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smith &
swallow*

NIAGARA COMMUNITY FOUNDATION

Financial Statements

December 31, 2004



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Financial Statements

December 31, 2004

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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, 2004 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, 2004 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 10, 2005

CRAWFORD, SMITH AND SWALLOW
CHARTERED ACCOUNTANTS LLP

NIAGARA COMMUNITY FOUNDATION

BALANCE SHEET

December 31, 2004

Assets	2004	2003
	\$	\$
Cash	234,455	132,171
Temporary investments	216,702	430,689
Accounts receivable	19,414	2,263
Prepaid expenses	28,162	1,933
Investments	2,082,316	1,570,892
Fixed assets - note 2	4,554	5,008
	2,585,603	2,142,956
Liabilities and Fund Balances		
Liabilities		
Accounts payable and accrued liabilities	17,179	5,918
Deferred revenue	167,290	396,191
	184,469	402,109
Fund Balances		
Operating fund - note 3	63,036	83,980
Endowment fund	2,338,098	1,656,867
	2,401,134	1,740,847
	2,585,603	2,142,956

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, 2004

	Operating Fund \$	Endowment Fund \$	2004 \$	2003 \$
Revenue				
Donations	30,305	559,743	590,048	357,408
Restricted donations		558,619	558,619	139,300
Investment income	603	212,886	213,489	179,759
Special events and sundry	32,610		32,610	40,040
Trillium grant	6,795		6,795	
Other grants	14,606		14,606	39,437
	84,919	1,331,248	1,416,167	755,944
Expenses				
Advertising and promotion	4,824		4,824	5,588
Depreciation	1,373		1,373	1,237
Grants		596,756	596,756	137,691
Investment counsel fees		21,605	21,605	15,219
Office and administration	35,250	3,596	38,846	30,761
Salaries and benefits	72,276		72,276	67,116
Special events and projects	20,200		20,200	37,631
	133,923	621,957	755,880	295,243
Excess (Deficiency) of Revenue over Expenses for the Year	(49,004)	709,291	660,287	460,701
Fund Balance, Beginning of Year	83,980	1,656,867	1,740,847	1,280,146
Transfers				
Administration fee	16,180	(16,180)		
Other	11,880	(11,880)		
Fund Balance, End of Year	63,036	2,338,098	2,401,134	1,740,847

See accompanying notes

NIAGARA COMMUNITY FOUNDATION

STATEMENT OF CASH FLOWS

for the year ended December 31, 2004

	2004	2003
	\$	\$
Operating Activities		
Excess of revenue over expenses for the year	660,287	460,701
Depreciation	1,373	1,237
Working capital provided by operations	661,660	461,938
Changes in working capital components		
Temporary investments	213,987	(171,642)
Accounts receivable	(17,151)	(239)
Prepaid expenses	(26,229)	(159)
Accounts payable and accrued liabilities	11,261	(5,798)
Deferred revenue	(228,901)	360,721
	(47,033)	182,883
Funds provided by operating activities	614,627	644,821
Investing Activities		
Capital expenditures	(919)	(3,732)
Investments	(511,424)	(632,505)
Funds used by investing activities	(512,343)	(636,237)
Increase in Cash Position	102,284	8,584
Cash Position, Beginning of Year	132,171	123,587
Cash Position, End of Year	234,455	132,171

See accompanying notes

NIAGARA COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2004

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 judgment 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, 2004

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 \$	2004 \$	2003 \$
Equipment and furnishings	5,032	2,335	2,697	2,356
Computer equipment	3,952	2,095	1,857	2,652
	8,984	4,430	4,554	5,008

3. Operating Fund Balance

	2004 \$	2003 \$
Invested in fixed assets		
Fixed assets	4,554	5,008
Deferred contributions restricted towards fixed assets	2,208	3,048
	2,346	1,960
Unrestricted	60,690	82,020
	63,036	83,980

4. Financial Instruments

Price risk

The foundation has investments totaling \$2,299,017 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 fluctuations.

NIAGARA COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2004

5. Disbursement Quota

In 2005, the foundation is required to disburse \$ 558,000 and has an excess carry-forward of \$ 668,000. Accordingly, the foundation is not required to make any net disbursement in order to meet the 2005 disbursement quota.