

**ELGIN - ST. THOMAS
COMMUNITY FOUNDATION**

**Financial Statements
December 31, 2010**

ELGIN-ST. THOMAS COMMUNITY FOUNDATION

Financial Statements

For the Year Ended December 31, 2010

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Independent Auditors' Report

To the Board of Directors of:
Elgin-St. Thomas Community Foundation

Report on the Financial Statements

We have audited the accompanying financial statements of Elgin-St. Thomas Community Foundation, which comprise the balance sheet as at December 31, 2010 as well as the statements of operations and changes in fund balances and cash flows for the year then ended, and 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 whether the financial statements are free of 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 corporation derives a portion of revenue from donations the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary to donations, revenues, cash, excess of revenue and expenditures and fund balances.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Elgin-St. Thomas Community Foundation as at December 31, 2010, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

St. Thomas, Ontario

March 24, 2011

Graham Scott Enns LLP
CHARTERED ACCOUNTANTS
Licensed Public Accountants

ELGIN-ST. THOMAS COMMUNITY FOUNDATION


Balance Sheet
As at December 31, 2010

	2010	2009
	\$	\$
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	8,018	4,624
Restricted cash (note 4)	38,100	-
Accounts receivable	1,326	3,726
Donations in kind inventory on hand (Note 3)	<u>700</u>	<u>-</u>
	48,144	8,350
INVESTMENTS (PAGE 5)	<u>716,901</u>	<u>635,836</u>
	<u>765,045</u>	<u>644,186</u>
<u>LIABILITIES</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	<u>4,242</u>	<u>4,140</u>
	<u>4,242</u>	<u>4,140</u>
<u>FUND BALANCES</u>		
Endowment Funds (Pages 3 and 6)	716,201	629,880
Flow Through Restricted Funds (Page 3)	700	5,956
Operating Funds		
Restricted Funds (Page 3)	38,100	-
Unrestricted Net Assets (Page 3)	<u>5,802</u>	<u>4,210</u>
	<u>760,803</u>	<u>640,046</u>
	<u>765,045</u>	<u>644,186</u>

On Behalf of the Board



Director



Director

ELGIN-ST. THOMAS COMMUNITY FOUNDATION

Statement of Operations and Changes in Fund Balances For the Year Ended December 31, 2010

	Operating Funds						Endowment Funds		TOTAL	
	Unrestricted Net Assets		Internally Restricted (note 4)		Flow-Through Funds (restricted)					
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue										
Donations	46,600	2,550	-	-	12,900	11,600	68,620	64,206	128,120	78,356
Administrative fees	12,761	11,268	-	-	-	-	-	-	12,761	11,268
Other	2,507	6,580	-	-	-	-	-	-	2,507	6,580
Investment income	61,868	20,398	-	-	12,900	11,600	28,271	9,471	28,271	9,471
					12,900	11,600	96,891	73,677	171,659	105,675
Expenses										
Administrative & other expenses (Schedule)	22,176	23,593	-	-	-	-	-	-	22,176	23,593
Administration fee	-	-	-	-	-	-	12,761	11,268	12,761	11,268
Grants and distributions					18,156	14,400	9,702	4,100	27,858	18,500
Excess (deficiency) of revenues over expenses, grants and distributions	39,692	(3,195)	-	-	(5,256)	(2,800)	74,428	58,309	108,864	52,314
Accumulated gains and losses included directly in the statement of changes in fund balances:										
Unrealized gains and losses on available-for-sale financial assets arising during the year							1,314	65,404	1,314	65,404
Reclassification adjustment for gains and losses recognized in investment income							10,579	(16,560)	10,579	(16,560)
							11,893	48,844	11,893	48,844
Interfund transfers	(38,100)	-	38,100	-	-	-	-	-	-	-
FUND BALANCES, BEGINNING OF YEAR	4,210	7,405	-	-	5,956	8,756	629,880	522,727	640,046	530,132
FUND BALANCES, END OF YEAR	5,802	4,210	38,100	-	700	5,956	716,201	629,880	760,803	640,046

See accompanying notes to the financial statements

ELGIN-ST. THOMAS COMMUNITY FOUNDATION

Statement of Cash Flows For the Year Ended December 31, 2010

	2010	2009
	<u>\$</u>	<u>\$</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from operating revenues	59,568	17,898
Cash paid to suppliers and employees	<u>(18,074)</u>	<u>(22,185)</u>
Cash flows used in operating activities	<u>41,494</u>	<u>(4,287)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Grants and distributions	(27,857)	(18,500)
Net transfer into investment accounts	<u>25,350</u>	<u>11,920</u>
Cash flows used in investing activities	<u>(2,507)</u>	<u>(6,580)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Endowment and flow-through contributions	<u>2,507</u>	<u>6,580</u>
Cash flows from financing activities	<u>2,507</u>	<u>6,580</u>
NET INCREASE (DECREASE) IN CASH	41,494	(4,287)
CASH, BEGINNING OF YEAR	<u>4,624</u>	<u>8,911</u>
CASH, END OF YEAR	<u><u>46,118</u></u>	<u><u>4,624</u></u>
CASH IS COMPRISED OF:		
Cash	8,018	4,624
Restricted cash	<u>38,100</u>	<u>-</u>
	<u><u>46,118</u></u>	<u><u>4,624</u></u>

See accompanying notes to the financial statements

ELGIN-ST. THOMAS COMMUNITY FOUNDATION

Schedule of Investments As at December 31, 2010

	<u>2010</u>	<u>2009</u>
	<u>\$</u>	<u>\$</u>
Investments consist of the following:		
<u>Canadian Assets</u>		
Cash	60,010	70,065
Mutual fund portfolio	206,768	104,301
Guaranteed Investment Certificates, 4.50%, maturing Jan. 2010	-	174,288
Guaranteed Investment Certificate, 1.28%, maturing January 2011	55,669	-
Guaranteed Investment Certificate, 1.14%, maturing January 2011	55,653	-
Guaranteed Investment Certificate, 4.00%, maturing December 2011	64,953	62,455
Guaranteed Investment Certificate, 4.00%, maturing January 2012	88,195	88,195
Guaranteed Investment Certificate, 3.05%, maturing September 2015	52,456	-
Common stocks	<u>133,197</u>	<u>136,533</u>
	<u>716,901</u>	<u>635,837</u>

The above cash balances are classified as loans and receivables, and at December 31, 2010 were maintained in accounts bearing interest at between 0.125% and 0.8% per annum.

The above GICs and mutual funds have been classified as available for sale and measured at fair value.

ELGIN-ST. THOMAS COMMUNITY FOUNDATION

Schedule of Endowment Funds As at December 31, 2010

	2010	2009
	<u>\$</u>	<u>\$</u>
Donor Designated Funds	80,578	77,780
Field of Interest Funds	28,942	28,720
Donor Advised Funds	382,679	354,604
Agency Funds (i)	145,306	70,605
Community Fund	<u>78,696</u>	<u>75,207</u>
	716,201	606,916
Funds Held for Others (i)	<u>-</u>	<u>22,964</u>
	<u>716,201</u>	<u>629,880</u>

- (i) During the year, at the direction of the Board of Directors of the Family YMCA, the YMCA Heritage and Legacy Funds were wound up and the fund balances transferred to the Family YMCA of St. Thomas Elgin Endowment Fund.

ELGIN-ST. THOMAS COMMUNITY FOUNDATION

Notes to the Financial Statements For the Year Ended December 31, 2010

1. NATURE OF THE ORGANIZATION

Elgin-St. Thomas Community Foundation is a corporation without share capital, incorporated by letters patent dated December 11, 2003. The Foundation is a registered charity under the Canadian Income Tax Act and is exempt from income tax.

Vision:

To enhance the quality of life in Elgin County.

Mission:

To strengthen the community for the benefit of all by fostering the growth of community philanthropy; giving opportunities to benefactors to leave a lasting legacy for future generations; building and prudently managing community endowments; and addressing the needs of the community through strategic grant making and organizational support.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

In the opinion of management, the financial statements have been prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below:

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

Capital Assets

Purchased capital assets are recorded at acquisition cost. Amortization is provided on a straight-line basis over the estimated useful lives of the assets as follows:

Computer equipment	3 years
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One half of the amortization calculated at the above rates is recorded in the year of addition.

Revenue Recognition

The Foundation follows the deferral method of accounting for contributions.

ELGIN-ST. THOMAS COMMUNITY FOUNDATION

Notes to the Financial Statements For the Year Ended December 31, 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Operating Fund donations are recorded as revenue when received. Grants are recorded as revenue in the time period when the related expenditure occurs. Investment income is recorded as revenue when earned. Other revenues are recorded as revenue when receivable. Endowment contributions are recorded as an increase in the applicable Endowment Fund.

Operating Fund

The unrestricted portion of the operating fund represents the unrestricted net assets of the Elgin-St. Thomas Community Foundation supporting vital day to day operations including ongoing operating and program costs.

Endowment Funds

The purpose of the Endowment Funds is to allow for the creation and long-term management of funds, the income from which will be used or applied for the long term benefit of citizens of the County of Elgin. Endowment Funds can be of the following designations:

- Community Fund - unrestricted funds respond to the changing needs of our community.
- Agency funds - funds established by charitable organizations as permanent funds to ensure an ongoing source of support for their programs and operations
- Donor designated funds - donors specify the area of interest or charitable activity they wish to support.
- Donor advised funds - donors recommend specific organizations to receive funds.
- Field of interest funds - donors focus giving in a certain area.

Flow Through Donations

Flow Through Donations are restricted by the donor and are granted within one year of being received.

Funds Held for Others

Donors entrust the Foundation with long-term management of funds.

ELGIN-ST. THOMAS COMMUNITY FOUNDATION

Notes to the Financial Statements For the Year Ended December 31, 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributed Services and Materials

Volunteers contribute an indeterminable number of hours per year. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Contributed materials or services which would otherwise have been purchased in the normal course of operations are recorded in these financial statements.

Financial Instruments

In April 2005, the Accounting Standards Board issued new Handbook sections on financial instruments. Section 3855 and Section 3861. Section 3855 Financial Instruments - Recognition and Measurement addresses when financial instruments should be recognized and how they should be measured. Section 3861 Financial Instruments - Disclosure and Presentation provides standards for how financial instruments should be classified on financial statements and the disclosure requirements.

3. IN-KIND DONATION ARTICLES

The organization receives donations of certain art, prints and other collectibles for which it issues tax receipts. These articles are generally donated or sold at special events. Since the articles are held only for the current year, they are classified as inventory and are recorded at fair value.

During the year, three articles were donated to the foundation. The foundation in turn donated one article leaving a balance of \$700.

4. OPERATING FUND RESTRICTED ASSETS

During the year the Board designated \$38,100 operating funds as internally restricted for specific uses during 2011 and 2012 to further the Foundation's reach and scope of activity within Elgin County.

ELGIN-ST. THOMAS COMMUNITY FOUNDATION

Notes to the Financial Statements For the Year Ended December 31, 2010

5. FINANCIAL INSTRUMENTS

Foreign currency risk

The Foundation has no significant revenues or expenditures in foreign currencies.

Credit risk

The Foundation does not have any significant exposure to any individual supporter.

Fair value

The carrying value of accounts receivable, prepaid expenses and accounts payable and accrued liabilities approximate the fair value due to the near-term maturity of these instrument.

ELGIN-ST. THOMAS COMMUNITY FOUNDATION

**Schedule of Administrative and Other Expenses
For the Year Ended December 31, 2010**

	2010	2009
	<u>\$</u>	<u>\$</u>
Advertising and promotion	1,202	1,787
Bank charges	42	3
Donations in kind inventory (Note 3)	350	-
Insurance	-	785
Membership	400	350
Office supplies and printing	4,422	4,898
Professional services	5,450	5,350
Rent	1,800	1,174
Special events	96	4,104
Telephone	980	1,228
Training and travel	685	-
Wages and benefits	<u>6,749</u>	<u>3,914</u>
	<u>22,176</u>	<u>23,593</u>

See accompanying notes to the financial statements