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smith &
swallow*

NIAGARA COMMUNITY FOUNDATION

Financial Statements

December 31, 2003



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AUDITORS' REPORT

To the Directors of
Niagara Community Foundation

We have audited the balance sheet of Niagara Community Foundation as at December 31, 2003 and the statements of revenue, expenses and fund balances and cash flows for the year then ended. These financial statements are the responsibility of the foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, 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 common with many charitable organizations, the foundation derives revenue from donations, 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 donations, excess of revenue over expenses, assets and fund balances.

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 donations referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the foundation as at December 31, 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Niagara Falls, Ontario
March 9, 2004

CRAWFORD, SMITH AND SWALLOW
CHARTERED ACCOUNTANTS LLP

NIAGARA COMMUNITY FOUNDATION

BALANCE SHEET

December 31, 2003

Assets	2003	2002
	\$	\$
Cash	132,171	123,587
Temporary investments	430,689	259,047
Accounts receivable	2,263	2,024
Prepaid expenses	1,933	1,774
Investments	1,570,892	938,387
Fixed assets - note 2	5,008	2,513
	2,142,956	1,327,332
Liabilities and Fund Balances		
Liabilities		
Accounts payable and accrued liabilities	5,918	11,716
Deferred revenue	396,191	35,470
	402,109	47,186
Fund Balances		
Operating fund - note	83,980	95,914
Endowment fund	1,656,867	1,184,232
	1,740,847	1,280,146
	2,142,956	1,327,332

Signed on behalf of the board:

_____ Director

_____ Director

See accompanying notes

NIAGARA COMMUNITY FOUNDATION

STATEMENT OF REVENUE, EXPENSES AND FUND BALANCES

for the year ended December 31, 2003

	Operating Fund \$	Endowment Fund \$	2003 \$	2002 \$
Revenue				
Donations	37,469	319,939	357,408	589,451
Restricted donations		139,300	139,300	15,100
Investment income (loss)	1,929	177,830	179,759	(27,571)
Special events and sundry	40,040		40,040	42,405
Trillium grant				18,750
Other grants	39,437		39,437	48,886
	118,875	637,069	755,944	687,021
Expenses				
Advertising and promotion	5,588		5,588	4,991
Depreciation	1,237		1,237	694
Education services				2,909
Grants		137,691	137,691	31,442
Insurance	1,140		1,140	1,025
Investment counsel fees		15,219	15,219	7,845
Office and administration	12,809		12,809	11,558
Professional fees	2,100		2,100	2,100
Rent	8,000		8,000	6,016
Salaries and benefits	67,116		67,116	63,803
Special events and projects	37,631		37,631	3,861
Telecommunications	2,731		2,731	2,239
Travel	3,981		3,981	3,823
	142,333	152,910	295,243	142,306
Excess (Deficiency) of Revenue over Expenses for the Year	(23,458)	484,159	460,701	544,715
Fund Balance, Beginning of Year	95,914	1,184,232	1,280,146	735,431
Transfers				
Administration fee	12,138	(12,138)		
Other	(614)	614		
Fund Balance, End of Year	83,980	1,656,867	1,740,847	1,280,146

See accompanying notes

NIAGARA COMMUNITY FOUNDATION

STATEMENT OF CASH FLOWS

for the year ended December 31, 2003

	2003	2002
	\$	\$
Operating Activities		
Excess of revenue over expenses for the year	460,701	544,715
Depreciation	1,237	694
Working capital provided by operations	461,938	545,409
Changes in working capital components		
Temporary investments	(171,642)	(170,010)
Accounts receivable	(239)	(26)
Prepaid expenses	(159)	(551)
Accounts payable and accrued liabilities	(5,798)	8,299
Deferred revenue	360,721	16,720
	182,883	(145,568)
Funds provided by operating activities	644,821	399,841
Investing Activities		
Capital expenditures	(3,732)	(221)
Investments	(632,505)	(404,857)
Funds used by investing activities	(636,237)	(405,078)
Increase (Decrease) in Cash Position	8,584	(5,237)
Cash Position, Beginning of Year	123,587	128,824
Cash Position, End of Year	132,171	123,587

See accompanying notes

NIAGARA COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2003

Organization

Niagara Community Foundation was incorporated without share capital in April, 2000 as a non-profit corporation under the laws of Canada. The Foundation is a public foundation registered under the Income Tax Act (Canada) and, as such, is exempt from income taxes and able to issue donation receipts for income tax purposes. Niagara Community Foundation serves the Niagara Peninsula by building permanently endowed charitable funds for the changing needs and opportunities of the community.

1. Significant Accounting Policies

The financial statements of the corporation are the representations of management prepared in accordance with Canadian generally accepted accounting principles, consistently applied. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgement in the light of available information. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below:

Fund accounting

The operating fund reports resources available for the foundation's general operating activities including fixed assets.

The endowment fund reports resources that are required to be maintained by the foundation on a permanent basis.

Revenue recognition

Contributions are recognized as revenue of the appropriate fund as received, except in the case of donated goods and services. Restricted donations are treated as deferred revenue until disbursed.

Temporary investments

Temporary investments are valued at the lower of cost and market value.

Gifts-in-kind

Gifts-in-kind are recognized when the fair value can be reasonably estimated, the materials are used in the normal course of operations and the organization would have purchased the materials or services if they had not been contributed.

Investments and investment income

Investments are recorded at year-end market values. Investment income includes dividends, interest, realized gains (losses), and the net change in unrealized gains (losses) for the year.

NIAGARA COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2003

1. Significant Accounting Policies - continued

Fixed assets and depreciation

Fixed assets are recorded at cost. Expenditures for maintenance and repairs are charged to operating expenses.

Depreciation is calculated using the declining balance method at rates designed to amortize the cost of fixed assets as follows:

Equipment and furnishings	- 20 %
Computer equipment	- 30 %

Additions during the year are depreciated from the month of acquisition. Disposals are depreciated until the month of disposition. Gains or losses on assets sold or otherwise disposed of are included in the statement of operations

2. Fixed Assets

	Cost \$	Accumulated Depreciation \$	2003 \$	2002 \$
Equipment and furnishings	4,113	1,757	2,356	2,014
Computer equipment	3,952	1,300	2,652	499
	8,065	3,057	5,008	2,513

3. Operating Fund Balance

	2003 \$	2002 \$
Invested in fixed assets		
Fixed assets	5,008	2,513
Deferred contributions restricted towards fixed assets	3,048	
	1,960	2,513
Unrestricted	82,020	93,401
	83,980	95,914

NIAGARA COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2003

4. Financial Instruments

Price risk

The foundation has investments totaling \$1,695,851 which fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. Accordingly, the foundation is exposed to the effects of market rate fluctuations.

Cash flow risk

The foundation has investments totaling \$304,000 which bear interest based on market rates. Accordingly, the foundation is exposed to the effects of interest rate fluctuations.

5. Disbursement Quota

In 2004, the foundation is required to disburse \$226,823 and has an excess carry-forward of \$218,308 resulting in a net disbursement of \$8,515.