

**WindsorEssex Community  
Foundation**

Financial Statements  
**June 30, 2009**

October 13, 2009

## **Auditors' Report**

### **To the Board of Directors of WindsorEssex Community Foundation**

We have audited the statement of financial position of **WindsorEssex Community Foundation** as at June 30, 2009 and the statements of revenue and expenses and changes in net assets for the year then ended. These financial statements are the responsibility of the organization's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the organization as at June 30, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*PricewaterhouseCoopers LLP*

**Chartered Accountants, Licensed Public Accountants**

# WindsorEssex Community Foundation

## Statement of Financial Position

As at June 30, 2009

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	2009 \$	2008 \$
<b>Assets</b>		
Cash and cash equivalents	37,948	239,764
Prepays and other assets	3,579	3,478
Investments (note 4)	8,493,899	9,544,979
Property, plant and equipment (note 5)	8,699	2,006
	<hr/> 8,544,125	<hr/> 9,790,227
<b>Liabilities</b>		
Accounts payable and accrued liabilities	8,500	12,921
Deferred revenue – Ontario Trillium Foundation grant	37,400	-
Managed funds (note 6)	2,500,280	3,910,001
	<hr/> 2,546,180	<hr/> 3,922,922
<b>Net assets</b>		
Unrestricted	1,839,740	2,043,612
Restricted (note 6)	4,158,205	3,823,693
	<hr/> 5,997,945	<hr/> 5,867,305
	<hr/> 8,544,125	<hr/> 9,790,227

Approved by the Board of Directors

\_\_\_\_\_ Director \_\_\_\_\_ Director

# WindsorEssex Community Foundation

## Statement of Revenue and Expenses

For the year ended June 30, 2009

	Unrestricted Fund		Restricted Fund	2009	2008
	Operating	Endowment			
	\$	\$	\$	\$	\$
<b>Revenue</b>					
Donations	51,895	-	475,644	527,539	316,819
Investment income (loss)	19,429	-	(100,103)	(80,674)	28,917
	71,324	-	375,541	446,865	345,736
<b>Operating expenses</b>					
Advertising and promotion, net	16,129	-	-	16,129	10,827
Amortization	1,412	-	-	1,412	860
Automotive and travel	368	-	-	368	3,267
Bank charges	623	-	-	623	823
Education and training	3,868	-	-	3,868	4,556
Insurance premiums (note 7)	6,123	-	-	6,123	5,938
Investment and management fees	-	10,969	17,728	28,697	33,887
Licenses, memberships and dues	3,650	-	-	3,650	2,641
Office, stationery and postage	5,583	-	-	5,583	4,092
Other: Board and Committee work	458	-	-	458	1,382
Professional fees	14,989	-	-	14,989	14,297
Rent	17,919	-	-	17,919	13,537
Wages and employee benefits	69,421	-	-	69,421	60,248
	140,543	10,969	17,728	169,240	156,355
<b>Other expenses</b>					
Reimbursement of operating expenses	(106,860)	106,860	-	-	-
Administrative fees (recovery)	(1,724)	-	1,551	(173)	-
Brick program (recovery)	(635)	-	-	(635)	38,613
Cost incurred on disposition of donated property	-	3,938	-	3,938	68,255
Loss on sale of property, plant and equipment	-	-	-	-	2,469
	(109,219)	110,798	1,551	3,130	109,337
	40,000	(121,767)	356,262	274,495	80,044
<b>Grants and bursaries</b>					
Grants and bursaries made by the organization from restricted and unrestricted assets	40,000	74,000	21,250	135,250	108,114
<b>Net (expense) revenue</b>	-	(195,767)	335,012	139,245	(28,070)

# WindsorEssex Community Foundation

## Statement of Changes in Net Assets

For the year ended June 30, 2009

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	Unrestricted \$	Restricted \$	Total \$
Balance – June 30, 2007	3,272,043	2,718,876	5,990,919
Net (expense) revenue	(17,389)	(10,681)	(28,070)
Transfer (to) from managed funds	(114,834)	51,448	(63,386)
Transfers	(1,100,000)	1,100,000	-
Disbursements	-	(35,937)	(35,937)
Investment loss allocation	3,792	(3,792)	-
Investment income	-	3,779	3,779
Balance – June 30, 2008	2,043,612	3,823,693	5,867,305
Net (expense) revenue	(195,767)	335,012	139,245
Acquisition of property, plant and equipment	(8,105)	-	(8,105)
Disbursements	-	(500)	(500)
Balance – June 30, 2009	1,839,740	4,158,205	5,997,945

# WindsorEssex Community Foundation

Notes to Financial Statements

June 30, 2009

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## 1 Status of organization

The organization was incorporated by Special Act Chapter Pr 36, S.O. on December 16, 1983 as a corporation without share capital. WindsorEssex Community Foundation operates as a charitable organization as defined in the Income Tax Act (Canada).

Canada Revenue Agency has granted WindsorEssex Community Foundation permission to accumulate property of up to \$1,000,000 to establish and construct a linear parkway along the Windsor riverfront. The approval was effective July 1, 1997 and expires June 30, 2017.

On June 18, 2008, Application for Supplementary Letters Patent were filed changing the name of the organization from The Greater Windsor Community Foundation to WindsorEssex Community Foundation.

## 2 Summary of significant accounting policies

### a) Revenue recognition

Donations and contributions are recognized as revenue when received. Funds pledged to the organization are not recorded until they are received. Grant revenue is recognized when the related expenditures are incurred.

### b) Cash and cash equivalents

Cash and cash equivalents consist of cash and short term deposits.

### c) Investments

Investments are recorded at fair value. Subsequent changes in the fair value of investments are recorded in the statement of revenue and expenses.

### d) Property, plant and equipment

Property, plant and equipment are recorded at cost, less accumulated amortization. Amortization is calculated on a declining balance basis at the following annual rates:

Computer equipment	30%
Furniture and fixtures	20%

### e) Financial instruments

The fair value of the Foundation's cash and cash equivalents and accounts payable and accrued liabilities approximate their carrying amounts due to the short term maturity of these financial instruments.

# WindsorEssex Community Foundation

Notes to Financial Statements

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Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below. Their classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics and the Foundation's designation of such instruments. Settlement date accounting is used.

## Classification

Cash and cash equivalents	Held for trading
Investments	Held for trading
Accounts payable and accrued liabilities	Other liabilities

## Held for trading

Held for trading financial assets are financial assets typically acquired for resale prior to maturity or that are designated as held for trading. They are measured at fair value at the balance sheet date. Fair value fluctuations including interest earned, interest accrued, gains and losses realized on disposal and unrealized gains and losses are included in investment income.

## Other liabilities

Other liabilities are recorded at amortized cost using the effective interest method and include all financial liabilities.

## Transaction costs

Transaction costs related to held for trading financial assets and other liabilities are expensed as incurred.

## f) Donated services

A number of people donate significant time and expertise to the Foundation. However, since no objective basis exists for recording and assigning fair values to donated services, the value of this time has not been reflected in these financial statements.

## g) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's best knowledge of current events and actions that the organization may undertake in the future, actual results could differ from the estimates.

# WindsorEssex Community Foundation

Notes to Financial Statements

June 30, 2009

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## 3 Change in accounting policies

### Future accounting changes

Section 4400, *Financial Statement Presentation by Not-for-profit Organizations*. This section has been amended to require that certain gains and losses should be recorded initially as direct entries to the Statement of Changes in Net Assets for the period, rather than in the Statement of Operations for the period. This section has also been amended to provide additional disclosure for restrictions in deferred contributions, endowments and net assets. Additionally, the amended section requires that all revenues and expenses be presented on a gross basis and that the statement of cash flows be prepared in accordance with Section 1540, *Cash Flow Statements*. This section will be applicable to financial statements relating to fiscal years beginning on or after January 1, 2009.

Section 4460, *Disclosure of Related Party Transactions by Not-for-profit Organizations*. This section establishes disclosure standards for related party transactions in the financial statements of not-for-profit organizations. The section has been amended to be consistent with the disclosure requirements of Section 3840, *Related Party Transactions*.

Section 4470, *Disclosure of Allocated Expenses by Not-for-profit Organizations*. This new section establishes disclosure standards for a not-for-profit organization that classifies its expenses by function and allocates its expenses to a number of functions to which the expenses relate. Organizations which allocate fundraising and general support expenses to other functions within the organization require disclosure of the policies for allocation of expenses, nature of the expenses being allocated and the basis on which the allocations have been made. Additionally, the amounts allocated and the functions to which they have been allocated must also be disclosed. This section will be applicable to financial statements relating to fiscal years beginning on or after January 1, 2009.

Section 1540, *Cash Flow Statements*. This standard requires the disclosure of information about the historical changes in cash and cash equivalents of an entity by means of a cash flow statement that classifies cash flows during the period arising from operating, investing and financing activities. The standard has been amended to require that interim and annual financial statements of not-for-profit organizations be prepared in accordance with the requirements of this section effective with fiscal years beginning on or after January 1, 2009.

The Foundation is currently evaluating the impact of the adoption of these new or amended sections on the financial statements.

## 4 Investments

Investments of WindsorEssex Community Foundation are administered by TD Private Client Group and McLean Budden, are invested in various bonds, debentures, stocks and equity funds and are stated at market value.

# WindsorEssex Community Foundation

Notes to Financial Statements

June 30, 2009

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## 5 Property, plant and equipment

	Cost \$	Accumulated amortization \$	Net 2009 \$	Net 2008 \$
Computer equipment	3,372	1,968	1,404	2,006
Furniture and fixtures	8,105	810	7,295	-
	<hr/> 11,477	<hr/> 2,778	<hr/> 8,699	<hr/> 2,006

## 6 Fund management

The organization receives monies from various sources, the treatment of which is determined under the following classifications:

### Managed funds (agency)

These represent funds beneficially owned by other organizations for which the income and capital is designated for the benefit of these organizations. These funds have restrictions with respect to the type of investments that can be made and are to be kept separate from other investments of the organization. Income allocated to these funds is determined from the return on the specific restricted investments. In the event that the organization ceases to exist, the capital of the fund shall be returned to the donor.

### Managed funds (non-agency)

These represent funds beneficially owned by other organizations for which the income and capital is designated for the benefit of these organizations. These funds have no restrictions with respect to the type of investments that can be made and therefore are commingled with the other investments of the organization. Income allocated to these funds is determined on a pro rata basis from the return on the commingled investments. The excess of income allocated over disbursements is added to the capital of the fund. In the event that the organization ceases to exist, the capital of the fund shall be returned to the donor.

### Restricted endowment funds

These represent funds donated to the organization to which the contributor restricts any future distribution of the capital, but allows discretion on the distribution of income. Income allocated to these funds is determined on a pro rata basis from the return on the commingled investments.

### Other restricted funds

These represent funds donated to the organization or segregated by Board resolution for specific purposes. The capital can be distributed in accordance with the specific purpose. Income allocated to these funds is determined on a pro rata basis from the return on the commingled investments.

# WindsorEssex Community Foundation

## Notes to Financial Statements

June 30, 2009

Fund movements during the year are summarized below:

### Managed funds

	Agency \$	Non-Agency \$	Total \$
Balance – June 30, 2007	6,005,233	1,337,376	7,342,609
Transfer from unrestricted net assets	114,834	-	114,834
Transfer to restricted net assets	-	(51,448)	(51,448)
Contributions	36,097	87,006	123,103
Disbursements	(3,091,509)	(619,204)	(3,710,713)
Investment income	87,022	4,594	91,616
Balance – June 30, 2008	3,151,677	758,324	3,910,001
Contributions	5,000	-	5,000
Disbursements	(820,787)	(422,882)	(1,243,669)
Administrative fees	-	(173)	(173)
Investment loss	(126,601)	(44,278)	(170,879)
Balance – June 30, 2009	2,209,289	290,991	2,500,280

### Restricted net assets

	Endowment \$	Other \$	Total \$
Balance – June 30, 2007	1,753,199	965,677	2,718,876
Donations	16,403	-	16,403
Grants and bursaries	(27,084)	-	(27,084)
Transfer from managed funds	51,448	-	51,448
Transfer from unrestricted net assets	1,100,000	-	1,100,000
Disbursements	(30,456)	(5,481)	(35,937)
Investment income (loss) allocation	(1,124)	(2,668)	(3,792)
Investment income (loss)	(2,860)	6,639	3,779
Transfer	38,859	(38,859)	-
Balance – June 30, 2008	2,898,385	925,308	3,823,693
Donations	475,644	-	475,644
Investment loss, net	(68,435)	(49,396)	(117,831)
Administrative fees	(1,551)	-	(1,551)
Grants and bursaries	(11,250)	(10,000)	(21,250)
Disbursements	(500)	-	(500)
Balance – June 30, 2009	3,292,293	865,912	4,158,205

# WindsorEssex Community Foundation

Notes to Financial Statements

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## 7 Life insurance policies

The Foundation has been named irrevocable beneficiary and owner of a life insurance policy with an aggregate insured value of approximately \$134,000.

Future benefits to the Foundation in connection with this policy is contingent on the continuance of the payment of premiums by the donor and are only recorded in the accounts of the organization to the extent of proceeds received.

## 8 Financial instruments and market risk

The Foundation's investments are susceptible to market risk which is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Foundation's market risk is affected by changes in the level or volatility of market rates or prices, such as interest rates, foreign exchange rates and equity prices.

### *Interest rate risk*

The Foundation is subject to cash flow interest rate risk due to fluctuations in the prevailing levels of market interest rates on interest rate sensitive investments.

### *Currency risk*

The Foundation holds segregated funds denominated in Canadian dollars. To the extent that the funds hold individual investments denominated in a currency other than the Canadian dollar, the value of the investment is exposed to currency fluctuations when measured in Canadian dollars.

### *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.

## 9 Statement of cash flows

A separate statement of cash flows has not been presented since cash flows from operating, investing and financing activities are readily apparent from the other financial statements.

## 10 Income tax status

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

# **WindsorEssex Community Foundation**

Notes to Financial Statements

**June 30, 2009**

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## **11 Comparative balances**

Certain comparative balances have been reclassified to conform with the current year's financial statement presentation.