

MUSKOKA COMMUNITY FOUNDATION
Financial Statements

Year ended December 31, 2009

MUSKOKA COMMUNITY FOUNDATION
Financial Statements

Year ended December 31, 2009

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AUDITORS' REPORT

To the Board of Directors, **MUSKOKA COMMUNITY FOUNDATION**

We have audited the statement of financial position of **MUSKOKA COMMUNITY FOUNDATION** as at **December 31, 2009** and the statements of changes in fund balances and operations for the year then ended. These financial statements are the responsibility of the organization'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 the majority of its 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 organization and we were not able to determine whether any adjustments might be necessary to donation revenues, 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 the revenues referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2009 and the results of its operations and changes in financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Sedgwick Post & Hogg LLP

LICENSED PUBLIC ACCOUNTANTS

Midland, Ontario
June 25, 2010

MUSKOKA COMMUNITY FOUNDATION

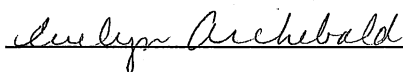
Statement of Financial Position

December 31, 2009, with comparative figures for 2008

	2009	2008
Assets		
Current assets		
Cash	\$ 88,984	\$ 12,089
Accounts receivable	480	128
Prepaid expenses	4,563	290
	\$ 94,027	\$ 12,507
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 2,050	\$ 500
Fund Balances		
Operating fund	3,138	3,700
Restricted fund	4,562	5,632
Endowment fund	84,277	2,675
	91,977	12,007
	\$ 94,027	\$ 12,507

The Auditors' opinion and notes to financial statements form an integral part of this report.

On behalf of the Board:

 Director

Director

MUSKOKA COMMUNITY FOUNDATION

Statement of Changes in Fund Balances

Year ended December 31, 2009, with comparative figures for 2008

	Operating Fund	Restricted Fund	Endowment Fund (Note 5)	Total 2009	Total 2008
Balance, beginning of year	\$ 3,700	\$ 5,632	\$ 2,675	\$ 12,007	\$ 9,813
Excess of revenues over expenses (expenses over revenues)	(562)	(1,070)	81,602	79,970	2,194
Balance, end of year	\$ 3,138	\$ 4,562	\$ 84,277	\$ 91,977	\$ 12,007

The Auditors' opinion and notes to financial statements form an integral part of this report.

MUSKOKA COMMUNITY FOUNDATION

Statement of Operations

Year ended December 31, 2009, with comparative figures for 2008

	Operating Fund	Restricted Fund	Endowment Fund (Note 5)	Total 2009	Total 2008
Revenue					
Grants	\$ -	\$ 12,050	\$ -	\$ 12,050	\$ 5,000
Donations					
Non-receipted	-	-	38,020	38,020	1,200
Receipted	2,999	2,000	49,230	54,229	5,075
Investment income	-	-	517	517	-
Administration fees	165	-	-	165	-
	<u>3,164</u>	<u>14,050</u>	<u>87,767</u>	<u>104,981</u>	<u>11,275</u>
Operating expenses					
Administration fees	-	-	165	165	-
Conferences	-	340	-	340	625
Dues, fees and licenses	-	-	-	-	250
Office and general	840	-	-	840	1,245
Printing	131	851	-	982	2,057
Professional fees	2,063	-	-	2,063	1,155
Promotion	617	684	-	1,301	225
Secretarial services	-	2,000	-	2,000	1,000
Telephone	-	1,065	-	1,065	951
Travel	-	643	-	643	1,173
Website design and maintenance	75	7,537	-	7,612	-
	<u>3,726</u>	<u>13,120</u>	<u>165</u>	<u>17,011</u>	<u>8,681</u>
Excess of revenue over expenses (expenses over revenues) before grants	(562)	930	87,602	87,970	2,594
Grants	-	2,000	6,000	8,000	400
Excess of revenue over expenses (expenses over revenue)	\$ (562)	\$ (1,070)	\$ 81,602	\$ 79,970	\$ 2,194

The Auditors' opinion and notes to financial statements form an integral part of this report.

MUSKOKA COMMUNITY FOUNDATION

Notes to Financial Statements

Year ended December 31, 2009

1. Purpose of the organization

The Muskoka Community Foundation (the "Foundation") is incorporated without share capital under the laws of Ontario. The objectives of the Foundation are generally to attract and grow permanent funds and, from the earnings of these funds, to provide grants for charitable purposes primarily, but not exclusively, in the District Municipality of Muskoka.

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. In order to maintain its status as a public foundation registered under the Act, the Foundation must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

2. Summary of significant accounting policies

Fund accounting

The Foundation follows the restricted fund method of accounting for contributions. The Foundation ensures, as part of its fiduciary responsibilities, that all funds received with a restricted purpose are expended for the purpose for which they are provided.

For financial reporting purposes, the accounts have been classified into the following funds:

(i) Operating Fund

The Operating Fund comprises the unrestricted resources available for immediate purposes. The use of these funds is at the discretion of the Foundation's Board.

(ii) Restricted Fund

The Restricted Fund comprises the resources that are to be used for specific purposes as specified by the donor or project funder.

(iii) Endowment Fund

The Endowment Fund comprises the resources that are required by the donor to be maintained by the Foundation on a permanent basis. In addition, the Board of Directors has a policy to transfer certain donations to the Endowment Fund where there is no current intention of making the original donation available for grants.

Revenue recognition

Donor-restricted contributions, where the donor has required the principal to be held in perpetuity, are recognized as revenue in the Endowment Fund. Other donor-restricted contributions are recognized as revenue in the Restricted Fund or the Operating Fund, depending on the nature of the restriction. Unrestricted contributions are recognized as revenue in the Operating Fund. Contributions are recognized as revenue when received.

See Auditor's Report

MUSKOKA COMMUNITY FOUNDATION

Notes to Financial Statements

Year ended December 31, 2009

2. Significant accounting policies (continued)

Investment income (loss)

Investment income (loss) is recorded as follows:

(i) Operating Fund

- Income earned on resources of the Endowment and Restricted Funds are available to cover investment management fees and other Operating Fund expenses;
- Income (losses) on assets held in the Operating Fund; and
- Income earned on flow-through funds. Flow-through funds, which are included in the Restricted Fund, are contributions which are distributed within two fiscal years from the date of receipt by the Foundation as specified by the donors.

(ii) Restricted Fund

- Income (losses) on resources of the Restricted Fund.

(iii) Endowment Fund

- Income which the donor has stipulated to be added to principal; and
- Income (losses) incurred on resources of the Endowment Fund.

Grants

Grants provided by the Foundation are recorded when authorized for payment by the Foundation's Board.

Contributed goods and services

Volunteers contribute a substantial number of hours each year to assist the Foundation in carrying out its activities. Because of the difficulty in determining fair value, contributed goods and services are not recognized in the financial statements.

Financial instruments

Financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities. The fair value of these financial instruments approximate their carrying value. It is management's position that the Foundation is not exposed to significant interest or credit risks arising from these instruments.

The Foundation classifies its financial instruments into one of the following categories based on the purpose for which the financial instrument was acquired.

See Auditor's Report

MUSKOKA COMMUNITY FOUNDATION

Notes to Financial Statements

Year ended December 31, 2009

2. Significant accounting policies (continued)

Financial instruments (continued)

Assets or liabilities held for trading

Financial instruments classified as assets or liabilities held for trading are reported at fair value at each balance sheet date and any changes in fair value are recognized in the statement of operations in the period the change occurs. Transaction costs are expensed as incurred.

Loans and receivables and other financial liabilities

Financial instruments classified as loans and receivables and other financial liabilities are carried at amortized cost using the effective interest method. Interest income or expense is included in the statement of operations over the expected life of the instrument. Transaction costs are expensed when incurred.

The Foundation has classified its cash as held for trading, its accounts receivable as loans and receivables and its accounts payable and accrued liabilities as other financial liabilities.

Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounts principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates as additional information becomes available in the future.

3. Statement of cash flows

A separate statement of cash flows has not been presented since cash flows from operating activities are readily apparent from the other financial statements.

4. Capital management

In managing capital, the Foundation focuses on liquid resources available for operations. The Foundation's objective is to have sufficient liquid resources to continue operating despite adverse financial events, and to provide it with flexibility to take advantage of opportunities that will advance its purposes. The need for sufficient liquid resources is considered in the preparation of an annual budget and in the monitoring of cash flows and actual operating results compared to the budget. As at December 31, 2009, the Foundation has met its objective of having sufficient liquid resources to meet its current obligations.

The Foundation received several grants and donations with external restrictions that specify the conditions for using these financial resources. The Foundation has complied with the requirements respecting these restricted contributions.

See Auditors' report.

MUSKOKA COMMUNITY FOUNDATION

Notes to Financial Statements

Year ended December 31, 2009

5. Funds restricted for endowment purposes

	Balance beginning of year	Contributions and income	Grants and expenses	Balance end of year
Administration Fund	\$ -	\$ 2,010	\$ (3)	\$ 2,007
Stan Darling Environmental Fund	-	64,551	(6,134)	58,417
Andrew and Josephine Griffith Fund	2,675	691	(15)	3,351
T James Fund	-	15,311	(8)	15,303
Muskoka Fund	-	1,300	(1)	1,299
Robert Seagram Fund	-	3,904	(4)	3,900
	<u>\$ 2,675</u>	<u>\$ 87,767</u>	<u>\$ (6,165)</u>	<u>\$ 84,277</u>

The above contributions are shown as the fund balances which are restricted for endowment purposes.

6. Subsequent events

Subsequent to the year end, the Foundation invested funds with the Toronto Community Foundation under an Investment Pooling Arrangement. The Toronto Community Foundation holds a significant portion of its investments in a pool that invests pooled funds managed by external investment managers.

7. Comparative figures

The comparative figures were audited by another firm of chartered accountants. Certain figures have been reclassified to conform with the current year's financial statement presentation.

See Auditors' report.