certain exceptions which include not-for-profit organizations, will adopt International Financial Reporting Standards (IFRS) as Canadian generally accepted accounting principles for years beginning on or after January 1, 2011. The Foundation, at its option, may adopt IFRS if it so chooses.

The CICA has also announced that effective January 1, 2012 Canadian private sector not-for-profit organizations (ie: those not controlled by government entities) will have a new financial reporting framework.

The organizations that do not adopt IFRS but rather adopt the new not-for-profit accounting standards the existing not-for-profit accounting standards will remain, supplemented by the new private enterprise standards. The new private enterprise standards include recognition, measurement and presentation simplification in many areas as well as reduced required disclosures in the financial statements whereas IFRS would require to some extent different and expanded recognition, measurement, presentation and disclosure standards.

The Foundation expects to adopt the new not-for-profit standards and further expects that there will be no material impact on the Foundation's financial statements by doing so.

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

December 31, 2011

2. Investments at Market

Investments of the Foundation, administered by RBC Dominion Securities, are invested in various GICs, bonds, debentures, stocks and equity funds and are stated at market value.

	2011	2010
	\$	\$
Cash and equivalents	45,646	8,072
Equities	260,842	197,334
Fixed income	313,466	151,159
	619,954	356,565

3. Capital Assets

	2011		2010	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Computer	1,356	1,356	---	452

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, 2011 consist of the following:

	2011	2010
	\$	\$
Environmental	50,947	54,070
Dr. Gordon Jackson	25,454	29,131
McIntosh Perry	52,522	35,536
Ken Gray Memorial	244,834	---
Young Talent	13,092	12,820
Graham Family	12,141	12,453
MERA Award of Excellence	10,144	11,160
Dr. Murray Wilson	9,747	10,355
GKJ Community	10,628	10,905
Bill Cuthbertson	5,750	5,750

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

December 31, 2011

4. Restricted and Named Funds / continued

	2011	2010
	\$	\$
Hollis Family	5,050	5,050
Ellard Family	10,600	10,777
Big Brothers Big Sisters	11,983	12,414
Anderson Family	5,600	4,500
Noble / Stolee	13,535	7,799
Munroe Family	2,050	1,050
VCK Fund	22,604	11,051
Ladly Family	50,000	---
B. Rogers Memorial	5,005	---
	561,686	234,821

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.

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, 2010.

(a) 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.

The Perth and District Community Foundation Notes to the Financial Statements

December 31, 2011

6. Risk Management / continued

(b) 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.

(c) Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

7. Income Tax Status

The Foundation is a registered charity under the Income Tax Act (Canada) and, accordingly, is exempt from income taxes provided certain requirements of the Income Tax Act (Canada) are met.
