

**FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

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**The Perth and District  
Community Foundation  
Financial Statements  
December 31, 2012**

# Allan

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Chartered Accountant Professional Corporation

## INDEPENDENT AUDITOR'S 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, 2012, and the statements of operations 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 accounting standards for Not-For-Profit Organizations, 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.

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, verification of these revenues was limited to the amounts recorded in the records of the Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses and cash flow from operations for the year ended, December 31, 2012, current assets as at December 31, 2012 and fund balances as at January 1, 2012 and December 31, 2012.

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, 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, referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Perth and District Community Foundation as at December 31, 2012, December 31, 2011 and January 1, 2011 and the results of operations and cash flows for the year ended December 31, 2012 and December 31, 2011 in accordance with Canadian accounting standards for Not-For-Profit Organizations.




Chartered Accountants  
Licensed Public Accountants  
Allan Chartered Accountant Professional Corporation  
Authorized to practice public accounting by the Institute of Chartered Accountants of Ontario

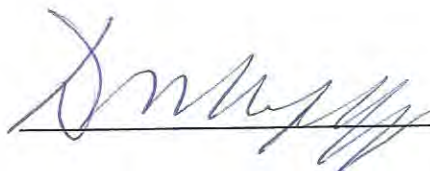
Perth, Ontario,  
February 21, 2013.

**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>2012</u>	<u>2011</u>
	\$	\$	\$	\$	\$
<b>Assets</b>					
<b>Current</b>					
Cash	53,036	5,713	3,909	62,658	108,649
Miscellaneous receivables	4,798	---	---	4,798	3,304
	<u>57,834</u>	<u>5,713</u>	<u>3,909</u>	<u>67,456</u>	<u>111,953</u>
<b>Investments</b> (note 2)	---	123,660	635,298	758,958	619,954
<b>Total Assets</b>	<u>57,834</u>	<u>129,373</u>	<u>639,207</u>	<u>826,414</u>	<u>731,907</u>
<b>Liabilities</b>					
<b>Current</b>					
Accounts payable and accrued liabilities	1,128	---	---	1,128	---
<b>Fund Balances</b>	56,706	---	---	56,706	55,452
Operating fund	---	129,373	---	129,373	114,769
Unrestricted fund	---	---	639,207	639,207	561,686
Restricted and named funds (note 3)	<u>56,706</u>	<u>129,373</u>	<u>639,207</u>	<u>825,286</u>	<u>731,907</u>
<b>Total Liabilities and Fund Balances</b>	<u>57,834</u>	<u>129,373</u>	<u>639,207</u>	<u>826,414</u>	<u>731,907</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 Operations and Fund Balances**

For the year ended December 31	Operating Fund	Unrestricted Fund	Restricted Fund	2012	2011
	\$	\$	\$	\$	\$
<b>Revenues</b>					
Donations	316	1,060	64,925	66,301	348,157
Investment income (loss)	---	18,927	32,332	51,259	(14,224)
Golf Tournament (net)	28,360	---	---	28,360	27,425
Christmas Fundraiser (net)	23,873	---	---	23,873	29,779
Other income	1,618	---	---	1,618	906
	<u>54,167</u>	<u>19,987</u>	<u>97,257</u>	<u>171,411</u>	<u>392,043</u>
<b>Expenditures</b>					
Administrative					452
Amortization	---	---	---	---	
Marketing					1,875
and advertising	3,854	---	---	3,854	
Office and general	6,938	---	---	6,938	7,929
Salaries and benefits	32,430	---	---	32,430	36,091
Grants	9,691	5,383	19,736	34,810	23,345
	<u>52,913</u>	<u>5,383</u>	<u>19,736</u>	<u>78,032</u>	<u>69,692</u>
<b>Net Revenues for the Year</b>	1,254	14,604	77,521	93,379	322,351
<b>Fund Balances, Beginning of Year</b>	55,452	114,769	561,686	731,907	409,556
<b>Fund Balances, End of Year</b>	56,706	129,373	639,207	825,286	731,907

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	2012	2011
	\$	\$
<b>Cash Flows Provided From:</b>		
<b>Operating Activities</b>		
Net revenues for the year	93,379	322,351
Add: amortization	---	452
	<b>93,379</b>	<b>322,803</b>
<b>Working Capital Provided (Applied)</b>		
Miscellaneous receivables	(1,494)	(518)
Accounts payable and accrued liabilities	1,128	(891)
	<b>(366)</b>	<b>(1,409)</b>
<b>Investing Activities</b>		
Investments	(139,004)	(263,389)
<b>Change in Cash, During the Year</b>	<b>(45,991)</b>	<b>58,005</b>
<b>Cash, Beginning of Year</b>	<b>108,649</b>	<b>50,644</b>
<b>Cash, End of Year</b>	<b>62,658</b>	<b>108,649</b>

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, 2012

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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**

### **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.

### **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.

### **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.

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# The Perth and District Community Foundation

## Notes to the Financial Statements

December 31, 2012

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### 1. Significant Accounting Policies / continued

#### 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.

#### Expense Recognition

Expenditures are recognized according to the accrual basis of accounting in that the expenditures are recorded as incurred as a result of receipt of goods and services and the creation of a legal obligation to pay.

#### 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.

#### 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.

#### 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, 2012

## 1. Significant Accounting Policies / continued

### Measurement Uncertainty

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.

### New Financial Reporting Framework

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

The Foundation has adopted the Canadian accounting standards for not-for-profit organizations (ASNFP). The new standards include recognition, measurement and presentation simplification in many areas as well as reduced required disclosures in the financial statements compared to International Financial Reporting Standards.

The new not-for-profit standards have had no material impact on the Foundation's financial statements.

## 2. Investments

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.

	2012	2011
	\$	\$
Cash and equivalents	72,182	45,646
Equities	317,826	260,842
Fixed income	368,950	313,466
	<b>758,958</b>	<b>619,954</b>

During the year, the net investment income was \$51,259 (2011 (\$14,224)) calculated as follows:

	2012	2011
	\$	\$
Investment income (loss)	61,605	(5,195)
Investment fees	(10,346)	(9,029)
Net Investment Income (Loss)	<b>51,259</b>	<b>(14,224)</b>



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

December 31, 2012

### 3. 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, 2012 consist of the following:

	2012	2011
	\$	\$
Anderson Family	6,600	5,600
B. Rogers Memorial	4,505	5,005
Big Brothers Big Sisters	13,512	11,983
Bill Cuthbertson	5,750	5,750
Dr. Gordon Jackson	23,803	25,454
Dr. Murray Wilson	9,990	9,747
Robert J. Ellard Family	20,400	10,600
Environmental	51,852	50,947
GKJ Community	10,998	10,628
Graham Family	12,545	12,141
Hollis Family	5,050	5,050
Ken Gray Memorial	269,954	244,834
Lady Family	52,988	50,000
McIntosh Perry	53,620	52,522
MERA Award of Excellence	10,755	10,144
Munroe Family	3,050	2,050
Noble / Stolee	22,146	13,535
Perth Library Children's Literature	18,991	---
Smart and Caring	2,680	---
VCK Fund	23,388	22,604
Young Talent	16,630	13,092
	639,207	561,686

### 4. 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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# The Perth and District Community Foundation

## Notes to the Financial Statements

December 31, 2012

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### 5. 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, 2011.

#### (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.

#### (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.

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### 6. Budget Figures

Under the new accounting framework, non profit organizations are required to report the annual budgets approved by the Board. The budgets for the 2012 and 2011 fiscal years are set out below.

	2012	2011
	\$	\$
Revenues		
Donations	---	---
Investment income	---	---
Golf tournament (net)	26,000	25,140
Christmas fundraising (net)	23,000	24,500
Other income	3,125	2,380
	<b>52,125</b>	<b>52,020</b>

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

**December 31, 2012**

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**6. Budget Figures / continued**

	2012	2011
	\$	\$
Expenditures		
Administration		
Marketing and advertising	7,525	9,425
Office and general	7,770	6,695
Salaries and benefits	35,500	35,500
Grants	---	---
	<b>50,795</b>	<b>51,620</b>
Net Revenues	<b>1,330</b>	<b>400</b>

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**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.

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