

Financial Statements of

**THE COMMUNITY FOUNDATION OF
NEWFOUNDLAND AND LABRADOR**

December 31, 2008

THE COMMUNITY FOUNDATION OF NEWFOUNDLAND & LABRADOR

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Auditor's Report

To the Members of The Community Foundation of Newfoundland & Labrador

I have audited the balance sheet of The Community Foundation of Newfoundland & Labrador as at December 31, 2008 and the statements of revenues and expenditures 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 revenue, excess of revenue over expenditures, 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 revenue 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, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The financial statements for the previous year was reported on by another firm of chartered accountants who expressed a qualification in their report with respect to the completeness of revenue.

St. John's, NL
October 28, 2009

Brian Scammell

CHARTERED ACCOUNTANT

THE COMMUNITY FOUNDATION OF NEWFOUNDLAND AND LABRADOR

Statement of Revenue and Expenditures

Year ended December 31

(Audited)

	2008				2007	
	Operating Fund		Community Fund		Donor-designated Funds	
	Restricted	Endowment	Restricted	Endowment	Restricted	Endowment
	\$	\$	\$	\$	\$	\$
REVENUE						
Donations	35,237	1,200	27,822	136,532	200,791	173,258
Investment income	-	-	-	-	-	20,447
Administration fees	7,568	-	-	-	7,568	7,049
Alllocation from endowment funds	-	(2,951)	2,951	-	-	-
Increase in cash surrender value of life insurance	-	-	-	-	-	2,491
Other	752	-	-	-	752	4,000
	43,557	(1,751)	30,773	136,532	209,111	207,245
EXPENDITURES						
Administration fees	-	-	3,052	4,516	7,568	7,049
Advertising and promotion	375	-	-	1,917	2,292	2,440
Grants	-	-	27,721	18,023	45,744	27,900
Life insurance premiums	-	-	-	20,000	20,000	20,000
Overhead costs (Schedule 2)	10,810	-	-	-	10,810	6,872
Professional fees	9,330	-	-	-	9,330	5,900
Salaries and related benefits	34,147	-	-	-	34,147	33,101
Unrealized loss on investments	-	-	-	-	-	28,405
	54,662	41,681	30,773	57,348	236,533	131,667
	(11,105)	(43,432)	-	79,184	(27,422)	75,578
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES						

THE COMMUNITY FOUNDATION OF NEWFOUNDLAND AND LABRADOR

Balance Sheet

December 31, 2008

(Audited)

	2008						2007	
	Operating Fund	Community Fund		Donor-designated Funds		Total	Total	
		Restricted	Endowment	Restricted	Endowment			
	\$	\$	\$	\$	\$	\$	\$	
ASSETS								
CURRENT								
Cash	11,524	-	6	-	-	-	11,530	14,652
Accounts receivable	726	-	-	-	-	-	726	1,704
Interfund receivable (payable)	(10,473)	-	(302,556)	152,362	160,414	312,776	(253)	
	1,778	-	(302,550)	152,362	160,414	312,776	12,004	16,356
MARKETABLE SECURITIES (NOTE 4)	-	-	473,958	-	-	-	473,958	496,530
CASH SURRENDER VALUE OF LIFE INSURANCE	-	-	-	2,491	-	2,491	2,491	2,491
	1,778	-	171,408	154,853	160,414	315,267	488,453	515,377
LIABILITIES AND NET ASSETS								
CURRENT								
Accounts payable and accrued liabilities	16,413	-	-	-	-	-	16,413	15,916
Net assets	(14,636)	-	171,408	154,853	160,414	315,267	472,040	499,461
	1,778	-	171,408	154,853	160,414	315,267	488,453	515,377

ON BEHALF OF THE BOARD

PRESIDENT

TREASURER

**THE COMMUNITY FOUNDATION OF NEWFOUNDLAND AND LABRADOR
STATEMENT OF CHANGES IN NET ASSETS**

Year ended December 31
(Audited)

	2008							2007	
	Operating Fund	Community Fund		Total	Donor-designated Funds (Schedule 1)			Total	Total
		Restricted	Endowment		Restricted	Endowment	Total		
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance, beginning of the year	(3,531)	-	214,840	214,840	75,669	212,483	288,152	499,461	423,883
Excess of revenue over expenditures	(11,105)	-	(43,432)	(43,432)	79,184	(52,069)	27,115	(27,422)	75,578
Balance, end of the year	(14,636)	-	171,408	171,408	154,853	160,414	315,267	472,040	499,461

The Community Foundation of Newfoundland and Labrador

Notes to the Financial Statements

December 31, 2008

(Audited)

1. NATURE OF THE 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. CHANGES IN ACCOUNTING POLICIES

Effective April 1, 2008, the Foundation adopted the following accounting standards updates issued by the Canadian Institute of Chartered Accountants ("CICA"). These new standards have been adopted on a prospective basis with no restatement to prior period financial statements.

(i) Capital Disclosures

This standard requires disclosure of an entity's objectives, policies and processes for managing capital, quantitative data about what the entity regards as capital and whether the entity has complied with any externally imposed capital requirements and, if it has not complied, the consequences of such non-compliance.

The Foundation's objectives when managing capital are to safeguard the Foundation's ability to continue as a going concern, so that it can administer its programs and develop new ones. The Foundation considers the components of net assets as capital. The Foundation manages its capital and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

The Foundation is not subject to externally imposed capital requirements.

There were no changes to the Foundation's approach to capital management during the twelve months ended December 31, 2008.

(ii) Financial Instruments

The Canadian Institute of Chartered Accountants ("CICA") has issued Handbook Section 3862: Financial Instruments: Disclosure and Handbook Section 3863: Financial Instruments: Presentation, which implemented changes to accounting standards for disclosure of financial instruments. The disclosure requires information to be presented on all categories of financial instruments, the nature and extent of risks associated with those financial instruments and how the Foundation manages those risks. These standards are effective for the 2009 fiscal year and are applied prospectively.

The Community Foundation of Newfoundland and Labrador
Notes to the Financial Statements
December 31, 2008
(Audited)

3. OTHER SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and reflect the following significant accounting policies:

Fund accounting

The Foundation 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.

Investments

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 Expenditures. Investment 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.

The Community Foundation of Newfoundland and Labrador
Notes to the Financial Statements
December 31, 2008
(Audited)

3. OTHER SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

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.

Salaries and related costs

Salaries and related costs presented in the Statement of Revenues and Expenditures 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 would not provide any additional meaningful information.

Use of estimates

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.

The Community Foundation of Newfoundland and Labrador

Notes to the Financial Statements

December 31, 2008

(Audited)

4. INVESTMENTS

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 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>2008</u>	<u>2007</u>
	\$	\$
Lifepoints Balanced Growth Portfolio	<u>473,958</u>	<u>496,530</u>

5. RELATED PARTY TRANSACTIONS

During the year, the Foundation received a total of \$5,384 (2007 - \$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

Certain 2007 figures, presented for comparative purposes, have been restated to conform to the current year's presentation.

**THE COMMUNITY FOUNDATION OF NEWFOUNDLAND AND LABRADOR
STATEMENT OF NET ASSETS BY FUND** **SCHEDULE 2**

Year ended December 31

(Audited)

	2008			2007
	Opening	Excess of	Closing	Closing
	Balance	Revenue Over	Balance	Balance
	\$	\$	\$	\$
Community Fund	214,840	(43,432)	171,408	214,840
Donor-designated Funds:				
Dr. Harry Roberts Fund	15,859	(3,254)	12,605	15,859
Cy Mills Fund	15,760	(4,099)	11,661	15,760
National Theatre School of Canada Fund	9,872	(2,455)	7,417	9,872
Honourable Fabian O'Dea Fund	67,470	(21,866)	45,604	67,470
Anthony Insurance Incorporated Fund	20,246	15,004	35,250	20,246
Joseph & Emma Taylor Memorial Scholarship Fund	20,977	(5,320)	15,657	20,977
Stephen & Vicki Fund	2,025	(1,975)	50	2,025
Terry M. Carlson Scholarship Fund	10,615	(2,644)	7,971	10,615
Youden Family Fund	25,309	(6,135)	19,174	25,309
Perlin Family Trust	8,202	(1,705)	6,497	8,202
NL Drama Festival Society Fund	19,143	(4,940)	14,203	19,143
Walter Chambers Scholarship Fund	10,567	(2,196)	8,371	10,567
D. A. Matthews Scholarship Fund	10,699	(2,224)	8,475	10,699
CIBC Fund	-	3,509	3,509	
Hon. John W. Mahoney Scholarship Fund	-	9,606	9,606	
Dr. Peter Roberts Memorial Fund	-	24,222	24,222	
Buchans and Mary Gill Fund	48,917	33,587	82,504	48,917
Life insurance policies	2,491	-	2,491	2,491
	288,152	27,115	315,267	288,152

**THE COMMUNITY FOUNDATION OF NEWFOUNDLAND AND LABRADOR
SCHEDULE OF OVERHEAD COSTS**

SCHEDULE 2

Year ended December 31
(Audited)

	2008	2007
	\$	\$
OPERATING FUNDS		
Advertising and promotion	-	1,064
Bank charges and interest	798	596
Board meetings	1,077	671
Conferences	4,994	190
Insurance	875	890
Memberships	639	641
Office	2,427	2,820
	10,810	6,872
COMMUNITY FUNDS		
Board meetings	-	-
Insurance	-	-
	-	-