

**THE COMMUNITY FOUNDATION OF NEWFOUNDLAND AND LABRADOR**  
**Financial Statements**  
**Year Ended December 31, 2014**

**THE COMMUNITY FOUNDATION OF NEWFOUNDLAND AND LABRADOR**  
**Index to Financial Statements**  
**Year Ended December 31, 2014**

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## INDEPENDENT AUDITOR'S REPORT

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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, 2014 and the statements of revenues and expenditures, changes in net assets and cash flow 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.

### 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 revenue, excess of revenues over expenditures, and net assets.

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

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, 2014 and the results of its operations and its cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

St. John's, NL  
May 22, 2015

*Morrissey Professional Corporation Inc.*  
CHARTERED PROFESSIONAL ACCOUNTANTS

**THE COMMUNITY FOUNDATION OF NEWFOUNDLAND AND LABRADOR**  
**Statement of Financial Position**  
**December 31, 2014**

	2014	2013
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 20,082	\$ 258,244
HST recoverable	1,221	16,338
	<u>21,303</u>	274,582
MARKETABLE SECURITIES	1,219,612	914,342
CASH SURRENDER VALUE OF LIFE INSURANCE	60,543	49,091
	<u>\$ 1,301,458</u>	<u>\$ 1,238,015</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 15,300	\$ 5,300
Employee deductions payable	605	607
Other payables (Note 5)	2,985	1,385
	<u>18,890</u>	7,292
<b>NET ASSETS</b>		
Smart and Caring Community Fund	212,678	234,419
Externally restricted funds (Note 6)	1,073,480	1,001,750
Operating Fund	(3,590)	(5,446)
	<u>1,282,568</u>	1,230,723
	<u>\$ 1,301,458</u>	<u>\$ 1,238,015</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**  
**Year Ended December 31, 2014**

	2014	2013
<b>REVENUES</b>		
Statement of Revenues and Expenditures - Smart and Caring Community Fund ( <i>Schedule 1</i> )	\$ 21,128	\$ 27,976
Statement of Revenues and Expenditures - Externally Restricted Funds ( <i>Schedule 2</i> )	174,544	772,071
Statement of Revenues and Expenditures - Operating Fund ( <i>Schedule 3</i> )	49,594	61,371
	<u>245,266</u>	<u>861,418</u>
<b>EXPENDITURES</b>		
Statement of Revenues and Expenditures - Smart and Caring Community Fund ( <i>Schedule 1</i> )	42,869	5,295
Statement of Revenues and Expenditures - Externally Restricted Funds ( <i>Schedule 2</i> )	102,814	412,007
Statement of Revenues and Expenditures - Operating Fund ( <i>Schedule 3</i> )	47,738	61,266
	<u>193,421</u>	<u>478,568</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES FOR THE YEAR</b>	<u>\$ 51,845</u>	<u>\$ 382,850</u>

**THE COMMUNITY FOUNDATION OF NEWFOUNDLAND AND LABRADOR**  
**Statement of Changes in Net Assets**  
**Year Ended December 31, 2014**

	Smart and Caring Community Fund (Schedule 1)	Externally Restricted Funds (Schedule 2)	Operating Fund (Schedule 3)	<b>2014</b>	2013
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 234,419	\$ 1,001,750	\$ (5,446)	<b>\$ 1,230,723</b>	\$ 847,873
Excess of revenues over expenditures	(21,741)	71,730	1,856	<b>51,845</b>	382,850
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 212,678</b>	<b>\$ 1,073,480</b>	<b>\$ (3,590)</b>	<b>\$ 1,282,568</b>	<b>\$ 1,230,723</b>

See notes to financial statements

THE COMMUNITY FOUNDATION OF NEWFOUNDLAND AND LABRADOR

Statement of Cash Flow

Year Ended December 31, 2014

	2014	2013
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenditures	\$ 51,845	\$ 382,850
Changes in non-cash working capital:		
HST recoverable	15,117	(11,949)
Accounts payable and accrued liabilities	10,000	(1)
Other payables	1,600	(8,615)
Prepaid expenses	-	5,032
Employee deductions payable	(2)	-
	<u>26,715</u>	<u>(15,533)</u>
Cash flow from operating activities	<u>78,560</u>	<u>367,317</u>
<b>INVESTING ACTIVITIES</b>		
Marketable securities	(305,270)	(100,292)
Cash surrender value of life insurance	(11,452)	(16,650)
Cash flow used by investing activities	<u>(316,722)</u>	<u>(116,942)</u>
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>(238,162)</b>	<b>250,375</b>
CASH - BEGINNING OF YEAR	<u>258,244</u>	<u>7,869</u>
<b>CASH - END OF YEAR</b>	<b>\$ 20,082</b>	<b>\$ 258,244</b>

See notes to financial statements



# THE COMMUNITY FOUNDATION OF NEWFOUNDLAND AND LABRADOR

## Notes to Financial Statements Year Ended December 31, 2014

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### 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. As a registered charity the Foundation is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

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### 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.

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Fund accounting

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.

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

#### 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.

#### 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, 2014

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

#### 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 organizations 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.

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### 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.

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**THE COMMUNITY FOUNDATION OF NEWFOUNDLAND AND LABRADOR**

**Notes to Financial Statements**

**Year Ended December 31, 2014**

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4. FINANCIAL INSTRUMENTS *(continued)*

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.

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5. OTHER PAYABLES

Other payables consist of restricted flow-through donations received to be paid out in 2015.

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**THE COMMUNITY FOUNDATION OF NEWFOUNDLAND AND LABRADOR**

**Notes to Financial Statements**

**Year Ended December 31, 2014**

6. EXTERNALLY RESTRICTED FUNDS - NET ASSETS BY FUND

	Net assets, beginning of year	Excess (deficiency) of revenues over expenditures	<b>2014</b>	2013
Anthony Insurance Incorporated Fund	\$ 57,088	\$ 2,977	\$ <b>60,065</b>	\$ 57,088
Burham and Mary Gill Fund	107,298	5,595	<b>112,893</b>	107,298
CIBC Fund	24,660	4,495	<b>29,155</b>	24,660
Colonel W. D. Mahoney Benevolent Fund	20,000	2,111	<b>22,111</b>	20,000
Cy Mills Fund	12,488	(365)	<b>12,123</b>	12,488
D.A. Matthews Scholarship Fund	11,526	601	<b>12,127</b>	11,526
David Stone Memorial Fund	8,190	1,620	<b>9,810</b>	8,190
Dr. Anna Templeton Award Fund	15,198	497	<b>15,695</b>	15,198
Dr. Harry Roberts Fund	15,364	800	<b>16,164</b>	15,364
Dr. Peter Roberts Memorial Fund	26,597	1,895	<b>28,492</b>	26,597
Duke of Edinburgh's International Award Fund	10,702	1,569	<b>12,271</b>	10,702
FIG Fund	27,384	5,968	<b>33,352</b>	27,384
Folk of the Sea Fund	23,720	1,237	<b>24,957</b>	23,720
Honorable Fabian O'Dea Fund	17,457	(14,374)	<b>3,083</b>	17,457
Hon. John W. Mahoney Scholarship Fund	11,194	584	<b>11,778</b>	11,194
Joseph & Emma Taylor Memorial Scholarship Fund	17,783	(89)	<b>17,694</b>	17,783
Legacy Nature Trust Fund	15,177	791	<b>15,968</b>	15,177
Life Insurance Policies	49,091	11,452	<b>60,543</b>	49,091
Maple Leaf Fund	231,914	19,740	<b>251,654</b>	231,914
Michelle Jackson Emerging Filmmaker Fund	19,658	(9)	<b>19,649</b>	19,658
National Theatre School of Canada (NTS) TEC Fund	204,583	3,464	<b>208,047</b>	204,583
NL Drama Festival Society Fund	19,315	1,008	<b>20,323</b>	19,315
Perlin Family Trust	10,655	556	<b>11,211</b>	10,655
Thurles Fund	7,251	379	<b>7,630</b>	7,251
Vital Signs Fund	-	17,274	<b>17,274</b>	-
Walter Chambers Scholarship Fund	11,383	594	<b>11,977</b>	11,383
Youden Family Fund	26,074	1,360	<b>27,434</b>	26,074
	<b>\$ 1,001,750</b>	<b>\$ 71,730</b>	<b>\$ 1,073,480</b>	<b>\$ 1,001,750</b>

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

**Year Ended December 31, 2014**

	2014	2013
<b>REVENUES</b>		
Donations	\$ 6,050	\$ 1,510
Dividend income	9,334	10,794
Unrealized gain on investments	5,642	14,933
Realized gain (loss) on investments	102	739
	<u>21,128</u>	<u>27,976</u>
<b>EXPENDITURES</b>		
Administration fees	3,408	3,295
Grants	29,770	2,000
Fundraising	9,691	-
	<u>42,869</u>	<u>5,295</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ (21,741)</u>	<u>\$ 22,681</u>

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

**Year Ended December 31, 2014**

	2014	2013
<b>REVENUES</b>		
Donations	\$ 98,593	\$ 71,432
Increase in cash surrender value of life insurance	11,452	16,650
Dividend income	40,557	30,336
Unrealized gain on investments	23,509	42,224
Realized gain (loss) on investments	433	2,113
Fundraising - Atlantic Maple Leaf Tribute Dinner	-	600,366
Fundraising - other restricted funds	-	8,950
	<u>174,544</u>	<u>772,071</u>
<b>EXPENDITURES</b>		
Administration fees	14,761	16,077
Grants	60,391	33,741
Life insurance premiums	20,000	20,000
Fundraising - Atlantic Maple Leaf Tribute Dinner	-	341,837
Fundraising - other restricted funds	662	352
Professional fees	7,000	-
	<u>102,814</u>	<u>412,007</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>\$ 71,730</u>	<u>\$ 360,064</u>

THE COMMUNITY FOUNDATION OF NEWFOUNDLAND AND LABRADOR

Statement of Revenues and Expenditures - Operating Fund

(Schedule 3)

Year Ended December 31, 2014

	2014	2013
<b>REVENUES</b>		
Unrestricted donations	\$ 31,425	\$ 32,000
Administration	18,169	19,371
Restricted donations	-	10,000
	<u>49,594</u>	<u>61,371</u>
<b>EXPENDITURES</b>		
Salaries and benefits	30,379	32,396
Office	6,864	5,539
Professional fees	6,541	6,912
Meetings and conventions	771	1,666
Insurance	1,541	1,541
Interest and bank charges	622	2,123
Memberships	450	1,089
Fundraising	570	-
Grants	-	10,000
	<u>47,738</u>	<u>61,266</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>\$ 1,856</u>	<u>\$ 105</u>