

WindsorEssex Community Foundation

Financial Statements
June 30, 2011

November 1, 2011

Independent Auditor's Report

To the Directors of WindsorEssex Community Foundation

We have audited the accompanying financial statements of WindsorEssex Community Foundation, which comprise the statement of financial position as at June 30, 2011 and the statements of revenue and expenses, changes in net assets and cash flows for the year then ended, and the related notes, which comprise 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 audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of WindsorEssex Community Foundation as at June 30, 2011 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, 2011

	2011 \$	2010 \$
Assets		
Cash and cash equivalents	54,192	29,202
Prepays and other assets	9,994	3,559
Investments (note 3)	8,863,134	8,597,467
Property, plant and equipment (note 4)	6,671	8,667
	<u>8,933,991</u>	<u>8,638,895</u>
Liabilities		
Accounts payable and accrued liabilities	9,473	9,505
Deferred revenue - Ontario Trillium Foundation grant	-	25,160
Managed funds (note 5)	2,279,579	2,451,950
	<u>2,289,052</u>	<u>2,486,615</u>
Net assets		
Unrestricted	1,756,479	1,732,591
Restricted (note 5)	4,888,460	4,419,689
	<u>6,644,939</u>	<u>6,152,280</u>
	<u>8,933,991</u>	<u>8,638,895</u>

Approved by the Board of Directors

_____ Director

_____ Director

WindsorEssex Community Foundation

Statement of Revenue and Expenses

For the year ended June 30, 2011

	Unrestricted		Restricted Fund	2011	2010
	Operating	Endowment			
	\$	\$	\$	\$	\$
Revenue					
Donations	54,291	-	95,405	149,696	112,915
Investment income	577	238,450	418,361	657,388	299,637
	<u>54,868</u>	<u>238,450</u>	<u>513,766</u>	<u>807,084</u>	<u>412,552</u>
Operating expenses					
Advertising and promotion, net	18,511	-	-	18,511	13,910
Amortization	1,996	-	-	1,996	2,193
Automotive and travel	1,979	-	-	1,979	1,145
Bank charges	831	-	-	831	602
Education and training	8,536	-	-	8,536	4,472
Insurance premiums (note 6)	5,184	-	-	5,184	6,164
Investment and management fees	-	13,766	23,292	37,058	32,975
Licenses, memberships and dues	3,015	-	-	3,015	3,456
Office supplies	2,567	-	-	2,567	5,724
Other: Board and Committee work	2,340	-	-	2,340	1,930
Professional fees	15,486	-	-	15,486	16,624
Rent	23,561	-	-	23,561	21,643
Wages and employee benefits (note 7)	79,582	-	-	79,582	74,787
	<u>163,588</u>	<u>13,766</u>	<u>23,292</u>	<u>200,646</u>	<u>185,625</u>
Other expenses					
Reimbursement of operating expenses	(101,635)	101,635	-	-	-
Administrative fees (recovery)	(7,085)	-	6,703	(382)	(362)
	<u>(108,720)</u>	<u>101,635</u>	<u>6,703</u>	<u>(382)</u>	<u>(362)</u>
	-	123,049	483,771	606,820	227,289
Grants and bursaries					
Grants and bursaries made by the organization from restricted and unrestricted assets	-	99,161	15,000	114,161	72,954
Net revenue	<u>-</u>	<u>23,888</u>	<u>468,771</u>	<u>492,659</u>	<u>154,335</u>

WindsorEssex Community Foundation

Statement of Changes in Net Assets

For the year ended June 30, 2011

	Unrestricted \$	Restricted \$	Total \$
Balance - June 30, 2009	1,839,740	4,158,205	5,997,945
Net (expenses) revenue	(107,149)	261,484	154,335
Balance - June 30, 2010	1,732,591	4,419,689	6,152,280
Net revenue	23,888	468,771	492,659
Balance - June 30, 2011	1,756,479	4,888,460	6,644,939

WindsorEssex Community Foundation

Statement of Cash Flows

For the year ended June 30, 2011

	2011 \$	2010 \$
Cash flows from operating activities		
Net revenue for the year	492,659	154,335
Adjustments for		
Amortization of property, plant and equipment	1,996	2,193
Amortization of deferred revenue, netted against wages and employee benefits expense	(25,160)	(31,440)
	<u>469,495</u>	<u>125,088</u>
Net change in non-cash working capital balances		
(Increase) decrease in prepaids and other assets	(6,435)	20
(Decrease) increase in accounts payable and accrued liabilities	(32)	1,005
	<u>463,028</u>	<u>126,113</u>
Cash flows from investing activities		
Increase in investments, net of decrease in managed funds	(438,038)	(151,898)
Purchase of property, plant and equipment	-	(2,161)
	<u>(438,038)</u>	<u>(154,059)</u>
Cash flows from financing activity		
Proceeds from Ontario Trillium Foundation grant	-	19,200
Net change in cash and cash equivalents	24,990	(8,746)
Cash and cash equivalents - Beginning of year	29,202	37,948
Cash and cash equivalents - End of year	<u>54,192</u>	<u>29,202</u>

WindsorEssex Community Foundation

Notes to Financial Statements

June 30, 2011

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

Restricted donations and contributions are recognized as revenue in the corresponding restricted fund when received.

Restricted donations, contributions or government grants for which no corresponding restricted fund is presented are deferred and recognized as revenue over the same period as the related expenses.

Unrestricted contributions are recognized as revenue of the operating fund in the period they are received.

Funds pledged to the organization are not recorded until they are received.

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.

WindsorEssex Community Foundation

Notes to Financial Statements

June 30, 2011

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.

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.

WindsorEssex Community Foundation

Notes to Financial Statements

June 30, 2011

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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates.

3 Investments

Investments of WindsorEssex Community Foundation are administered by TD Waterhouse Private Investment Counsel, McLean Budden, BMO Nesbitt Burns and Windsor Family Credit Union are invested in various GICs, bonds, debentures, stocks and equity funds and are stated at market value.

	2011 \$	2010 \$
Fair value		
TD Waterhouse Private Investment Counsel	6,871,232	6,914,277
McLean Budden	1,860,073	1,653,019
BMO Nesbitt Burns	51,829	30,171
Windsor Family Credit Union	80,000	-
	<hr/> 8,863,134	<hr/> 8,597,467
Cost		
TD Waterhouse Private Investment Counsel	6,662,619	7,166,932
McLean Budden	1,819,266	1,743,981
BMO Nesbitt Burns	48,301	30,173
Windsor Family Credit Union	80,000	-
	<hr/> 8,610,186	<hr/> 8,941,086

WindsorEssex Community Foundation

Notes to Financial Statements

June 30, 2011

4 Property, plant and equipment

	Cost \$	2011 Accumulated amortization \$	Net \$
Computer equipment	5,307	3,467	1,840
Furniture and fixtures	8,331	3,500	4,831
	<hr/>	<hr/>	<hr/>
	13,638	6,967	6,671
	<hr/>	<hr/>	<hr/>
	Cost \$	2010 Accumulated amortization \$	Net \$
Computer equipment	5,307	2,680	2,627
Furniture and fixtures	8,331	2,291	6,040
	<hr/>	<hr/>	<hr/>
	13,638	4,971	8,667
	<hr/>	<hr/>	<hr/>

5 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.

WindsorEssex Community Foundation

Notes to Financial Statements

June 30, 2011

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.

Fund movements during the year are summarized below:

Managed funds

	Agency \$	Non-Agency \$	Total \$
Balance - June 30, 2009	2,209,289	290,991	2,500,280
Disbursements	(151,819)	(5,000)	(156,819)
Administrative fees	-	(362)	(362)
Investment income, net	90,587	18,264	108,851
Balance - June 30, 2010	2,148,057	303,893	2,451,950
Contributions	-	85,000	85,000
Disbursements	(509,035)	(5,000)	(514,035)
Administrative fees	-	(382)	(382)
Investment income, net	221,051	35,995	257,046
Balance - June 30, 2011	1,860,073	419,506	2,279,579

WindsorEssex Community Foundation

Notes to Financial Statements

June 30, 2011

Restricted net assets	Endowment	Other	Total
	\$	\$	\$
Balance - June 30, 2009	3,292,293	865,912	4,158,205
Donations	103,449	-	103,449
Investment income, net	138,589	59,716	198,305
Administrative fees	(4,170)	-	(4,170)
Grants and bursaries	(36,100)	-	(36,100)
Balance - June 30, 2010	3,494,061	925,628	4,419,689
Donations	95,405	-	95,405
Investment income, net	284,473	110,596	395,069
Administrative fees	(6,703)	-	(6,703)
Grants and bursaries	(15,000)	-	(15,000)
Balance - June 30, 2011	3,852,236	1,036,224	4,888,460

6 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.

7 Government assistance

During the year, funds provided by a grant from the Ontario Trillium Foundation of \$25,160 have been applied against wages and employee benefits expense.

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.

WindsorEssex Community Foundation

Notes to Financial Statements

June 30, 2011

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 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.