

**THE COMMUNITY FOUNDATION OF
NEWFOUNDLAND AND LABRADOR**

Financial Statements

December 31, 2013

THE COMMUNITY FOUNDATION OF NEWFOUNDLAND AND LABRADOR
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Year Ended December 31, 2013

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INDEPENDENT AUDITOR'S REPORT

To the Members of THE COMMUNITY FOUNDATION OF NEWFOUNDLAND AND LABRADOR:

We have audited the accompanying financial statements of THE COMMUNITY FOUNDATION OF NEWFOUNDLAND AND LABRADOR, which comprise the statement of financial position as at December 31, 2013 and the statements of revenues 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 accounting standards for not-for-profit organizations, 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 qualified audit opinion.

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Independent Auditor's Report to the Members of THE COMMUNITY FOUNDATION OF
NEWFOUNDLAND AND LABRADOR *(continued)*

Basis for Qualified Opinion

In common with many not-for-profit organizations, THE COMMUNITY FOUNDATION OF NEWFOUNDLAND AND LABRADOR derives revenue from donations and other cash receipts, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of THE COMMUNITY FOUNDATION OF NEWFOUNDLAND AND LABRADOR. Therefore, we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenditures, and net assets.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of THE COMMUNITY FOUNDATION OF NEWFOUNDLAND AND LABRADOR as at December 31, 2013 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

St. John's, NL
May 5, 2014

Morrissey Professional Corporation Inc.
Chartered Accountants

THE COMMUNITY FOUNDATION OF NEWFOUNDLAND AND LABRADOR
Statement of Financial Position
December 31, 2013

	2013	2012
ASSETS		
Current		
Cash	\$ 258,244	\$ 7,869
HST recoverable	16,338	4,389
Prepaid expenses	-	5,032
	<u>274,582</u>	17,290
Marketable securities	914,342	814,050
Cash surrender value of life insurance	<u>49,091</u>	32,441
	<u>\$ 1,238,015</u>	<u>\$ 863,781</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 5,300	\$ 5,300
Employee deductions payable	607	608
Deferred revenue (Note 5)	<u>1,385</u>	10,000
	<u>7,292</u>	15,908
NET ASSETS		
Smart and Caring Community Fund	234,419	211,738
Externally restricted funds (Note 8)	1,001,750	641,686
Operating Fund	<u>(5,446)</u>	(5,551)
	<u>1,230,723</u>	847,873
	<u>\$ 1,238,015</u>	<u>\$ 863,781</u>

On behalf of the Board

_____ Director

_____ Director

See notes to financial statements

THE COMMUNITY FOUNDATION OF NEWFOUNDLAND AND LABRADOR
Statement of Revenues and Expenditures - Combined Funds
Year Ended December 31, 2013

	2013	2012
Revenues		
Statement of Revenues and Expenditures - Smart and Caring Community Fund (<i>Schedule 1</i>)	\$ 27,976	\$ 18,116
Statement of Revenues and Expenditures - Externally Restricted Funds (<i>Schedule 2</i>)	772,071	155,116
Statement of Revenues and Expenditures - Operating Fund (<i>Schedule 3</i>)	61,371	42,431
	<u>861,418</u>	<u>215,663</u>
Expenditures		
Statement of Revenues and Expenditures - Smart and Caring Community Fund (<i>Schedule 1</i>)	5,295	4,086
Statement of Revenues and Expenditures - Externally Restricted Funds (<i>Schedule 2</i>)	412,007	28,967
Statement of Revenues and Expenditures - Operating Fund (<i>Schedule 3</i>)	61,266	50,193
	<u>478,568</u>	<u>83,246</u>
Excess of revenues over expenditures for the year	\$ 382,850	\$ 132,417

THE COMMUNITY FOUNDATION OF NEWFOUNDLAND AND LABRADOR
Statement of Changes in Net Assets
Year Ended December 31, 2013

	Smart and Caring Community Fund (Schedule 1)	Externally Restricted Funds (Schedule 2)	Operating Fund (Schedule 3)	2013	2012
Net assets - beginning of year	\$ 211,738	\$ 641,686	\$ (5,551)	\$ 847,873	\$ 715,456
Excess of revenues over expenditures	22,681	360,064	105	382,850	132,417
Net assets - end of year	\$ 234,419	\$ 1,001,750	\$ (5,446)	\$ 1,230,723	\$ 847,873

See notes to financial statements

THE COMMUNITY FOUNDATION OF NEWFOUNDLAND AND LABRADOR

Statement of Cash Flows

Year Ended December 31, 2013

	2013	2012
Operating activities		
Excess of revenues over expenditures	\$ 382,850	\$ 132,417
Changes in non-cash working capital:		
HST recoverable	(11,949)	(998)
Accounts payable and accrued liabilities	(1)	877
Deferred revenue	(8,615)	10,000
Prepaid expenses	5,032	(5,032)
Employee deductions payable	-	(47)
	(15,533)	4,800
Cash flow from operating activities	367,317	137,217
Investing activities		
Marketable securities	(100,292)	(128,504)
Cash surrender value of life insurance	(16,650)	(10,098)
Cash flow used by investing activities	(116,942)	(138,602)
Increase (decrease) in cash flow	250,375	(1,385)
Cash - beginning of year	7,869	9,254
Cash - end of year	\$ 258,244	\$ 7,869

See notes to financial statements

THE COMMUNITY FOUNDATION OF NEWFOUNDLAND AND LABRADOR

Notes to Financial Statements

Year Ended December 31, 2013

1. Purpose 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) of the Income Tax Act.

2. Basis of presentation

These financial statements have, in all material respects, been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

3. Summary of 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 Smart and Caring 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.

Marketable securities

The Foundation's marketable securities consist of units in Russell Diversified Monthly Income Portfolio (Series E5) held by the Foundation's broker that are recorded at fair value based on quoted market prices.

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THE COMMUNITY FOUNDATION OF NEWFOUNDLAND AND LABRADOR

Notes to Financial Statements

Year Ended December 31, 2013

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

Revenue recognition

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

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 Smart and Caring Community Fund when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured. Contributions to the Smart and Caring 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 Smart and Caring 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.

Contributed 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.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit enterprises 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. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Salaries and related costs

Salaries and related costs presented in the Statement of Revenues and Expenditures - Operating Fund 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.

THE COMMUNITY FOUNDATION OF NEWFOUNDLAND AND LABRADOR

Notes to Financial Statements

Year Ended December 31, 2013

4. Financial instruments

The Foundation is exposed to various risks through its financial instruments as described below and has a comprehensive risk management framework to monitor, evaluate and manage these risks. 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 Russell Diversified Monthly Income 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 its 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.

5. Deferred revenue

Deferred revenue in 2013 consists of restricted flow-through donations received to be paid out in 2014. Deferred revenue in 2012 consisted of donations received for the Atlantic Maple Leaf Tribute Dinner held in 2013.

THE COMMUNITY FOUNDATION OF NEWFOUNDLAND AND LABRADOR

Notes to Financial Statements

Year Ended December 31, 2013

6. Atlantic Maple Leaf Tribute Dinner

During the year, the Foundation conducted a major fundraising event, the Atlantic Maple Leaf Tribute Dinner. Included in fundraising revenue and expenditures for this function are \$160,000 in in-kind donations for advertising, printing, marketing services and supplies, and auction prizes.

In addition, the Foundation received total pledges of \$153,000 for future funding of the Maple Leaf Fund and the Colonel W. D. Mahoney Benevolent Fund, to be received in varying amounts to 2021.

7. Comparative figures

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

THE COMMUNITY FOUNDATION OF NEWFOUNDLAND AND LABRADOR

Notes to Financial Statements

Year Ended December 31, 2013

8. Externally restricted funds - net assets by fund

	Net assets, beginning of year	Excess (deficiency) of revenues over expenditures	2013	2012
Anthony Insurance Incorporated Fund	\$ 51,590	\$ 5,498	\$ 57,088	\$ 51,590
Burham and Mary Gill Fund	96,965	10,333	107,298	96,965
CIBC Fund	10,508	14,152	24,660	10,508
Colonel W. D. Mahoney Benevolent Fund	-	20,000	20,000	-
Cy Mills Fund	12,253	235	12,488	12,253
D.A. Matthews Scholarship Fund	10,416	1,110	11,526	10,416
David Stone Memorial Fund	-	8,190	8,190	-
Dr. Anna Templeton Award Fund	13,636	1,562	15,198	13,636
Dr. Harry Roberts Fund	13,884	1,480	15,364	13,884
Dr. Peter Roberts Memorial Fund	24,752	1,845	26,597	24,752
Duke of Edinburgh's International Award Fund	-	10,702	10,702	-
FIG Fund	-	27,384	27,384	-
Folk of the Sea Fund	21,435	2,285	23,720	21,435
Honorable Fabian O'Dea Fund	24,625	(7,168)	17,457	24,625
Hon. John W. Mahoney Scholarship Fund	10,116	1,078	11,194	10,116
Joseph & Emma Taylor Memorial Scholarship Fund	16,070	1,713	17,783	16,070
Legacy Nature Trust Fund	13,715	1,462	15,177	13,715
Life Insurance Policies	32,441	16,650	49,091	32,441
Maple Leaf Fund	-	231,914	231,914	-
Michelle Jackson Emerging Filmmaker Fund	17,765	1,893	19,658	17,765
National Theatre School of Canada (NTS) TEC Fund	194,231	10,352	204,583	194,231
NL Drama Festival Society Fund	17,455	1,860	19,315	17,455
Perlin Family Trust	9,629	1,026	10,655	9,629
Terry M. Carlson Scholarship Fund	9,797	(9,797)	-	9,797
Thurles Fund	6,553	698	7,251	6,553
Walter Chambers Scholarship Fund	10,287	1,096	11,383	10,287
Youden Family Fund	23,563	2,511	26,074	23,563
	\$ 641,686	\$ 360,064	\$ 1,001,750	\$ 641,686

THE COMMUNITY FOUNDATION OF NEWFOUNDLAND AND LABRADOR
Statement of Revenues and Expenditures - Smart and Caring Community Fund
(Schedule 1)

Year Ended December 31, 2013

	2013	2012
Revenues		
Donations	\$ 1,510	\$ 2,500
Dividend income	10,794	8,586
Unrealized gain on investments	14,933	11,369
Realized gain (loss) on investments	739	(4,339)
	27,976	18,116
Expenditures		
Administration fees	3,295	3,056
Grants	2,000	1,000
Memberships	-	30
	5,295	4,086
Excess of revenues over expenditures	\$ 22,681	\$ 14,030

THE COMMUNITY FOUNDATION OF NEWFOUNDLAND AND LABRADOR
Statement of Revenues and Expenditures - Externally Restricted Funds
(Schedule 2)

Year Ended December 31, 2013

	2013	2012
Revenues		
Donations	\$ 71,432	\$ 102,296
Increase in cash surrender value of life insurance	16,650	10,098
Dividend income	30,336	23,854
Unrealized gain on investments	42,224	29,600
Realized gain (loss) on investments	2,113	(10,732)
Fundraising - Atlantic Maple Leaf Tribute Dinner <i>(Note 6)</i>	600,366	-
Fundraising - other restricted funds	8,950	-
	<u>772,071</u>	<u>155,116</u>
Expenditures		
Administration fees	16,077	8,340
Grants	33,741	10,627
Life insurance premiums	20,000	10,000
Fundraising - Atlantic Maple Leaf Tribute Dinner <i>(Note 6)</i>	341,837	-
Fundraising - other restricted funds	352	-
	<u>412,007</u>	<u>28,967</u>
Excess of revenues over expenditures	<u>\$ 360,064</u>	<u>\$ 126,149</u>

THE COMMUNITY FOUNDATION OF NEWFOUNDLAND AND LABRADOR
Statement of Revenues and Expenditures - Operating Fund
(Schedule 3)
Year Ended December 31, 2013

	2013	2012
Revenues		
Unrestricted donations	\$ 32,000	\$ 31,035
Administration	19,371	11,396
Restricted donations	10,000	-
	<u>61,371</u>	<u>42,431</u>
Expenditures		
Salaries and benefits	32,396	31,696
Office	5,539	3,573
Professional fees	6,912	7,062
Meetings and conventions	1,666	1,955
Advertising and promotion	-	3,417
Insurance	1,541	1,541
Interest and bank charges	2,123	499
Memberships	1,089	450
Grants	10,000	-
	<u>61,266</u>	<u>50,193</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 105</u>	<u>\$ (7,762)</u>