

**THE COMMUNITY FOUNDATION OF NEWFOUNDLAND & LABRADOR**  
**Financial Statements**  
**Year Ended December 31, 2011**

THE COMMUNITY FOUNDATION OF NEWFOUNDLAND & LABRADOR

Index to Financial Statements

Year Ended December 31, 2011

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of The Community Foundation of Newfoundland & Labrador

### *Report on the Financial Statements*

I have audited the accompanying financial statements of The Community Foundation of Newfoundland & Labrador, which comprise the statement of financial position as at December 31, 2011, and the statements of revenue and expenditures - combined funds, changes in net assets 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*

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### *Opinion*

In my opinion, the financial statements present fairly, in all material respects, the financial position of The Community Foundation of Newfoundland & Labrador as at December 31, 2011 and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Brian Scammell*

St. John's, NL  
September 10, 2012

CHARTERED ACCOUNTANT

**THE COMMUNITY FOUNDATION OF NEWFOUNDLAND & LABRADOR**

**Statement of Financial Position**

**December 31, 2011**

	2011	2010
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 9,254	\$ 2,212
Harmonized sales tax recoverable	3,391	2,656
	<b>12,645</b>	4,868
<b>MARKETABLE SECURITIES</b>	<b>685,546</b>	649,017
<b>CASH SURRENDER VALUE OF LIFE INSURANCE</b>	<b>22,343</b>	8,311
	<b>\$ 720,534</b>	\$ 662,196
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable	\$ 5,078	\$ 5,626
<b>NET ASSETS</b>		
Community fund - internally restricted	197,708	209,948
Externally restricted funds	515,537	435,546
Operating fund	2,211	11,076
	<b>715,456</b>	656,570
	<b>\$ 720,534</b>	\$ 662,196

**ON BEHALF OF THE BOARD**

\_\_\_\_\_ Director

\_\_\_\_\_ Director

**THE COMMUNITY FOUNDATION OF NEWFOUNDLAND & LABRADOR**

**Statement of Revenue and Expenditures - Combined Funds**

**Year Ended December 31, 2011**

	<b>2011</b>	<b>2010</b>
<b>REVENUE</b>		
Statement of Revenue and Expenditures - Community Fund (Schedule 2)	\$ 4,078	\$ 18,032
Statement of Revenue and Expenditures - Externally Restricted Funds (Schedule 3)	157,905	81,595
Statement of Revenue and Expenditures - Operating Fund (Schedule 4)	43,061	10,119
	<b>205,044</b>	<b>109,746</b>
<b>EXPENDITURES</b>		
Statement of Revenue and Expenditures - Community Fund (Schedule 2)	16,318	2,940
Statement of Revenue and Expenditures - Externally Restricted Funds (Schedule 3)	77,914	40,598
Statement of Revenue and Expenditures - Operating Fund (Schedule 4)	51,926	74,078
	<b>146,158</b>	<b>117,616</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	<b>\$ 58,886</b>	<b>\$ (7,870)</b>

THE COMMUNITY FOUNDATION OF NEWFOUNDLAND & LABRADOR

Statement of Changes in Net Assets

Year Ended December 31, 2011

	Operating Fund (Schedule 4)	Community Fund - Internally Restricted (Schedule 2)	Externally Restricted Funds (Schedule 3)	2011	2010
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 11,076	\$ 209,948	\$ 435,546	\$ <b>656,570</b>	\$ 664,440
Excess (deficiency) of revenue over expenditures	(8,865)	(12,240)	79,991	<b>58,886</b>	(7,870)
<b>NET ASSETS - END OF YEAR</b>	\$ 2,211	\$ 197,708	\$ 515,537	\$ <b>715,456</b>	\$ 656,570

**THE COMMUNITY FOUNDATION OF NEWFOUNDLAND & LABRADOR****Statement of Cash Flows**

Year Ended December 31, 2011

	2011	2010
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenue over expenditures	\$ 58,886	\$ (7,870)
Changes in non-cash working capital:		
Accounts payable	(548)	(3,211)
Harmonized sales tax receivable	(735)	(622)
	(1,283)	(3,833)
Cash flow from (used by) operating activities	57,603	(11,703)
<b>INVESTING ACTIVITIES</b>		
Increase in long term investments	(36,529)	(7,020)
Increase in cash surrender value of life insurance	(14,032)	(4,180)
Cash flow used by investing activities	(50,561)	(11,200)
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>7,042</b>	<b>(22,903)</b>
Cash - beginning of year	2,212	25,115
<b>CASH - END OF YEAR</b>	<b>\$ 9,254</b>	<b>\$ 2,212</b>
<b>CASH FLOWS SUPPLEMENTARY INFORMATION</b>		
Interest received	\$ -	\$ -
Interest paid	\$ 668	\$ 801
Income taxes paid	\$ -	\$ -

# THE COMMUNITY FOUNDATION OF NEWFOUNDLAND & LABRADOR

## Notes to Financial Statements

Year Ended December 31, 2011

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### 1. NATURE OF OPERATIONS

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

#### *Future changes in significant accounting policies*

The Accounting Standards Board ("AcSB") of the Canadian Institute of Chartered Accountants has issued new accounting standards for the not-for-profit sector. These standards will be effective for fiscal years beginning on or after January 1, 2012. The Foundation will be reviewing the impact of these proposed standards on its financial statements.

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 endowment funds are externally restricted funds reporting donations and associated investment earnings that will be distributed as advised by the donors.

#### *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 Russell Lifepoints Balanced Growth Portfolio which are recorded at fair value based on quoted market prices and insurance policies. 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.

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# THE COMMUNITY FOUNDATION OF NEWFOUNDLAND & LABRADOR

## Notes to Financial Statements

Year Ended December 31, 2011

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### *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.

#### *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.

#### *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.

### 3. FINANCIAL INSTRUMENTS

The Foundation is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Foundation's risk exposure and concentration as of December 31, 2011.

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.

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# THE COMMUNITY FOUNDATION OF NEWFOUNDLAND & LABRADOR

## Notes to Financial Statements

Year Ended December 31, 2011

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### 3. FINANCIAL INSTRUMENTS *(continued)*

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.

#### *Liquidity risk*

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Foundation is exposed to this risk mainly in respect of its receipt of funds from donors, revenue from investments, and the operational expenditures.

#### *Market risk*

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The Foundation is mainly exposed to interest rate risk and other price risk.

#### *Interest rate risk*

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Foundation manages exposure through its normal operating and financing activities. The Foundation is exposed to interest rate risk primarily through its investments.

#### *Other price risk*

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Foundation is exposed to other price risk through its investments.

### 4. COMPARATIVE FIGURES

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

THE COMMUNITY FOUNDATION OF NEWFOUNDLAND & LABRADOR

Statement of Net Assets By Fund

(Schedule 1)

Year Ended December 31, 2011

	2011 Opening Balance	2011 Excess (Deficiency) of Revenue Over Expenditures	2011 Closing Balance	2010
<b>Community Fund</b>	\$ 209,948	\$ (12,240)	\$ 197,708	\$ 209,948
<b>Donor-designated Funds:</b>				
Dr. Harry Roberts Fund	15,250	(2,190)	13,060	15,250
Cy Mills Fund	13,115	(1,589)	11,526	13,115
National Theatre School of Canada Fund	8,978	93,727	102,705	8,978
Honourable Fabian O'Dea Fund	36,515	(4,641)	31,874	36,515
Anthony Insurance Incorporated Fund	53,430	(4,901)	48,529	53,430
Joseph & Emma Taylor Memorial Scholarship Fund	16,875	(1,758)	15,117	16,875
Stephen and Vicki Fund	4,254	(191)	4,063	4,254
Terry M. Carlson Scholarship Fund	9,649	(434)	9,215	9,649
Youden Family Fund	23,208	(1,043)	22,165	23,208
Perlin Family Trust	9,484	(426)	9,058	9,484
NL Drama Festival Society Fund	17,192	(773)	16,419	17,192
Walter Chambers Scholarship Fund	10,132	(455)	9,677	10,132
D.A. Matthews Scholarship Fund	10,259	(461)	9,798	10,259
CIBC Fund	4,248	(2)	4,246	4,248
Hon. John W. Mahoney Scholarship Fund	11,628	(523)	11,105	11,628
Dr. Peter Roberts Memorial Fund	26,562	(3,523)	23,039	26,562
Michelle Jackson Emerging Filmmaker Fund	16,276	(2,007)	14,269	16,276
Burnham and Mary Gill Fund	116,443	(25,232)	91,211	116,443
Folk of the Sea Fund	23,737	(3,574)	20,163	23,737
Dr. Anna Templeton Award Fund	-	12,534	12,534	-
Thurles Fund	-	2,028	2,028	-
Legacy Nature Trust Fund	-	11,393	11,393	-
Life Insurance Policies	8,311	14,032	22,343	8,311
	\$ 435,546	\$ 79,991	\$ 515,537	\$ 435,546

**THE COMMUNITY FOUNDATION OF NEWFOUNDLAND & LABRADOR****Statement of Revenue and Expenditures - Community Fund****(Schedule 2)****Year Ended December 31, 2011**

	2011	2010
<b>REVENUE</b>		
Dividend income	\$ 2,578	\$ 2,808
Donations	1,500	1,959
Unrealized gain on investments	-	13,265
	<b>4,078</b>	<b>18,032</b>
<b>EXPENDITURES</b>		
Unrealized loss on investments	10,495	-
Administration fees	3,416	2,940
Grants	2,407	-
	<b>16,318</b>	<b>2,940</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	<b>\$ (12,240)</b>	<b>\$ 15,092</b>

**THE COMMUNITY FOUNDATION OF NEWFOUNDLAND & LABRADOR**  
**Statement of Revenue and Expenditures - Externally Restricted Funds**  
**Year Ended December 31, 2011**

*(Schedule 3)*

	2011	2010
<b>REVENUE</b>		
Donations	\$ 138,013	\$ 43,500
Increase in cash surrender value of life insurance	14,033	4,180
Dividend income	5,859	5,885
Unrealized gain on investments	-	28,030
	<b>157,905</b>	<b>81,595</b>
<b>EXPENDITURES</b>		
Grants	35,588	14,572
Unrealized loss on investments	24,792	-
Life insurance premiums	10,000	20,000
Administration fees	7,534	6,026
	<b>77,914</b>	<b>40,598</b>
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>	<b>\$ 79,991</b>	<b>\$ 40,997</b>

**THE COMMUNITY FOUNDATION OF NEWFOUNDLAND & LABRADOR**

**Statement of Revenue and Expenditures - Operating Fund**

**(Schedule 4)**

**Year Ended December 31, 2011**

	2011	2010
<b>REVENUE</b>		
Unrestricted donations	\$ 32,112	\$ 1,153
Administration	10,949	8,966
	<b>43,061</b>	<b>10,119</b>
<b>EXPENDITURES</b>		
Salaries & wages	31,155	31,562
Office	6,060	3,407
Professional fees	5,945	4,444
Meetings and conventions	2,577	2,143
Advertising and promotion	2,179	2,113
Employee benefits	1,575	2,330
Insurance	1,417	1,480
Interest and bank charges	668	934
Memberships	350	-
Grants	-	25,665
	<b>51,926</b>	<b>74,078</b>
<b>EXCESS OF EXPENDITURES OVER REVENUE</b>	<b>\$ (8,865)</b>	<b>\$ (63,959)</b>