

**THE COMMUNITY FOUNDATION OF NEWFOUNDLAND AND LABRADOR**

**Financial Statements**

**Year Ended December 31, 2007**

## AUDITOR'S REPORT

To the Members of The Community Foundation of Newfoundland and Labrador:

I have audited the statement of net assets of The Community Foundation of Newfoundland and Labrador as at December 31, 2006 and the statements of revenues and expenses and changes in net assets for the year then ended. These financial statements are the responsibility of the Foundation's management. My responsibility is to express an opinion on these financial statements based on my audit.

Except as explained in the following paragraph, I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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 in the form of donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amounts recorded in the records of the Foundation and I was not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenses, assets and net assets.

In my opinion, except for the effect of adjustments, if any, which I might have determined to be necessary had I been able to satisfy myself 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 Foundation as at December 31, 2007 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

*DA. Hood.*

St. John's, Canada  
July 10, 2008

Chartered Accountant

**THE COMMUNITY FOUNDATION OF NEWFOUNDLAND AND LABRADOR**  
**Statement of Financial Position**  
**December 31, 2007**

	2007					Total
	Operating Fund	Community Fund		Donor-designated Funds		
		Restricted	Endowment	Restricted	Endowment	
<b>Assets</b>						
<b>Current</b>						
Cash	\$ 11,447	\$ -	\$ 3,205	\$ -	\$ -	\$ 14,652
Accounts receivable	1,704	-	-	-	-	1,704
Interfund receivable (payable)	(766)	-	(284,895)	73,178	212,483	-
	<u>12,385</u>	<u>-</u>	<u>(281,690)</u>	<u>73,178</u>	<u>212,483</u>	<u>16,356</u>
Marketable securities (note 4)	-	-	496,530	-	-	496,530
Cash surrender value of life insurance	-	-	-	2,491	-	2,491
	<u>\$ 12,385</u>	<u>\$ -</u>	<u>\$ 214,840</u>	<u>\$ 75,669</u>	<u>\$ 212,483</u>	<u>\$ 515,377</u>
<b>Liabilities and Net Assets</b>						
<b>Current</b>						
Accounts payable and accrued liabilities	\$ 15,916	\$ -	\$ -	\$ -	\$ -	\$ 15,916
Net assets	(3,531)	-	214,840	75,669	212,483	499,461
	<u>\$ 12,385</u>	<u>\$ -</u>	<u>\$ 214,840</u>	<u>\$ 75,669</u>	<u>\$ 212,483</u>	<u>\$ 515,377</u>

	2006					Total
	Operating Fund	Community Fund		Donor-Designated Funds		
		Restricted	Endowment	Restricted	Endowment	
<b>Assets</b>						
<b>Current</b>						
Cash	\$ 1,718	\$ -	\$ 25,005	\$ -	\$ -	\$ 26,723
Accounts receivable	854	-	-	-	-	854
Interfund receivable (payable)	5,560	-	(207,068)	78,893	122,615	-
	<u>8,132</u>	<u>-</u>	<u>(182,063)</u>	<u>78,893</u>	<u>122,615</u>	<u>27,577</u>
Marketable securities (note 4)	-	-	394,325	-	-	394,325
	<u>\$ 8,132</u>	<u>\$ -</u>	<u>\$ 212,262</u>	<u>\$ 78,893</u>	<u>\$ 122,615</u>	<u>\$ 421,902</u>
<b>Liabilities and Net Assets</b>						
<b>Current</b>						
Accounts payable and accrued liabilities	\$ 7,999	\$ -	\$ -	\$ -	\$ -	\$ 7,999
Net assets	133	-	212,262	78,893	122,615	413,903
	<u>\$ 8,132</u>	<u>\$ -</u>	<u>\$ 212,262</u>	<u>\$ 78,893</u>	<u>\$ 122,615</u>	<u>\$ 421,902</u>

ON BEHALF OF THE BOARD

\_\_\_\_\_  
 President

\_\_\_\_\_  
 Treasurer

**THE COMMUNITY FOUNDATION OF NEWFOUNDLAND AND LABRADOR**  
**Statement of Revenues and Expenses**  
**For the year ended December 31, 2007**

	2007							Total
	Operating Fund	Community Fund			Donor-designated Funds			
		Restricted	Endowment	Total	Restricted	Endowment	Total	
<b>Revenues</b>								
Donations	\$ 35,160	-	\$ 15,780	\$ 15,780	\$ 22,000	\$ 100,318	\$ 122,318	\$ 173,258
Investment income	-	-	10,918	10,918	3,404	6,125	9,529	20,447
Administration fees	7,049	-	-	-	-	-	-	7,049
Allocation from endowment funds	-	15,168	(15,168)	-	9,629	(9,629)	-	-
Increase in cash surrender value of life insurance	-	-	-	-	2,491	-	2,491	2,491
Other	-	4,000	-	4,000	-	-	-	4,000
	<u>42,209</u>	<u>19,168</u>	<u>11,530</u>	<u>30,698</u>	<u>37,524</u>	<u>96,814</u>	<u>134,338</u>	<u>207,245</u>
<b>Expenses</b>								
Administration fees	-	3,768	-	3,768	3,281	-	3,281	7,049
Advertising and promotion	-	-	-	-	2,440	-	2,440	2,440
Grants	-	15,400	-	15,400	12,500	-	12,500	27,900
Life insurance premiums	-	-	-	-	20,000	-	20,000	20,000
Overhead costs (schedule 2)	6,872	-	-	-	-	-	-	6,872
Professional fees	5,900	-	-	-	-	-	-	5,900
Salaries and related costs	33,101	-	-	-	-	-	-	33,101
Unrealized loss on investments	-	-	14,329	14,329	4,281	9,795	14,076	28,405
	<u>45,873</u>	<u>19,168</u>	<u>14,329</u>	<u>33,497</u>	<u>42,502</u>	<u>9,795</u>	<u>52,297</u>	<u>131,667</u>
<b>Excess (deficiency) of revenues over expenses for the year</b>	<u>\$ (3,664)</u>	<u>\$ -</u>	<u>\$ (2,799)</u>	<u>\$ (2,799)</u>	<u>\$ (4,978)</u>	<u>\$ 87,019</u>	<u>\$ 82,041</u>	<u>\$ 75,578</u>

	2006							Total
	Operating Fund	Community Fund			Donor-designated Funds			
		Restricted	Endowment	Total	Restricted	Endowment	Total	
<b>Revenues</b>								
Donations	\$ 59,577	\$ -	\$ 135,829	\$ 135,829	\$ -	\$ 87,011	\$ 87,011	\$ 282,417
Investment income	-	-	11,985	11,985	4,158	4,228	8,386	20,371
Administration fees	4,793	-	-	-	-	-	-	4,793
Increase in cash surrender value of life insurance	-	-	-	-	-	-	-	-
Allocation from endowment funds	-	12,561	(12,561)	-	5,428	(5,428)	-	-
Other	-	135	-	135	-	-	-	135
Fundraising income	100	-	-	-	-	-	-	100
	<u>64,470</u>	<u>12,696</u>	<u>135,253</u>	<u>147,949</u>	<u>9,586</u>	<u>85,811</u>	<u>95,397</u>	<u>307,816</u>
<b>Expenses</b>								
Administration fees	-	2,361	-	2,361	2,432	-	2,432	4,793
Advertising and promotion	-	956	-	956	-	-	-	956
Grants	-	8,700	-	8,700	11,840	-	11,840	20,540
Overhead costs (schedule 2)	31,540	679	-	679	-	-	-	32,219
Professional fees	6,760	-	-	-	-	-	-	6,760
Salaries and related costs	31,073	-	-	-	-	-	-	31,073
Unrealized loss on investments	-	-	-	-	-	-	-	-
	<u>69,373</u>	<u>12,696</u>	<u>-</u>	<u>12,696</u>	<u>14,272</u>	<u>-</u>	<u>14,272</u>	<u>96,341</u>
<b>Excess (deficiency) of revenues over expenses for the year</b>	<u>\$ (4,903)</u>	<u>\$ -</u>	<u>\$ 135,253</u>	<u>\$ 135,253</u>	<u>\$ (4,686)</u>	<u>\$ 85,811</u>	<u>\$ 81,125</u>	<u>\$ 211,475</u>

**THE COMMUNITY FOUNDATION OF NEWFOUNDLAND AND LABRADOR**  
**Statement of Changes in Net Assets**  
**For the year ended December 31, 2007**

	2007							Total
	Operating Fund	Community Fund			Donor-designated Funds (Schedule 1)			
		Restricted	Endowment	Total	Restricted	Endowment	Total	
Balance, beginning of the year, as restated (note 3)	\$ 133	\$ -	\$ 212,262	\$ 212,262	\$ 78,893	\$ 122,615	\$ 201,508	\$ 413,903
Adjust to fair market value (note 2)	-	-	5,377	5,377	1,754	2,849	4,603	9,980
Adjusted opening balance	133	-	217,639	217,639	80,647	125,464	206,111	423,883
Excess of revenue over expenses	(3,664)	-	(2,799)	(2,799)	(4,978)	87,019	82,041	75,578
Balance, end of year	<u>\$ (3,531)</u>	<u>\$ -</u>	<u>\$ 214,840</u>	<u>\$ 214,840</u>	<u>\$ 75,669</u>	<u>\$ 212,483</u>	<u>\$ 288,152</u>	<u>\$ 499,461</u>

	2006							Total
	Operating Fund	Community Fund			Donor-designated Funds (Schedule 1)			
		Restricted	Endowment	Total	Restricted	Endowment	Total	
Balance, beginning of year	\$ 5,036	\$ -	\$ 77,009	\$ 77,009	\$ 83,579	\$ 36,804	\$ 120,383	\$ 202,428
Excess of revenue over expenses	(4,903)	-	135,253	135,253	(4,686)	85,811	81,125	211,475
Balance, end of year, as restated (note 3)	<u>\$ 133</u>	<u>\$ -</u>	<u>\$ 212,262</u>	<u>\$ 212,262</u>	<u>\$ 78,893</u>	<u>\$ 122,615</u>	<u>\$ 201,508</u>	<u>\$ 413,903</u>

# THE COMMUNITY FOUNDATION OF NEWFOUNDLAND AND LABRADOR

## Notes to Financial Statements

Year Ended December 31, 2007

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### 1. Organization

The Community Foundation of Newfoundland and Labrador (the Foundation) was incorporated without share capital pursuant to the provisions of Part II of the Canada Corporations Act on November 21, 2001 for the purpose of promoting the well being of the people and community of Newfoundland and Labrador.

The Foundation is designed as a Public Foundation and qualifies for tax-exempt status as a registered charity under paragraph 149(1) (f) of the Income Tax Act.

### 2. Summary of significant accounting policies

#### Fund accounting

The organization follows the restricted fund method of accounting for contributions.

The Operating Fund accounts for revenues and expenses related to the Foundation's operations.

The Community Fund accounts for resources that have been entrusted to the Board of Directors of the Foundation to manage, and as such is considered an internally restricted fund. Income earned on these resources is distributed as determined by the Board of Directors.

Donor-designated funds are externally restricted funds reporting donations and associated investment earnings that will be distributed as advised by the donors. Restricted funds also report that portion of investment earnings on endowment funds which are available for charitable distribution.

Endowment funds report resources contributed for endowment. The earnings or losses on these funds are divided among the various funds as directed by the donors, or, in the absence of specific instructions, by the Board of Directors.

#### Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from these estimates.

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# THE COMMUNITY FOUNDATION OF NEWFOUNDLAND AND LABRADOR

## Notes to Financial Statements

Year Ended December 31, 2007

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### 2. Summary of significant accounting policies *(continued)*

#### Investments

Effective January 1, 2007, the Foundation adopted the Canadian Institute of Chartered Accountants (CICA) Handbook Sections 3855 and 3861. CICA 3855 Financial Instruments - Recognition and Measurement, required that financial instruments be recorded at fair value. Prior to the introduction of this new section, the Foundation recorded its investments at the lower of cost and market value. The adoption of this standard resulted in an opening adjustment of \$5,377 to the net assets of the Community Fund and \$4,603 to the net assets of Donor-designated Funds.

CICA 3861, Financial Instruments - Disclosure and Presentation, establishes standards for presentation and disclosure of financial instruments.

The Foundation's financial instruments are classified as Held for Trading and are comprised of cash and cash equivalents held by the Foundation's brokers, units in Lifepoints Balanced Growth Portfolio and insurance policies, which are recorded at fair value based on quoted market prices. Purchases and sales of investments are recorded at the trade date, and transaction costs are expensed as incurred and recorded in the Statement of Revenues and Expenses. Investments earnings or losses include interest and dividends received, accrued interest, and realized market gains and losses. Cash and short-term investments are valued at cost, which approximates fair value at the year end.

The carrying value of accounts receivable, accounts payable and accrued liabilities approximate their fair values due to the short-term nature of these financial assets and liabilities.

#### Revenue recognition

Restricted contributions are recognized as revenue of the appropriate fund when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Unrestricted contributions are recognized as revenue of the Community Fund when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured. Contributions to the Community Fund are held by the board of directors of the Foundation as endowments.

Investment income earned on endowments is recognized when received, and is recorded according to the wishes of the providers of the endowment funds. Investment income earned on Donor-designated funds, the Community Fund and the Operating Fund is recognized when received, and is recorded as revenue of the respective fund.

Administration fees are calculated quarterly based on the average net assets in each fund, and are recorded as revenue of the operating fund.

#### Donated goods and services

The Foundation may receive goods at no cost from donors. Significant donations are recorded in the accounts at their estimated fair value at the date of the donation.

The Foundation also benefits from the service of volunteers. Because of the difficulty of determining their fair value, donated services are not recognized in these financial statements.

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**THE COMMUNITY FOUNDATION OF NEWFOUNDLAND AND LABRADOR**

**Notes to Financial Statements**

**Year Ended December 31, 2007**

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**2. Summary of significant accounting policies (continued)**

**Salaries and related costs**

Salaries and related costs presented in the Statement of Revenues and Expenses represent the total amounts incurred for the year, and have not been allocated on a functional basis to the various charitable activities, programs and the administration of the Foundation.

**Cash flow statement**

A statement of cash flows has not been presented, as it is felt the disclosure in these financial statements is adequate.

**Future changes in accounting standards**

The CICA has reissued CICA Handbook Section 3861 as Sections 3862 and 3863, Financial Instruments - Disclosure of Financial Instruments - Presentation, respectively, which establish standards for presentation of financial instruments and non-financial derivatives, and identifies the information that should be disclosed about them. In addition, the CICA has issued Section 1535, Capital Disclosures, which establishes standards for the disclosure of information related to an entity's objectives, policies and processes for managing capital. These sections must be adopted for the Foundation's December 31, 2008 fiscal year. The effect of adopting these sections has not yet been determined.

**3. Restatement of prior year amounts**

Certain donations received in the prior year, which were intended to defray overhead costs of the Operating Fund, were recorded as revenue of the Community Fund. In addition, there was an underaccrual of professional fees in the Operating Fund. As a result, revenues of the operating fund were understated by \$23,125, accounts payable and expenses of the Operating Fund were understated by \$5,760, and deficiency of revenues over expenses for the Operating Fund was overstated by \$17,365. Revenue of the Community Fund and excess of revenues over expenses was overstated by \$23,125. The overall effect on the excess of revenues over expenses for the Foundation and its net assets was an overstatement of \$5,760. The errors have been corrected retrospectively and the 2006 comparative figures have been restated. Opening net assets of the Operating Fund for 2007 have been increased by \$17,365 and opening net assets of the Community Fund for 2007 have been decreased by \$23,125.



**THE COMMUNITY FOUNDATION OF NEWFOUNDLAND AND LABRADOR**

**Notes to Financial Statements  
Year Ended December 31, 2007**

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**4. Marketable securities**

Investments in marketable securities render the Foundation subject to investment risks. These include the risks arising from changes in interest rates, and in equity markets. They also include the risks arising from the failure of a party to a financial instrument to discharge an obligation when it is due.

Concentration of risk exists when a significant portion of a portfolio is invested in securities with similar characteristics or subject to similar economic, political or other conditions. At the present time, the Foundation invests exclusively in units of the Lifepoints Balanced Growth Portfolio. The investments inside this portfolio are considered by management to be sufficiently diversified to protect the Foundation from excessive concentration of risk.

The Foundation has adopted investment policies, standards and procedures to control the amount of risk to which it is exposed. The investment practices of the Foundation are designed to avoid undue risk of loss and impairment of assets, and to provide a reasonable expectation of return given the nature of the investments. The maximum investment risk to the Foundation is represented by the carrying value of the marketable securities.

Investments at fair value:

	<u>2007</u>	<u>2006</u>
Lifepoints Balanced Growth Portfolio	\$ 496,530	\$ 404,305

The above investments have an original cost of \$514,955 (2006 - \$394,325).

**5. Related party transactions**

During the year, the Foundation received a total of \$10,500 in donations from members of the Board of Directors and/or their families. These amounts were received in the ordinary course of business, and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

**6. Comparative figures**

The comparative figures have been reclassified to conform with the method of presentation adopted in the current year.

THE COMMUNITY FOUNDATION OF NEWFOUNDLAND AND LABRADOR

Schedule of net assets by fund

Schedule 1

December 31, 2007

2007							
	Opening balance as restated	Opening adjustment to fair value	Adjusted opening balance	Excess of revenues over expenses	Closing balance	Held for endowment	Restricted for charitable purposes
Community Fund	\$ 212,262	\$ 5,377	\$ 217,639	\$ (2,799)	\$ 214,840	\$ 214,840	\$ -
Donor-designated Funds:							
Dr. Harry Roberts Fund	\$ 14,959	\$ 341	\$ 15,300	\$ 559	\$ 15,859	\$ 14,189	\$ 1,670
Cy Mills Fund	16,824	384	17,208	(1,448)	15,760	15,369	391
National Theatre School of Canada Fund	10,420	238	10,658	(786)	9,872	9,452	420
Honourable Fabian O'Dea Fund	76,767	1,754	78,521	(11,051)	67,470	-	67,470
Anthony Insurance Fund	20,377	465	20,842	(596)	20,246	19,268	978
Joseph & Emma Taylor Memorial Scholarship Fund	24,463	559	25,022	(4,045)	20,977	20,977	-
Stephen & Viki Fund	2,038	47	2,085	(60)	2,025	1,927	98
Terry M. Carlson Fund	10,188	233	10,421	194	10,615	10,117	498
Youden Family Fund	25,472	582	26,054	(745)	25,309	24,086	1,223
Perlin Family Trust	-	-	-	8,202	8,202	8,116	86
NL Drama Society Fund	-	-	-	40,409	40,409	40,253	156
Burnham and Mary Gill Fund	-	-	-	48,917	48,917	48,729	188
Life insurance policies	-	-	-	2,491	2,491	-	2,491
	<u>\$ 201,508</u>	<u>\$ 4,603</u>	<u>\$ 206,111</u>	<u>\$ 82,041</u>	<u>\$ 288,152</u>	<u>\$ 212,483</u>	<u>\$ 75,669</u>

2006						
	Opening balance		Excess of revenues over expenses	Closing balance	Held for endowment	Restricted for charitable purposes
Community Fund	\$ 77,009		\$ 135,253	\$ 212,262	\$ 212,262	\$ -
Dr. Harry Roberts Fund	\$ 15,240		\$ (281)	\$ 14,959	\$ 14,719	\$ 240
Cy Mills Fund	17,195		(371)	16,824	16,433	391
National Theatre School of Canada Fund	5,133		5,287	10,420	10,000	420
Honourable Fabian O'Dea Fund	82,815		(6,048)	76,767	-	76,767
Anthony Insurance Fund	-		20,377	20,377	20,000	377
Joseph & Emma Taylor Memorial Scholarship Fund	-		24,463	24,463	24,463	-
Stephen & Viki Fund	-		2,038	2,038	2,000	38
Terry M. Carlson Fund	-		10,188	10,188	10,000	188
Youden Family Fund	-		25,472	25,472	25,000	472
Perlin Family Trust	-		-	-	-	-
NL Drama Society Fund	-		-	-	-	-
Burnham and Mary Gill Fund	-		-	-	-	-
	<u>\$ 120,383</u>		<u>\$ 81,125</u>	<u>\$ 201,508</u>	<u>\$ 122,615</u>	<u>\$ 78,893</u>

**THE COMMUNITY FOUNDATION OF NEWFOUNDLAND AND LABRADOR**

**Schedule of Overhead Costs**

**December 31, 2007**

**Schedule 2**

	<u>2007</u>	<u>2006</u>
<b>Operating Fund:</b>		
Advertising and promotion	\$ 1,064	\$ 24,570
Bank charges and interest	596	147
Board meetings	671	205
Conferences	190	2,074
Insurance	890	431
Memberships	641	712
Office	<u>2,820</u>	<u>3,401</u>
	<u>\$ 6,872</u>	<u>\$ 31,540</u>
<b>Community Fund:</b>		
Board meetings	\$ -	\$ 107
Insurance	-	<u>572</u>
	<u>\$ -</u>	<u>\$ 679</u>