

Financial Statements of

**THE COMMUNITY FOUNDATION OF
NEWFOUNDLAND AND LABRADOR**

December 31, 2009

**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, 2009 and the statements of revenues and expenditures and changes in net assets and cash flows 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, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Brian Scammell

St. John's, NL
November 8, 2010

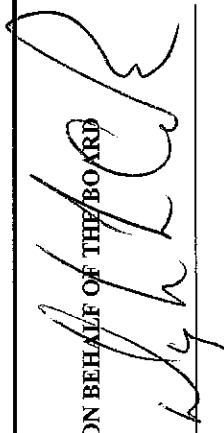
CHARTERED ACCOUNTANT

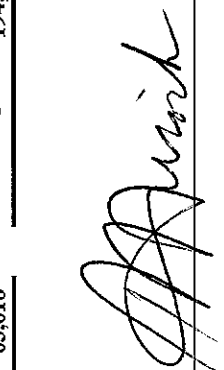
THE COMMUNITY FOUNDATION OF NEWFOUNDLAND AND LABRADOR

Balance Sheet

December 31, 2009
(Audited)

	2009						2008
	Operating Fund		Community Fund		Donor-designated Funds		Total
	\$	\$	Restricted	Endowment	Restricted	Endowment	
ASSETS							
CURRENT							
Cash	25,115	-	-	-	-	-	11,530
Accounts receivable	2,034	-	-	-	-	-	727
Interfund receivable (payable)	36,469	(447,141)	56,869	353,549	410,418	(254)	(253)
	63,618	(447,141)	56,869	353,549	410,418	26,895	12,004
MARKETABLE SECURITIES (NOTE 4)							
CASH SURRENDER VALUE OF LIFE INSURANCE	-	641,997	4,131	-	4,131	641,997	473,958
	63,618	194,856	61,000	353,549	414,549	673,023	2,491
							488,453
LIABILITIES AND NET ASSETS							
CURRENT							
Accounts payable and accrued liabilities	8,583	-	-	-	-	-	16,413
Net assets	55,035	194,856	61,000	353,549	414,549	664,440	472,040
	63,618	194,856	61,000	353,549	414,549	673,023	488,453

ON BEHALF OF THE BOARD

 CHAIRMAN


 DIRECTOR

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

Year ended December 31
(Audited)

	2009						2008
	Operating Fund		Community Fund		Donor-designated Funds (Schedule 1)		Total
	Restricted	Endowment	Restricted	Endowment	Restricted	Endowment	
\$	\$	\$	\$	\$	\$	\$	
Balance, beginning of the year	(14,636)	171,408	-	171,408	41,297	273,970	472,040
Excess (deficiency) of revenue over expenditures	69,671	23,448	-	23,448	19,703	79,579	192,401
Balance, end of the year	55,035	194,856	-	194,856	61,000	353,549	664,440
							472,040

The Community Foundation of Newfoundland and Labrador

Notes to the Financial Statements

December 31, 2009
(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

The Canadian Institute of Chartered Accountants has amended Section 4400, Financial Statement Presentation by Not-For-Profit Organizations and issued CICA Handbook Section 4470, Disclosure of Allocated Expenses by Not-For-Profit Organizations that will revise and enhance the current disclosure requirements for various elements of financial reporting. These amendments are effective for the fiscal year commencing January 1, 2009. The amendments require the reporting of certain gross revenues in the statement of revenue and expenditures and additional disclosures when a not-for-profit organization classifies its expenses by function and allocates a portion of their fundraising and general support costs to another function. The Foundation does not allocate any of its costs to multiple functions. These new standards have been adopted on a prospective basis with no restatement to prior period financial statements.

Effective January 1, 2009, the Foundation adopted the amendments to CICA Handbook Section 1000, Financial Statement Concepts. These amendments clarified the criteria for recognition of an asset or liability, removing the ability to recognize assets or liabilities solely on the basis of matching of revenue and expenditure items.

Future Accounting Changes

In March 2010, the Accounting Standards Board ("AcSB") issued an Exposure Draft, Accounting Standards for Not-For-Profit Organizations, which provides proposed accounting standards for the not-for-profit sector. The AcSB expects that the final standards will be issued in late 2010 and will be effective for fiscal years beginning on or after January 1, 2012. The Foundation will review the impact of these proposed new standards on its financial statements once finalized.

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:

The Community Foundation of Newfoundland and Labrador
Notes to the Financial Statements
December 31, 2009
(Audited)

Fund accounting

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

The Operating Fund accounts for revenue and expenditures 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.

Financial Instruments

Financial assets and liabilities are initially recorded at fair value and their subsequent measurement is dependent on their classification. The classification depends upon the purpose for which the financial assets and liabilities were acquired or issued, their characteristics and the Foundation's designation of these financial instruments. Settlement date accounting is used.

The Foundation has elected to use the exemption provided by the Canadian Institute of Chartered Accountants ("CICA") permitting not-for-profit organizations not to apply the following sections of the CICA Handbook: Section 3862, Financial Instruments – Disclosures, and Section 3863, Financial Instruments – Presentation. These sections would otherwise have applied to the financial statements for the year ended December 31, 2009. The Foundation applies the requirements of Section 3861, Financial Instruments - Disclosure and Presentation.

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.

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 Revenue and Expenditures. Investment earnings or losses include interest and dividends received, accrued interest, and realized and unrealized market gains and losses. Cash and short-term investments are valued at cost, which approximates fair value at the year-end.

The Community Foundation of Newfoundland and Labrador

Notes to the Financial Statements

December 31, 2009
(Audited)

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, 2009.

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.

The Community Foundation of Newfoundland and Labrador
Notes to the Financial Statements
December 31, 2009
(Audited)

Salaries and related costs

Salaries and related costs presented in the Statement of Revenue 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.

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.

3. 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>2009</u>	<u>2008</u>
	\$	\$
Lifepoints Balanced Growth Portfolio	<u>641,997</u>	<u>473,958</u>

The Community Foundation of Newfoundland and Labrador
Notes to the Financial Statements
December 31, 2009
(Audited)

4. RELATED PARTY TRANSACTIONS

During the year, the Foundation received a total of \$8,519 (2008 - \$5,384) 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.

**THE COMMUNITY FOUNDATION OF NEWFOUNDLAND AND LABRADOR
STATEMENT OF NET ASSETS BY FUND SCHEDULE 1**

Year ended December 31
(Audited)

	2009		2008	
	Opening Balance	Excess of Revenue Over Expenditures	Closing Balance	Closing Balance
	\$	\$	\$	\$
Community Fund	171,408	23,448	194,856	171,408
Donor-designated Funds:				
Dr. Harry Roberts Fund	12,605	1,698	14,303	12,605
Cy Mills Fund	11,661	1,571	13,232	11,661
National Theatre School of Canada Fund	7,417	999	8,416	7,417
Honourable Fabian O'Dea Fund	45,604	(2,937)	42,667	45,604
Anthony Insurance Incorporated Fund	35,250	14,836	50,086	35,250
Joseph & Emma Taylor Memorial Scholarship Fund	15,657	1,100	16,757	15,657
Stephen & Vicki Fund	50	2,024	2,074	50
Terry M. Carlson Scholarship Fund	7,971	1,074	9,045	7,971
Youden Family Fund	19,174	2,582	21,756	19,174
Perlin Family Trust	6,497	875	7,372	6,497
NL Drama Festival Society Fund	14,203	1,913	16,116	14,203
Walter Chambers Scholarship Fund	8,371	1,127	9,498	8,371
D. A. Matthews Scholarship Fund	8,475	1,142	9,617	8,475
CIIBC Fund	3,509	473	3,982	3,509
Hon. John W. Mahoney Scholarship Fund	9,606	1,294	10,900	9,606
Dr. Peter Roberts Memorial Fund	24,222	4,026	28,248	24,222
Burnham and Mary Gill Fund	82,504	21,592	104,096	82,504
Garfield Weston Foundation		20,000	20,000	
Folk of the Sea Fund	-	22,253	22,253	
Life insurance policies	2,491	1,640	4,131	2,491
	315,267	99,282	414,549	315,267

**THE COMMUNITY FOUNDATION OF NEWFOUNDLAND AND LABRADOR
SCHEDULE OF OVERHEAD COSTS SCHEDULE 2**

Year ended December 31
(Audited)

	2009	2008
	\$	\$
OPERATING FUNDS		
Advertising and promotion	-	798
Bank charges and interest	503	1,077
Board meetings	366	4,994
Conferences	2,053	875
Insurance	1,480	639
Memberships	964	2,427
Office	2,283	10,810
	7,649	

COMMUNITY FUNDS		
Board meetings	-	-
Insurance	-	-
	-	-