

WindsorEssex Community Foundation

Financial Statements
June 30, 2012



November 12, 2012

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, 2012 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.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

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, 2012 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, 2012

	2012 \$	2011 \$
Assets		
Cash and cash equivalents	77,620	54,192
Prepays and other assets	10,209	9,994
Investments (note 3)	8,439,575	8,863,134
Property, plant and equipment (note 4)	5,153	6,671
	<hr/> 8,532,557	<hr/> 8,933,991
Liabilities		
Accounts payable and accrued liabilities	10,748	9,473
Deferred revenue - 1812 commemoration	25,000	-
Managed funds (note 5)	2,206,770	2,279,579
	<hr/> 2,242,518	<hr/> 2,289,052
Net assets		
Community Fund Unrestricted	1,480,175	1,756,479
Endowment Fund (note 5)	3,796,950	3,852,236
Restricted Fund (note 5)	1,012,914	1,036,224
	<hr/> 6,290,039	<hr/> 6,644,939
	<hr/> 8,532,557	<hr/> 8,933,991

Approved by the Board of Directors

_____ Director _____ Director

WindsorEssex Community Foundation

Statement of Revenue and Expenses

For the year ended June 30, 2012

	Community Fund Unrestricted \$	Endowment Fund \$	Restricted Fund \$	2012 \$	2011 \$
Revenue					
Donations	190	39,061	-	39,251	149,696
Investment (loss) income	(23,915)	(31,200)	(11,104)	(66,219)	657,388
	(23,725)	7,861	(11,104)	(26,968)	807,084
Operating expenses					
Advertising and promotion, net	6,310	-	-	6,310	18,511
Amortization	1,518	-	-	1,518	1,996
Automotive and travel	1,173	-	-	1,173	1,979
Bank charges	808	-	-	808	831
Education and training	3,153	-	-	3,153	8,536
Insurance premiums (note 6)	4,860	-	-	4,860	5,184
Investment and management fees	13,485	17,392	6,206	37,083	37,058
Licenses, memberships and dues	4,878	-	-	4,878	3,015
Office supplies	4,668	-	-	4,668	2,567
Other: Board and Committee work	3,823	-	-	3,823	2,340
Professional fees	18,749	-	-	18,749	15,486
Rent	26,733	-	-	26,733	23,561
Wages and employee benefits	99,738	-	-	99,738	79,582
	189,896	17,392	6,206	213,494	200,646
Other (income) expenses					
Administrative fees (recovery)	(7,003)	6,619	-	(384)	(382)
	(206,618)	(16,150)	(17,310)	(240,078)	606,820
Grants and bursaries					
Grants and bursaries made by the organization from restricted and unrestricted assets	69,686	39,136	6,000	114,822	114,161
Net (expenses) revenue	(276,304)	(55,286)	(23,310)	(354,900)	492,659

WindsorEssex Community Foundation

Statement of Changes in Net Assets

For the year ended June 30, 2012

	Community Fund Unrestricted \$	Endowment Fund \$	Restricted Fund \$	Total \$
Balance - June 30, 2010	1,732,591	3,494,061	925,628	6,152,280
Net (expenses) revenue	23,888	358,175	110,596	492,659
Balance - June 30, 2011	1,756,479	3,852,236	1,036,224	6,644,939
Net expenses	(276,304)	(55,286)	(23,310)	(354,900)
Balance - June 30, 2012	1,480,175	3,796,950	1,012,914	6,290,039

WindsorEssex Community Foundation

Statement of Cash Flows

For the year ended June 30, 2012

	2012 \$	2011 \$
Cash flows from operating activities		
Net (expenses) revenue for the year	(354,900)	492,659
Adjustments for		
Amortization of property, plant and equipment	1,518	1,996
Amortization of deferred revenue, netted against wages and employee benefits expense	-	(25,160)
	<u>(353,382)</u>	469,495
Net change in non-cash working capital balances		
Increase in prepaids and other assets	(215)	(6,435)
Increase (decrease) in accounts payable and accrued liabilities	1,275	(32)
Increase in deferred revenue	25,000	-
	<u>(327,322)</u>	463,028
Cash flows from investing activities		
Decrease (increase) in investments, net of decrease in managed funds	<u>350,750</u>	(438,038)
Net change in cash and cash equivalents	23,428	24,990
Cash and cash equivalents - Beginning of year	<u>54,192</u>	29,202
Cash and cash equivalents - End of year	<u>77,620</u>	54,192

WindsorEssex Community Foundation

Notes to Financial Statements

June 30, 2012

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 (the "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

Fund accounting

In order to ensure observance of limitations and restrictions placed on the use of resources available to the Foundation, the accounts of the Foundation are maintained in accordance with the principles of "fund accounting". Under these principles, resources are classified for accounting and reporting purposes into funds that are in accordance with specified activities or objectives. The Foundation uses three fund groups: Community Fund, Endowment Fund and RestrictedFund.

Community Fund

The Community Fund accounts for the Foundation's administrative and operational revenues and expenses. Net expenditures of the Community Fund are financed primarily by donor contributions directed to general operations and from investment income earned. The distribution of income for granting purposes is determined by the Board of Directors each year.

Endowment Fund

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.

Restricted Fund

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.

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Notes to Financial Statements

June 30, 2012

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 Community Fund in the period they are received.

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

Cash and cash equivalents

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

Investments

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

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%

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.

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Notes to Financial Statements

June 30, 2012

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.

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.

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.

WindsorEssex Community Foundation

Notes to Financial Statements

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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 and are invested in various GICs, bonds, debentures, stocks and equity funds and are stated at market value.

	2012 \$	2011 \$
Fair value		
TD Waterhouse Private Investment Counsel	6,445,918	6,871,232
McLean Budden	1,825,545	1,860,073
BMO Nesbitt Burns	84,912	51,829
Windsor Family Credit Union	83,200	80,000
	<u>8,439,575</u>	<u>8,863,134</u>
Cost		
TD Waterhouse Private Investment Counsel	6,498,681	6,662,619
McLean Budden	1,875,710	1,819,266
BMO Nesbitt Burns	85,657	48,301
Windsor Family Credit Union	83,200	80,000
	<u>8,543,248</u>	<u>8,610,186</u>

4 Property, plant and equipment

	2012		
	Cost \$	Accumulated amortization \$	Net \$
Computer equipment	5,307	4,020	1,287
Furniture and fixtures	8,331	4,465	3,866
	<u>13,638</u>	<u>8,485</u>	<u>5,153</u>
	2011		
	Cost \$	Accumulated amortization \$	Net \$
Computer equipment	5,307	3,467	1,840
Furniture and fixtures	8,331	3,500	4,831
	<u>13,638</u>	<u>6,967</u>	<u>6,671</u>

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5 Managed funds

These represent managed funds beneficially owned by other organizations for which the income and capital is designated for the benefit of these organizations. Certain of 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. These funds are held in the McLean Budden investment account (note 3).

The remaining managed 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 Foundation. 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.

Fund movements during the year are summarized below:

Managed funds

	2012 \$	2011 \$
Balance - Beginning of year	2,279,579	2,451,950
Contributions	3,200	85,000
Disbursements	(35,000)	(514,035)
Administrative fees	(384)	(382)
Investment income, net	(40,625)	257,046
	<hr/>	<hr/>
Balance - End of year	2,206,770	2,279,579

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Restricted net assets	Endowment	Other	Total
	\$	\$	\$
Balance - June 30, 2010	3,494,061	925,628	4,419,689
Donations	95,405	-	95,405
Investment loss, net	301,243	117,118	418,361
Investment and management fees	(16,770)	(6,522)	(23,292)
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
Donations	39,061	-	39,061
Investment loss, net	(31,200)	(11,104)	(42,304)
Investment and management fees	(17,392)	(6,206)	(23,598)
Administrative fees	(6,619)	-	(6,619)
Grants and bursaries	(39,136)	(6,000)	(45,136)
Balance - June 30, 2012	3,796,950	1,012,914	4,809,864

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 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.

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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.

8 Capital management

In managing daily operating needs, the Foundation focuses on cash resources available for operations. The Foundation's financial planning encompasses a plan to have sufficient liquid resources on hand to continue operating and to provide it with the flexibility to capitalize on opportunities to serve the Community. The need for sufficient liquid resources is considered in the preparation of an annual budget and in the monitoring of cash flow and actual operating results compared to the budget. As at June 30, 2012, the Foundation has met its objective of having sufficient liquid resources to meet its current obligations.

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.