

**Stratford and Perth  
County Community Foundation**

**Financial Statements**  
For the year ended August 31, 2012

**Stratford and Perth County Community Foundation**  
**Financial Statements**  
For the year ended August 31, 2012

**Contents**

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## Independent Auditors' Report

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### **To the Board of Directors and Members of Stratford and Perth County Community Foundation**

We have audited the accompanying financial statements of Stratford and Perth County Community Foundation, which comprise the balance sheet as at August 31, 2012, the statements of operations and changes in fund balances, and cash flows for the year then ended, 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 about whether the financial statements are free from 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 Foundation derives revenue from donations and fundraising, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to amounts recorded in the records of the Foundation, and we were not able to determine whether any adjustments might be necessary to donation revenue, net revenue, assets and fund balances.

### **Opinion**

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of Stratford and Perth County Community Foundation as at August 31, 2012 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants, Licensed Public Accountants

Stratford, Ontario  
December 17, 2012

## Stratford and Perth County Community Foundation Balance Sheet

August 31	Operating Fund	Endowment Fund	Funds for Distribution	Total 2012	Total 2011
<b>Assets</b>					
<b>Current</b>					
Cash	\$ 21,089	\$ -	\$ -	\$ 21,089	\$ 47,809
Accounts receivable	11,500	-	-	11,500	3,575
GST/HST recoverable	5,732	-	-	5,732	3,933
Prepaid expenses	852	-	-	852	2,012
Investments (Note 3)	-	1,341,381	-	1,341,381	1,124,069
Interfund receivable (payable)	(5,742)	(26,356)	32,098	-	-
	<b>\$ 33,431</b>	<b>\$ 1,315,025</b>	<b>\$ 32,098</b>	<b>\$ 1,380,554</b>	<b>\$ 1,181,398</b>

### Liabilities and Fund Balances

<b>Current</b>					
Accounts payable	\$ 4,919	-	-	\$ 4,919	\$ 8,311
Deferred revenue (Note 4)	-	-	-	-	6,971
Grants payable	-	-	6,000	6,000	25,200
Funds held in trust (Note 3)		65,309		65,309	
	<b>4,919</b>	<b>65,309</b>	<b>6,000</b>	<b>76,228</b>	40,482
<b>Fund balances</b>					
Endowment funds (Note 5):					
Contributed capital	-	1,249,716	-	1,249,716	1,112,889
Reinvested earnings (deficit)	-	-	-	-	(11,685)
Funds for distribution	-	-	26,098	26,098	7,328
Unrestricted funds	28,512	-	-	28,512	32,384
	<b>28,512</b>	<b>1,249,716</b>	<b>26,098</b>	<b>1,304,326</b>	1,140,916
	<b>\$ 33,431</b>	<b>\$ 1,315,025</b>	<b>\$ 32,098</b>	<b>\$ 1,380,554</b>	<b>\$ 1,181,398</b>

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

## Stratford and Perth County Community Foundation Statement of Operations and Changes in Fund Balances

For the year ended August 31	Operating Fund	Endowment Fund	Funds for Distribution	Total 2012	Total 2011
<b>Revenue</b>					
Donations	\$ 29,613	\$ 125,920	\$ 7,510	\$ 163,043	\$ 354,900
Corporate sponsorships	23,000	-	-	23,000	15,500
City of Stratford	5,000	-	-	5,000	5,000
Event revenues	75,761	-	-	75,761	53,102
Ontario Trillium Foundation	6,971	-	-	6,971	17,862
Investment income					
- Investment distributions	-	21,926	22,687	44,613	35,643
- Realized and unrealized gains	-	9,137	9,454	18,591	6,547
- Foreign exchange gains (losses)	-	3,553	3,676	7,229	(5,637)
Allocation of administration fees	12,023	(12,023)	-	-	-
Other income	161	-	43	204	399
Raffle	3,230	-	-	3,230	-
	<b>155,759</b>	<b>148,513</b>	<b>43,370</b>	<b>344,412</b>	<b>483,316</b>
<b>Expenditures</b>					
Administration support	5,351	-	-	5,351	4,493
Community outreach	11,631	-	-	11,631	7,078
Computer expenses	4,969	-	-	4,969	436
Event expenses	18,452	-	-	18,452	13,427
Fundraising expense	529	-	-	529	38
Granting expense	744	-	-	744	586
Insurance	1,894	-	-	1,894	1,851
Membership fees	773	-	-	773	350
Miscellaneous	2,376	-	-	2,376	1,908
Office, printing and postage	5,425	-	-	5,425	5,356
Office rent	12,473	-	-	12,473	12,473
Professional fees	5,938	-	-	5,938	4,506
Salaries and benefits	79,734	-	-	79,734	56,147
Special projects	5,408	-	-	5,408	4,110
Telephone	1,122	-	-	1,122	1,686
Travel and conferences	2,812	-	-	2,812	4,815
	<b>159,631</b>	<b>-</b>	<b>-</b>	<b>159,631</b>	<b>119,260</b>
<b>Grants and Distributions (Note 7)</b>					
Arts and culture	-	-	4,900	4,900	7,000
Health	-	-	2,000	2,000	2,500
Education and literacy	-	-	1,500	1,500	2,800
Environment	-	-	1,500	1,500	3,100
Social welfare	-	-	700	700	2,500
Recreation and sports	-	-	7,200	7,200	3,600
Children and youth	-	-	2,300	2,300	1,200
Senior	-	-	4,500	4,500	-
	<b>-</b>	<b>-</b>	<b>24,600</b>	<b>24,600</b>	<b>22,700</b>
<b>Excess of revenue over expenditures</b>	<b>(3,872)</b>	<b>148,513</b>	<b>18,770</b>	<b>163,411</b>	<b>341,356</b>
<b>Fund balance, opening</b>	<b>32,384</b>	<b>1,101,204</b>	<b>7,328</b>	<b>1,140,916</b>	<b>799,560</b>
<b>Fund balance, ending</b>	<b>\$ 28,512</b>	<b>\$ 1,249,717</b>	<b>\$ 26,098</b>	<b>\$ 1,304,327</b>	<b>\$ 1,140,916</b>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

## Stratford and Perth County Community Foundation Statement of Cash Flows

For the year ended August 31	Operating Fund	Endowment Fund	Funds for Distribution	Total 2012	Total 2011
<b>Cash flows from operating activities</b>					
Excess of revenue over expenditures	\$ (3,872)	\$ 148,513	\$ 18,770	\$ 163,411	\$ 341,356
Adjustment for:					
Realized and unrealized (gains) losses	-	(9,137)	(9,454)	(18,591)	(6,547)
Foreign exchange (gains) losses	-	(3,553)	(3,676)	(7,229)	5,637
Transfer of realized and unrealized losses (gains)	-	(9,454)	9,454	-	-
Transfer of foreign exchange gains (losses)	-	(3,676)	3,676	-	-
	<b>(3,872)</b>	<b>122,693</b>	<b>18,770</b>	<b>137,591</b>	<b>340,446</b>
Changes in non-cash working capital balances:					
Accounts receivable	(7,925)	-	-	(7,925)	25,425
GST/HST recoverable	(1,799)	-	-	(1,799)	(1,935)
Prepaid expenses	1,160	-	-	1,160	(110)
Interfund receivable (payable)	(10,064)	37,473	(27,409)	-	-
Accounts payable	(3,393)	-	-	(3,393)	724
Funds in trust	-	(65,309)	-	(65,309)	-
Deferred revenue	(6,971)	-	-	(6,971)	(4,662)
Grants payable	-	-	(19,200)	(19,200)	500
	<b>(32,864)</b>	<b>94,857</b>	<b>(27,839)</b>	<b>34,154</b>	<b>378,234</b>
<b>Cash flows from investing activities</b>					
Purchase of investments	-	(131,168)	-	(131,168)	(382,156)
Proceeds on sale of investments	33,983	36,311	-	70,294	57,366
	<b>33,983</b>	<b>(94,857)</b>	<b>-</b>	<b>(60,874)</b>	<b>(324,790)</b>
<b>Change in cash and cash equivalents during the year</b>					
	<b>1,119</b>	<b>-</b>	<b>(27,839)</b>	<b>(26,720)</b>	<b>35,598</b>
<b>Cash and cash equivalents, beginning of year</b>					
	<b>19,970</b>	<b>-</b>	<b>27,839</b>	<b>47,809</b>	<b>12,211</b>
<b>Cash and cash equivalents, end of year</b>					
	<b>\$ 21,089</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 21,089</b>	<b>\$ 47,809</b>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

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## **Stratford and Perth County Community Foundation Summary of Significant Accounting Policies**

**August 31, 2012**

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### **Fund Accounting**

For financial reporting purposes, the Foundation employs the following three funds:

#### **Operating Fund**

This fund accounts for the Foundation's administrative and operational revenues and expenses. Net expenditures of this fund are financed primarily by donor contributions directed to general operations, fundraising events and unrestricted investment income earned on endowment funds. The distribution of income for granting purposes is determined by the Board of Directors each year according to the most pressing needs of the community.

#### **Endowment Fund**

This fund reports amounts that are required to be maintained by the Foundation on a permanent basis, including investment income needed to preserve the purchasing power of the endowed capital.

#### **Funds for Distribution**

This fund represents amounts, including unendowed contributions and restricted investment income on endowment funds, that are available to be used for purposes specified by donors. Donors may specify the charitable organization(s) to receive grants or may identify the particular area of interest to be supported for these funds.

### **Revenue Recognition**

The Foundation follows the restricted method of accounting for contributions. All donations and bequests are recorded as revenue only as received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

### **Contributed Services**

Volunteers contribute many hours per year to assist the Foundation in carrying out its fundraising and granting activities. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

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## Stratford and Perth County Community Foundation Summary of Significant Accounting Policies

**August 31, 2012**

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**In-kind Contributions**

Throughout the year, the Foundation receives in-kind contributions. Significant contributions are recorded in the financial statements at their fair market value at the date of the contribution.

**Capital Assets**

In common with many not-for-profit organizations, capital assets are not required to be recorded on the balance sheet. Expenditures for capital assets are recorded in the Statement of Operations and Changes in Fund Balances and disclosed separately in the notes to the financial statements.

**Financial Instruments**

The Foundation's financial instruments consist of cash, accounts receivable, investments, accounts payable and grants payable. Cash and investments are classified as held-for-trading and are carried at fair value. Any changes in fair value and all interest and transaction costs are recorded in the year they occur. Accounts receivable and accounts and grants payable are classified as loans and receivables and other financial liabilities, respectively, and are reported at cost.

**Foreign Currency Translation**

Foreign currency transactions are translated at the rates of exchange in effect at the dates of the transaction. Resulting foreign currency denominated monetary assets and liabilities are translated at the rates of exchange in effect at the balance sheet date. Gains and losses on translation of monetary assets and liabilities are included in the determination of net revenue for the current year.

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# Stratford and Perth County Community Foundation Notes to Financial Statements

**August 31, 2012**

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## 1. Purpose of Organization

The purpose of the organization is to receive and maintain funds, to apply all or part of the principal and income therefrom, from time to time, for giving grants to qualified donees who meet charitable purposes, and more particularly:

- (a) to advance education at the primary, secondary and post-secondary levels;
- (b) to promote and advance social welfare and health programs and activities that contribute to the development of healthy communities;
- (c) to relieve poverty;
- (d) to preserve and protect the environment through hands on projects, as well as, through courses and seminars directed at educating the public;
- (e) to advance the arts through the presentation of performances and exhibitions of an artistic nature, instructional seminars and workshops related to the arts;
- (f) to prevent and address problems of delinquency and substance abuse amongst youth;
- (g) to relieve loneliness and isolation, and provide health services to, the elderly.

The Foundation is a registered charity and is classified as a public foundation under Section 149.1(1) of the Income Tax Act. As such, it is exempt from income taxes and may issue donation receipts for income tax purposes. The Foundation must meet certain requirements to maintain its status as a public foundation registered under the Act. In the opinion of the Board of Directors, these requirements have been met.

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## Stratford and Perth County Community Foundation Notes to Financial Statements

**August 31, 2012**

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### 2. Financial Instruments

Unless otherwise noted, it is management's opinion that the Foundation is not exposed to significant interest rate or credit risks arising from its financial instruments, and the carrying amounts of instruments reported at cost approximate their fair values.

The Foundation is exposed to foreign currency price risk to the extent that its equity investments and mutual funds are denominated in a foreign currency. Fluctuations in these rates will impact the fair values of these financial instruments.

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### 3. Investments

Investments, which are carried at market value, are comprised of:

	<u>2012</u>	<u>2011</u>
Cash	\$ 27,966	\$ 5,720
Guaranteed investment certificates (GICs)	275,539	113,194
Equity securities	562,461	627,750
Mutual funds	475,415	377,405
	<u>\$ 1,341,381</u>	<u>\$ 1,124,069</u>

GICs have interest rates ranging from 2.8% to 4.97% with due dates from November 14, 2012 to November 24, 2015. The Foundation limits the amount of exposure in any one type of investment and with any one security.

Investments include \$65,309 which the Foundation manages for the literacy and building funds of the Stratford Public Library Foundation.

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### 4. Deferred Revenue

The Foundation received funding of \$ Nil (2011 - \$13,200) from the Ontario Trillium Foundation during the year. The amount of \$6,971 deferred in 2011, was recognized as revenue in 2012 against approved expenses.

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## **Stratford and Perth County Community Foundation Notes to Financial Statements**

**August 31, 2012**

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### **5. Endowment Fund Balance**

The Endowment Fund's reinvested earnings represent the cumulative difference between the market value of its investments and the capital contributions made by donors. This balance is comprised of the cumulative realized and unrealized investment income, reduced by the annual administration fees charged to cover the Foundation's costs of managing the endowment funds. The annual administration fee of \$12,023 (2011 - \$7,869) is shown in the Statement of Operations and Changes in Fund Balances.

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### **6. Capital Assets**

Capital expenditures of \$5,377 (2011 - \$2,350) are included in "Office, printing and postage" and "Special projects" on the Statement of Operations and Changes in Fund Balances.

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## Stratford and Perth County Community Foundation Notes to Financial Statements

**August 31, 2012**

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### 7. Grants and Distributions

Grants and distributions made during the year were as follows:

<u>Organization</u>	<u>Project</u>	<u>Amount</u>
Bully Canada	Educating/Erasing Bullying in Perth County	\$ 1,200
Central School	Literacy	500
Holy Name of Mary School	Playground for All	3,000
Listowel Eastdale PS School Council	Eastdale's Playground Building Project	1,000
NP Community Hospice		200
Off the Wall	Face 2 Face	900
Optimist Club of Mitchell	'Mitchell Optimist Playground	600
Optimism Place	'Welcoming Every Woman'	500
Perth County Historical Foundation	'The Fryfogel Arboretum	1,500
Salvation Army		400
St. Marys Childrens Choir	Marketing and Outreach	1,100
St. Marys Public Library	Visiting Library Service	3,000
St. Marys Youth Centre	Stonetown Xpark	2,200
Stratford Perth Co. Architectural Cons. of ON	Historical Plaque Program	500
VON Perth Huron	Golden Oldies Cooking Club	1,500
Wallace Public School	Born to Read: What Me?	1,000
Wellsping Stratford Cancer Support Centre	Caring Today: Curing Tomorrow	2,000
Community grants		<hr/> 21,100
Directed gifts:		
Stratford Summer Music	2012 Pocket Guide	3,000
Stratford Chefs School	Long Dinner Table	<hr/> 500
		<hr/> 3,500
Total grants and distributions		<hr/> <b>\$ 24,600</b> <hr/>

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## **Stratford and Perth County Community Foundation Notes to Financial Statements**

**August 31, 2012**

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### **8. Commitments**

The Foundation has an operating lease for its premises at \$13,560 annually until March 31, 2015.

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### **9. 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 revenue and expenses during the reporting period. Actual results could differ from those estimates as additional information becomes available.

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### **10. Capital Disclosures**

The Foundation considers its capital to be its fund balances, as represented by its Operating Fund, Endowment Fund and Funds for Distribution. The Foundation's objective when managing its capital is to safeguard its ability to continue as a going concern so it can continue to provide grants to community organizations. Annual budgets are developed and monitored to ensure the Foundation's capital is maintained at an appropriate level.

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