

FINANCIAL STATEMENTS

THE ROTARY CLUB OF BARRIE CHARITABLE FOUNDATION

31 December, 2010



INDEPENDENT AUDITOR'S REPORT

To the Members of The Rotary Club Of Barrie Charitable Foundation:

We have audited the accompanying financial statements of The Rotary Club of Barrie Charitable Foundation, which comprise the statement of financial position as at December 31, 2010, and the statements of receipts and disbursements, 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 about whether the financial statements are free from 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 audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Rotary Club of Barrie Charitable Foundation as at December 31, 2010, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Lardner & Company Professional Corporation

Chartered accountants

Authorized to practice public accounting by
The Institute of Chartered Accountants of Ontario

Barrie, Ontario

June 28, 2011

The Rotary Club of Barrie Charitable Foundation

STATEMENT OF FINANCIAL POSITION

As at 31 December, 2010

	2010	2009
	\$	\$
ASSETS		
Current		
Cash	64,239	48,930
Funds held in trust for the Rotary Club of Barrie, Ontario, Canada	25,100	253,664
Marketable securities at market value	291,914	319,604
Total current assets	381,253	622,198
RESTRICTED ASSETS		
Cash in support of letter of credit [Note 3]	40,000	-
Total current assets	421,253	622,198
LIABILITIES AND FUND BALANCES		
Liabilities		
Funds held in trust for the Rotary Club of Barrie, Ontario, Canada	25,100	253,664
Fund balances		
Unrestricted	27,097	34,416
Restricted funds [note 4]	369,056	334,118
Total fund balances	396,153	368,534
	421,253	622,198

See accompanying notes

On behalf of the Board:

Director

Director

The Rotary Club of Barrie Charitable Foundation

STATEMENT OF RECEIPTS AND DISBURSEMENTS

Year ended 31 December, 2010

	Restricted Funds	Operating	2010 Total	2009 Total
	\$	\$	\$	\$
REVENUE				
Contributions				
Unrestricted	-	5,000	5,000	1,258
Designated	13,543	-	13,543	-
Other				
Interest earned	10,138	557	10,695	23,604
	23,681	5,557	29,238	24,862
Disbursements				
Professional fees	1,243	-	1,243	1,155
Donations made	-	376	376	2,000
Excess of receipts over disbursements	22,438	5,181	27,619	21,707

See accompanying notes

The Rotary Club of Barrie Charitable Foundation

STATEMENT OF FUND BALANCES

Year ended 31 December, 2010

	<u>Restricted Funds</u>	<u>Operating</u>	<u>2010 Total</u>	<u>2009 Total</u>
	\$	\$	\$	\$
Balance, beginning of year	334,118	34,416	368,534	360,852
Funds transferred	12,500	(12,500)	-	(2,306)
Excess of receipts over disbursements	22,438	5,181	27,619	21,707
Balance, end of year	369,056	27,097	396,153	380,253

See accompanying notes

The Rotary Club of Barrie Charitable Foundation

STATEMENT OF CASH FLOWS

Year ended 31 December, 2010

	2010	2009
	\$	\$
OPERATING ACTIVITIES		
Excess of receipts over disbursements	27,619	21,707
Net change in non-cash working capital balances	(40,000)	-
Cash provided by (used in) operating activities	(12,381)	21,707
INVESTING ACTIVITIES		
Increase(decrease) in funds held in trust for The Rotary Club of Barrie	(228,564)	(150,000)
Funds returned to Rotary International	-	(2,306)
Interest credited to funds held in trust	-	(11,719)
Net sales (purchases) of marketable securities	256,254	170,699
Cash provided by investing activities	27,690	6,674
Net increase in cash during the year	15,309	28,381
Cash, beginning of year	48,930	20,549
Cash, end of year	64,239	48,930

See accompanying notes

The Rotary Club of Barrie Charitable Foundation

NOTES TO THE FINANCIAL STATEMENTS

31 December, 2010

1. ORGANIZATION

The Rotary Club of Barrie Charitable Foundation (the Foundation) was incorporated without share capital, effective May 17, 2000, under the Ontario Corporations Act to (i) receive and maintain a fund or funds and apply any part of the principal or income therefrom from time to time to charitable organizations that are also registered charities under the Income Tax Act (Canada), (ii) to assist needy individuals through the provision of equipment and the basic necessities of life and (iii) to assist students to finance their education. The Foundation was registered as a charitable foundation within the meaning of the Income Tax Act (Canada) on April 16, 2003 and began its activities on that date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial statements separately disclose the activities of the funds maintained by the Foundation. These funds are held in accordance with the objectives specified by the donors in accordance with directives issued by a Board of Directors.

Revenue recognition

Contributions are recognized as revenue when received or receivable. Endowment contributions are recognized as direct increases in restricted net assets in the year they are received.

Investments

Investments represent funds held in fixed income securities and are reflected at fair market value.

Fund accounting

For financial reporting purposes, the Foundation's net assets have been classified as follows:

- (a) Externally restricted net assets - include amounts that are held in accordance with conditions specified by the donors;
- (b) Internally restricted net assets - include amounts received, which have been restricted in their use in accordance with the conditions specified by the donors or the directive of the directors;
- (c) Unrestricted net assets - include all other expendable funds and investments, together with the accumulated undistributed earnings thereon.

The Rotary Club of Barrie Charitable Foundation

NOTES TO THE FINANCIAL STATEMENTS

31 December, 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial instruments

The Foundation's financial instruments are comprised of cash and cash equivalents, accounts receivable and accounts payable. All of the Foundation's financial instruments approximate fair value due to their short-term maturities.

The Foundation has chosen to continue to apply Financial Instruments - Disclosure and Presentation, Section 3861 in place of Financial Instruments - Disclosure, Section 3862 and Financial Instruments - Presentation, Section 3863. Section 3862 would place an increased emphasis on risk disclosures. Entities would be required to provide both qualitative and quantitative information about exposures to risks arising from financial instruments, including credit, interest rate, liquidity, currency and other price risks. The requirements of Section 3863 are consistent with those of Section 3861 and therefore, would not impact the Foundation's financial statements.

Cash equivalents

Cash equivalents consist of guaranteed investment certificates with maturities of less than three months or that are convertible to cash without significant penalty.

Use of estimates

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles, which require the use of estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenditures during the reporting period. Actual results could differ from those estimates.

New accounting standards adopted during the year

The Foundation adopted CICA Handbook Section 1000, Financial Statement Concepts, which has been amended to focus on the capitalization of costs that truly meet the definition of an asset and de-emphasizes the matching principle. The Foundation applied the new accounting standard at the beginning of its current fiscal year and its implementation did not have an impact on the results of operations or financial position.

On January 1, 2010 the Foundation retroactively adopted the amendments to CICA Handbook Section 1540, Cash Flow Statements. CICA Handbook Section 1540, Cash Flow Statements, was amended to include non-profit organizations within its scope. The implementation of this new standard resulted in no changes to the presentation of the cash flow statement of the Foundation since the cash flows and cash balances relating to the activities that are non-operational in nature were previously excluded from the cash flow statement.

The Rotary Club of Barrie Charitable Foundation

NOTES TO THE FINANCIAL STATEMENTS

31 December, 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Future changes in significant accounting policies

The following accounting standards have been issued by the Canadian Institute of Chartered Accountants (CICA) but are not yet effective for the Organization. The Foundation is currently evaluating the effect of adopting these standards, which it expects to do in fiscal year 2011.

Part III of the CICA Handbook Accounting Standards for Not-for-Profit Organizations
The Accounting Standards Board will be implementing Part III of the CICA Handbook Accounting Standards for Not-for-Profit Organizations effective January 1, 2012. The Foundation will be assessing the impact of the new standards on its financial statements over the next year. Early adoption is permitted for the new standards.

Section 4470 Disclosure of allocations to functions and projects
The CICA Handbook Section 4470 requires that when allocations of fundraising and general support expenses have been made to other functions, the policies adopted for the allocation of expenses among functions, the nature of the expenses being allocated, and the basis on which such allocations have been made should be disclosed. In addition, the amounts allocated from each of these two categories and the amounts and the functions to which they have been allocated, should be disclosed. The Foundation is currently considering the best means to comply with this requirement for the next year end.

The Rotary Club of Barrie Charitable Foundation

NOTES TO THE FINANCIAL STATEMENTS

31 December, 2010

3. CASH IN SUPPORT OF LETTER OF CREDIT

During the year the Foundation agreed to arrange for a \$40,000 Letter of Credit to support the licencing requirements of the City of Barrie for the Rotary Club of Barrie's Trip-of-the-Month fundraising project. As a condition of the bank giving the City of Barrie the Letter of Credit, the Foundation agreed to deposit \$40,000 in an interest bearing account with the bank. So long as the Letter of Credit remains outstanding, the funds on deposit are not otherwise available. Funds held as part of the MacMillan House Fund were used to secure the line of credit.

4. NET RESTRICTED ASSETS

Since its inception, the Foundation has received a number of funds which were either subject to restrictions imposed by the donor or by the Board of the Foundation.

The following is a summary of these funds:

Dooley Greer Fund

Upon his death, Eldon "Dooley" Greer left the Foundation \$50,000 with the restriction that the capital be preserved with the interest to be used for charitable activities. To date, the interest has been used to support a scholarship at Georgian College.

MacMillan House Fund

The MacMillan House Fund was created by the residue from the sale of MacMillan House. The Board of directors of MacMillan House stipulated a preference that the income from the Fund be used to assist youth or the elderly.

Frank Hersey Fund

The Frank Hersey Fund was created to provide awards to high school students. As these awards were discontinued, the Rotary Club of Barrie transferred the Fund to the Foundation. The Board of the Foundation has not decided upon the ultimate use of the Fund.

Angus Ross Fund

The Angus Ross Fund was created by the residue of a bequest to the Rotary Club of Barrie by the late Angus Ross. The Fund was distributed by the Estate of Angus Ross to the Club in December 2008 at which time it was transferred to the Foundation. The Board of the Foundation is contributing the balance of the fund to the new Barrie Public Library.

RVH Endowment Fund

The RVH Endowment Fund was created by the Board to accumulate funds to be used toward the construction of a Cancer Care Centre at the Royal Victoria Hospital of Barrie. These funds will be contributed to the Hospital during the construction of the Centre.

The Rotary Club of Barrie Charitable Foundation

NOTES TO THE FINANCIAL STATEMENTS

31 December, 2010

North South Partnership for Children

The North South Partnership for Children was created by the Board to reflect a commitment to support the Rotary Club of Barrie's support of this organization. The Club's commitment is for a total of \$12,500 over five years and is to fund programs that support health, education and training in thirty remote First Nations communities in northwestern Ontario. The Foundation agreed to match this commitment by transferring \$12,500 from its unrestricted funds.

5. Comparative figures

Some of the comparative figures have been reclassified to conform to the current year's presentation.