

**ELGIN - ST. THOMAS
COMMUNITY FOUNDATION**

**Financial Statements
December 31, 2011**

ELGIN-ST. THOMAS COMMUNITY FOUNDATION

Financial Statements

For the Year Ended December 31, 2011

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Independent Auditors' Report

To the Board of Directors of:
Elgin-St. Thomas Community Foundation

Report on the Financial Statements

We have audited the accompanying financial statements of Elgin-St. Thomas Community Foundation, which comprise the balance sheet as at December 31, 2011 as well as the statements of operations and changes in 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 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 the 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 the 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 qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the corporation derives a portion of revenue from donations 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 Foundation and we were not able to determine whether any adjustments might be necessary to donations, revenues, cash, excess of revenue and expenditures and fund balances.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Elgin-St. Thomas 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.

St. Thomas, Ontario

May 22, 2012

Graham Scott Enns LLP
CHARTERED ACCOUNTANTS
Licensed Public Accountants

ELGIN-ST. THOMAS COMMUNITY FOUNDATION

Balance Sheet As at December 31, 2011

	<u>2011</u>	2010
	<u>\$</u>	<u>\$</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	3,857	8,018
Restricted cash (Note 4)	19,050	38,100
Accounts receivable	1,581	1,326
Donations in kind inventory on hand (Note 3)	<u>350</u>	<u>700</u>
	24,838	48,144
INVESTMENTS (PAGE 5)	<u>884,973</u>	<u>716,901</u>
	<u>909,811</u>	<u>765,045</u>
<u>LIABILITIES</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	<u>4,677</u>	<u>4,242</u>
	<u>4,677</u>	<u>4,242</u>
<u>FUND BALANCES</u>		
Endowment Funds (Pages 3 and 6)	789,580	716,201
Flow Through Restricted Funds (Page 3)	95,393	700
Operating Funds		
Restricted Funds (Page 3)	19,050	38,100
Unrestricted Net Assets (Page 3)	<u>1,111</u>	<u>5,802</u>
	<u>905,134</u>	<u>760,803</u>
	<u>909,811</u>	<u>765,045</u>

On Behalf of the Board

Director

Director

See accompanying notes to the financial statements

ELGIN-ST. THOMAS COMMUNITY FOUNDATION

**Statement of Operations and Changes in Fund Balances
For the Year Ended December 31, 2011**

	Operating Funds								TOTAL	
	Unrestricted Net Assets		Internally Restricted (note 4)		Flow-Through Funds (restricted)		Endowment Funds			
	2011 \$	2010 \$	2011 \$	2010 \$	2011 \$	2010 \$	2011 \$	2010 \$	2011 \$	2010 \$
Revenue										
Donations	8,679	46,600	-	-	161,347	12,900	96,226	68,620	266,252	128,120
Administrative fees	16,323	12,761	-	-	-	-	-	-	16,323	12,761
Other	6,556	2,507	-	-	-	-	-	-	6,556	2,507
Investment income	-	-	-	-	-	-	18,884	28,271	18,884	28,271
	<u>31,558</u>	<u>61,868</u>	<u>-</u>	<u>-</u>	<u>161,347</u>	<u>12,900</u>	<u>115,110</u>	<u>96,891</u>	<u>308,015</u>	<u>171,659</u>
Expenses										
Administrative & other expenses (Schedule)	55,299	22,176	-	-	-	-	-	-	55,299	22,176
Administration fee	-	-	-	-	-	-	16,323	12,761	16,323	12,761
Grants and distributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>66,654</u>	<u>18,156</u>	<u>12,384</u>	<u>9,702</u>	<u>79,038</u>	<u>27,858</u>
Excess (deficiency) of revenues over expenses, grants and distributions	<u>(23,741)</u>	<u>39,692</u>	<u>-</u>	<u>-</u>	<u>94,693</u>	<u>(5,256)</u>	<u>86,403</u>	<u>74,428</u>	<u>157,355</u>	<u>108,864</u>
Accumulated gains and losses included directly in the statement of changes in fund balances:										
Unrealized gains and losses on available-for-sale financial assets arising during the year	-	-	-	-	-	-	(13,908)	1,314	(13,908)	1,314
Reclassification adjustment for gains and losses recognized in investment income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>884</u>	<u>10,579</u>	<u>884</u>	<u>10,579</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(13,024)</u>	<u>11,893</u>	<u>(13,024)</u>	<u>11,893</u>
Interfund transfers	19,050	(38,100)	(19,050)	38,100	-	-	-	-	-	-
FUND BALANCES, BEGINNING OF YEAR	<u>5,802</u>	<u>4,210</u>	<u>38,100</u>	<u>-</u>	<u>700</u>	<u>5,956</u>	<u>716,201</u>	<u>629,880</u>	<u>760,803</u>	<u>640,046</u>
FUND BALANCES, END OF YEAR	<u>1,111</u>	<u>5,802</u>	<u>19,050</u>	<u>38,100</u>	<u>95,393</u>	<u>700</u>	<u>789,580</u>	<u>716,201</u>	<u>905,134</u>	<u>760,803</u>

See accompanying notes to the financial statements

ELGIN-ST. THOMAS COMMUNITY FOUNDATION

Statement of Cash Flows For the Year Ended December 31, 2011

	2011	2010
	<u>\$</u>	<u>\$</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from operating revenues	30,308	59,568
Cash paid to suppliers and employees	<u>(51,636)</u>	<u>(15,897)</u>
Cash flows (used in) from operating activities	<u>(21,328)</u>	<u>43,671</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Grants and distributions	(79,038)	(27,857)
Net transfer into investment accounts	<u>(178,535)</u>	<u>(53,663)</u>
Cash flows used in investing activities	<u>(257,573)</u>	<u>(81,520)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Endowment and flow-through contributions	<u>257,573</u>	<u>81,520</u>
Cash flows from financing activities	<u>257,573</u>	<u>81,520</u>
NET (DECREASE) INCREASE IN CASH	(21,328)	43,671
CASH, BEGINNING OF YEAR	<u>46,118</u>	<u>4,624</u>
CASH, END OF YEAR	<u>24,790</u>	<u>48,295</u>
CASH IS COMPRISED OF:		
Cash	3,857	8,018
Restricted cash	<u>19,050</u>	<u>38,100</u>
	<u>22,907</u>	<u>46,118</u>

See accompanying notes to the financial statements

ELGIN-ST. THOMAS COMMUNITY FOUNDATION

Schedule of Investments As at December 31, 2011

	<u>2011</u>	2010
	<u>\$</u>	<u>\$</u>
Investments consist of the following:		
<u>Canadian Assets</u>		
Cash	152,292	60,010
Mutual Fund Portfolio	248,840	206,768
Guaranteed Investment Certificate, 1.28%, maturing January 2011	-	55,669
Guaranteed Investment Certificate, 1.14%, maturing January 2011	-	55,653
Guaranteed Investment Certificate, 4.00%, maturing December 2011	-	64,953
Guaranteed Investment Certificate, 4.00%, maturing January 2012	88,186	88,195
Guaranteed Investment Certificate, 2.25%, maturing January 2013	51,057	-
Guaranteed Investment Certificate, 2.35%, maturing October 2013	5,020	-
Guaranteed Investment Certificate, 2.35%, maturing January 2014	5,125	-
Guaranteed Investment Certificate, 2.68%, maturing January 2014	51,259	-
Guaranteed Investment Certificate, 3.05%, maturing September 2015	54,051	52,456
Guaranteed Investment Certificate, 2.87%, maturing October 2015	5,024	-
Guaranteed Investment Certificate, 2.70%, maturing December 2016	60,031	-
Common stocks	<u>164,088</u>	<u>133,197</u>
	<u>884,973</u>	<u>716,901</u>

The above cash balances are classified as loans and receivables, and at December 31, 2011 were maintained in accounts bearing interest at between 0.125% and 0.8% per annum.

The above GICs and mutual funds have been classified as available for sale and measured at fair value.

ELGIN-ST. THOMAS COMMUNITY FOUNDATION

Schedule of Endowment Funds As at December 31, 2011

	2011	2010
	<u>\$</u>	<u>\$</u>
Donor Designated Funds	78,376	80,578
Field of Interest Funds	28,016	28,942
Donor Advised Funds	463,579	382,679
Agency Funds (i)	143,090	145,306
Community Fund	<u>76,519</u>	<u>78,696</u>
	789,580	716,201
Funds Held for Others (i)	<u>-</u>	<u>-</u>
	<u>789,580</u>	<u>716,201</u>

- (i) During 2010, at the direction of the Board of Directors of the Family YMCA, the YMCA Heritage and Legacy Funds were wound up and the fund balances transferred to the Family YMCA of St. Thomas Elgin Endowment Fund.

ELGIN-ST. THOMAS COMMUNITY FOUNDATION

Notes to the Financial Statements For the Year Ended December 31, 2011

1. NATURE OF THE ORGANIZATION

Elgin-St. Thomas Community Foundation is a corporation without share capital, incorporated by letters patent dated December 11, 2003. The Foundation is a registered charity under the Canadian Income Tax Act and is exempt from income tax.

Vision:

To enhance the quality of life in Elgin County.

Mission:

To strengthen the community for the benefit of all by fostering the growth of community philanthropy; giving opportunities to benefactors to leave a lasting legacy for future generations; building and prudently managing community endowments; and addressing the needs of the community through strategic grant making and organizational support.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

In the opinion of management, the financial statements have been prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below:

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

Capital Assets

Purchased capital assets are recorded at acquisition cost. Amortization is provided on a straight-line basis over the estimated useful lives of the assets as follows:

Computer equipment	3 years
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One half of the amortization calculated at the above rates is recorded in the year of addition.

Revenue Recognition

The Foundation follows the deferral method of accounting for contributions.

ELGIN-ST. THOMAS COMMUNITY FOUNDATION

Notes to the Financial Statements For the Year Ended December 31, 2011

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Operating Fund donations are recorded as revenue when received. Grants are recorded as revenue in the time period when the related expenditure occurs. Investment income is recorded as revenue when earned. Other revenues are recorded as revenue when receivable. Endowment contributions are recorded as an increase in the applicable Endowment Fund.

Operating Fund

The unrestricted portion of the operating fund represents the unrestricted net assets of the Elgin-St. Thomas Community Foundation supporting vital day to day operations including ongoing operating and program costs.

Endowment Funds

The purpose of the Endowment Funds is to allow for the creation and long-term management of funds, the income from which will be used or applied for the long term benefit of citizens of the County of Elgin. Endowment Funds can be of the following designations:

- Community Fund - unrestricted funds respond to the changing needs of our community.
- Agency funds - funds established by charitable organizations as permanent funds to ensure an ongoing source of support for their programs and operations
- Donor designated funds - donors specify the area of interest or charitable activity they wish to support.
- Donor advised funds - donors recommend specific organizations to receive funds.
- Field of interest funds - donors focus giving in a certain area.

Flow Through Donations

Flow Through Donations are restricted by the donor and are granted within one year of being received.

Funds Held for Others

Donors entrust the Foundation with long-term management of funds.

ELGIN-ST. THOMAS COMMUNITY FOUNDATION

Notes to the Financial Statements For the Year Ended December 31, 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributed Services and Materials

Volunteers contribute an indeterminable number of hours per year. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Contributed materials or services which would otherwise have been purchased in the normal course of operations are recorded in these financial statements.

Financial Instruments

In April 2005, the Accounting Standards Board issued new Handbook sections on financial instruments. Section 3855 and Section 3861. Section 3855 Financial Instruments - Recognition and Measurement addresses when financial instruments should be recognized and how they should be measured. Section 3861 Financial Instruments - Disclosure and Presentation provides standards for how financial instruments should be classified on financial statements and the disclosure requirements.

3. IN-KIND DONATION ARTICLES

The organization receives donations of certain art, prints and other collectibles for which it issues tax receipts. These articles are generally donated or sold at special events. Since the articles are held only for the current year, they are classified as inventory and are recorded at fair value.

During 2011, the Foundation sold one item at FMV leaving a balance of \$350 in inventory.

4. OPERATING FUND RESTRICTED ASSETS

During the prior year, the Board designated \$38,100 operating funds as internally restricted for specific uses during 2011 and 2012 to further the Foundation's reach and scope of activity within Elgin County. Half of this balance has been allocated to 2011 for operations and the balance remains restricted for 2012.

ELGIN-ST. THOMAS COMMUNITY FOUNDATION

Notes to the Financial Statements For the Year Ended December 31, 2011

5. FINANCIAL INSTRUMENTS

Foreign currency risk

The Foundation has no significant revenues or expenditures in foreign currencies.

Credit risk

The Foundation does not have any significant exposure to any individual supporter.

Fair value

The carrying value of accounts receivable, prepaid expenses and accounts payable and accrued liabilities approximate the fair value due to the near-term maturity of these instrument.

ELGIN-ST. THOMAS COMMUNITY FOUNDATION

**Schedule of Administrative and Other Expenses
For the Year Ended December 31, 2011**

	2011	2010
	<u>\$</u>	<u>\$</u>
HST not recoverable	1,883	2,177
Materials and supplies	3,971	1,654
Occupancy costs	1,800	1,800
Other operating costs	4,202	1,273
Payroll expense	23,057	6,749
Printing and communications	10,427	2,867
Professional fees	8,197	5,560
Special event expenses	636	96
Travel and meetings	<u>1,126</u>	<u>-</u>
	<u>55,299</u>	<u>22,176</u>

See accompanying notes to the financial statements