

THE COMMUNITY FOUNDATION OF NEWFOUNDLAND AND LABRADOR
Financial Statements
Year Ended December 31, 2015

THE COMMUNITY FOUNDATION OF NEWFOUNDLAND AND LABRADOR
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Year Ended December 31, 2015

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Fred Earle

Chartered Professional Accountant

INDEPENDENT AUDITOR'S REPORT

To the Members of The Community Foundation of Newfoundland and Labrador

I 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, 2015 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

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 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, fundraising activities 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, I was not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenses, and cash flows from operations for the year ended December 31, 2015, and net assets as at December 31, 2015.

Qualified Opinion

In my 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, 2015 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, Newfoundland and Labrador
October 27, 2016



CHARTERED PROFESSIONAL ACCOUNTANT

THE COMMUNITY FOUNDATION OF NEWFOUNDLAND AND LABRADOR
Statement of Financial Position
December 31, 2015

| | 2015 | 2014 |
|---|---------------------|---------------------|
| ASSETS | | |
| CURRENT | | |
| Cash | \$ 59,525 | \$ 20,082 |
| HST recoverable | 1,694 | 1,221 |
| | <u>61,219</u> | 21,303 |
| MARKETABLE SECURITIES | 1,202,973 | 1,219,612 |
| CASH SURRENDER VALUE OF LIFE INSURANCE | 82,472 | 60,543 |
| | <u>\$ 1,346,664</u> | <u>\$ 1,301,458</u> |
| LIABILITIES AND NET ASSETS | | |
| CURRENT | | |
| Accounts payable | \$ 18,653 | \$ 15,300 |
| Employee deductions payable | 687 | 605 |
| Deferred contributions - Externally restricted (Note 5) | 15,945 | 2,985 |
| | <u>35,285</u> | 18,890 |
| NET ASSETS | | |
| Smart and Caring Community Fund | 198,724 | 212,678 |
| Externally Restricted Funds (Note 7) | 1,134,938 | 1,073,480 |
| Operating Fund | (22,283) | (3,590) |
| | <u>1,311,379</u> | 1,282,568 |
| | <u>\$ 1,346,664</u> | <u>\$ 1,301,458</u> |

ON BEHALF OF THE BOARD

_____ Director

_____ Director

The notes are an integral part of these financial statements

THE COMMUNITY FOUNDATION OF NEWFOUNDLAND AND LABRADOR
Statement of Revenues and Expenditures
Year Ended December 31, 2015

| | 2015 | 2014 |
|---|------------------|------------------|
| REVENUES | | |
| Statement of Revenues and Expenditures - Smart and Caring Community Fund (<i>Schedule 1</i>) | \$ 13,325 | \$ 21,128 |
| Statement of Revenues and Expenditures - Externally Restricted Funds (<i>Schedule 2</i>) | 168,380 | 174,544 |
| Statement of Revenues and Expenditures - Operating Fund (<i>Schedule 3</i>) | 55,094 | 49,594 |
| | <u>236,799</u> | <u>245,266</u> |
| EXPENDITURES | | |
| Statement of Revenues and Expenditures - Smart and Caring Community Fund (<i>Schedule 1</i>) | 27,279 | 42,869 |
| Statement of Revenues and Expenditures - Externally Restricted Funds (<i>Schedule 2</i>) | 106,922 | 102,814 |
| Statement of Revenues and Expenditures - Operating Fund (<i>Schedule 3</i>) | 73,787 | 47,738 |
| | <u>207,988</u> | <u>193,421</u> |
| EXCESS OF REVENUES OVER EXPENDITURES | <u>\$ 28,811</u> | <u>\$ 51,845</u> |

The notes are an integral part of these financial statements

THE COMMUNITY FOUNDATION OF NEWFOUNDLAND AND LABRADOR
Statement of Changes in Net Assets
Year Ended December 31, 2015

| | Smart and Caring Community Fund (Schedule 1) | Externally Restricted Funds (Schedule 2) | Operating Fund (Schedule 3) | 2015 | 2014 |
|---|--|---|--------------------------------|---------------------|---------------------|
| NET ASSETS - BEGINNING OF YEAR | \$ 212,678 | \$ 1,073,480 | \$ (3,590) | \$ 1,282,568 | \$ 1,230,723 |
| Excess of revenues over expenditures | (13,954) | 61,458 | (18,693) | 28,811 | 51,845 |
| NET ASSETS - END OF YEAR | \$ 198,724 | \$ 1,134,938 | \$ (22,283) | \$ 1,311,379 | \$ 1,282,568 |

THE COMMUNITY FOUNDATION OF NEWFOUNDLAND AND LABRADOR

Statement of Cash Flow

Year Ended December 31, 2015

| | 2015 | 2014 |
|---|------------------|------------------|
| OPERATING ACTIVITIES | | |
| Excess of revenues over expenditures | \$ 28,811 | \$ 51,845 |
| Changes in non-cash working capital: | | |
| HST recoverable | (473) | 15,117 |
| Accounts payable | 3,353 | 10,000 |
| Deferred income | 12,960 | 1,600 |
| Employee deductions payable | 82 | (2) |
| | <u>15,922</u> | <u>26,715</u> |
| Cash flow from operating activities | <u>44,733</u> | <u>78,560</u> |
| INVESTING ACTIVITIES | | |
| Marketable securities | 16,639 | (305,270) |
| Cash surrender value of life insurance | (21,929) | (11,452) |
| Cash flow used by investing activities | <u>(5,290)</u> | <u>(316,722)</u> |
| INCREASE (DECREASE) IN CASH FLOW | 39,443 | (238,162) |
| Cash - beginning of year | <u>20,082</u> | <u>258,244</u> |
| CASH - END OF YEAR | \$ 59,525 | \$ 20,082 |

The notes are an integral part of these financial statements

THE COMMUNITY FOUNDATION OF NEWFOUNDLAND AND LABRADOR

Notes to Financial Statements

Year Ended December 31, 2015

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.

2. BASIS OF PRESENTATION

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash is defined as cash on hand, cash on deposit, and short-term deposits with maturity dates of less than 90 days, net of cheques issued and outstanding at the reporting date.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Income taxes

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

Fund accounting

The Community Foundation of Newfoundland and Labrador follows the restricted fund method of accounting for contributions.

The Operating Fund accounts for the organization's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants.

The Smart and Caring Community Fund accounts for resources contributed that have been entrusted to the Foundation's Board of Directors to manage, and as such are considered internally restricted.

Externally Restricted Funds account for resources contributed for donor-designated endowment funds and investment income earned on resources of the Externally Restricted Funds. Distributions from the Externally Restricted Funds are as advised by the donors.

(continues)

THE COMMUNITY FOUNDATION OF NEWFOUNDLAND AND LABRADOR

Notes to Financial Statements

Year Ended December 31, 2015

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

Revenue recognition

Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Unrestricted contributions are recognized as revenue of the General Fund in the year 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 Foundation's Board of Directors 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 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 of each fund, and are recorded as revenue of the Operating Fund.

Marketable securities

Investments for which there are quoted prices in an active market are carried at fair value. Unrealized gains or losses are reported as part of net income. Investments for which there is not an active market are carried at amortized cost except when it is established that their value is impaired. Impairment losses, or reversal of previously recognized impairment losses, are reported as part of net income.

Contributed services

The Foundation may receive goods at no cost from donors. Significant donations are recorded at their estimated fair value at the date of the donation. The Foundation also benefits from the service of volunteers. The fair value of donated services cannot be reasonably determined and are therefore not reflected 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 amount incurred for the year and have not been allocated on a functional basis to the various charitable activities, programs and administration of the Foundation.

THE COMMUNITY FOUNDATION OF NEWFOUNDLAND AND LABRADOR

Notes to Financial Statements

Year Ended December 31, 2015

4. 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 organization's risk exposure and concentration as of December 31, 2015.

(a) Liquidity risk

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

(b) 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 organization is mainly exposed to interest rate risk, currency risk, and other price risk.

(c) 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 organization manages exposure through its normal operating and financing activities. The organization is exposed to interest rate risk primarily through its investments.

(d) Currency risk

Currency risk is the risk to the company's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The organization is exposed to foreign currency exchange risk on cash and investments held in U.S. dollars. The company does not use derivative instruments to reduce its exposure to foreign currency risk.

(e) 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 organization is exposed to other price risk through its investment in quoted shares.

5. DEFERRED CONTRIBUTIONS - EXTERNALLY RESTRICTED

Deferred contributions - Externally restricted consist of restricted donations received in memory of Gillian Guy which have not yet been designated by its donors, and restricted donations received on behalf of the St. John's Farmers' Market Fund which are expected to be paid out in 2016.

| | <u>2015</u> | <u>2014</u> |
|---------------------------------|------------------|-----------------|
| Gillian Guy Memorial Fund | \$ 3,478 | \$ 2,985 |
| St. John's Farmers' Market Fund | 12,467 | - |
| | <u>\$ 15,945</u> | <u>\$ 2,985</u> |

THE COMMUNITY FOUNDATION OF NEWFOUNDLAND AND LABRADOR

Notes to Financial Statements

Year Ended December 31, 2015

6. COMPARATIVE FIGURES

The prior year comparative figures were audited by another firm of chartered professional accountants.

7. EXTERNALLY RESTRICTED FUNDS - NET ASSETS BY FUND

| | 2014 | Inflow | Outflow | 2015 |
|--|---------------------|-------------------|-------------------|---------------------|
| Anthony Insurance Incorporated Fund | \$ 60,065 | \$ 4,000 | \$ 1,725 | \$ 62,340 |
| Boyce Taylor Memorial Fund | - | 10,353 | 147 | 10,206 |
| Burnham and Mary Gill Fund | 112,893 | 7,518 | 3,241 | 117,170 |
| CIBC Fund | 29,155 | 12,159 | 10,896 | 30,418 |
| Colonel W.D. Mahoney Benevolent Fund | 22,111 | 21,473 | 635 | 42,949 |
| Cy Mills Fund | 12,123 | 750 | 1,330 | 11,543 |
| D.A. Matthews Scholarship Fund | 12,127 | 808 | 349 | 12,586 |
| David Stone Memorial Fund. | 9,810 | 1,944 | 540 | 11,214 |
| Dr. Anna Templeton Award Fund | 15,695 | 1,045 | 451 | 16,289 |
| Dr. Harry Roberts Fund | 16,164 | 2,127 | 476 | 17,815 |
| Dr. Peter Roberts Memorial Fund | 28,492 | 1,897 | 817 | 29,572 |
| Duke of Edinburgh's International Award Fund | 12,271 | 816 | 352 | 12,735 |
| FIG Fund | 33,352 | 17,127 | 4,007 | 46,472 |
| Folk of the Sea Fund | 24,957 | 1,704 | 718 | 25,943 |
| Honourable Fabian O'Dea Fund | 3,083 | 205 | 3,288 | - |
| Hon. John W. Mahoney Scholarship Fund | 11,778 | 784 | 338 | 12,224 |
| Joseph & Emma Taylor Memorial Scholarship Fund | 17,694 | 1,155 | 2,505 | 16,344 |
| Legacy Nature Trust Fund | 15,968 | 1,063 | 458 | 16,573 |
| Life Insurance Policies | 60,543 | 21,929 | - | 82,472 |
| Maple Leaf Fund | 251,654 | 16,585 | 30,175 | 238,064 |
| Michelle Jackson Emerging Filmmaker Fund | 19,649 | 1,308 | 563 | 20,394 |
| National Theatre School of Canada (NTS) TEC Fund | 208,047 | 13,605 | 16,598 | 205,054 |
| NL Drama Festival Society Fund | 20,323 | 1,353 | 583 | 21,093 |
| Perlin Family Trust | 11,211 | 747 | 322 | 11,636 |
| Thurles Fund | 7,630 | 3,719 | 220 | 11,129 |
| Vital Signs Fund | 17,274 | 13,333 | 28,147 | 2,460 |
| Walter Chambers Scholarship Fund | 11,977 | 798 | 345 | 12,430 |
| WFF Silver Fund | - | 9,448 | 108 | 9,340 |
| Youden Family Fund | 27,434 | 1,827 | 788 | 28,473 |
| | <u>\$ 1,073,480</u> | <u>\$ 171,580</u> | <u>\$ 110,122</u> | <u>\$ 1,134,938</u> |

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

Year Ended December 31, 2015

| | 2015 | 2014 |
|---|--------------------|--------------------|
| REVENUES | | |
| Unrealized (loss) gain on foreign exchange | \$ 10,945 | \$ - |
| Investments income | 4,805 | 9,334 |
| Realized gain on investments | 1,853 | 102 |
| Donations | - | 6,050 |
| Unrealized (loss) gain on investments | (4,278) | 5,642 |
| | <u>13,325</u> | <u>21,128</u> |
| EXPENDITURES | | |
| Grants | 15,000 | 29,770 |
| Fundraising | 6,390 | 9,691 |
| Administration fees | 3,125 | 3,408 |
| Investment management fees | 2,764 | - |
| | <u>27,279</u> | <u>42,869</u> |
| DEFICIENCY OF REVENUES OVER EXPENDITURES | <u>\$ (13,954)</u> | <u>\$ (21,741)</u> |

The notes are an integral part of these financial statements

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

Year Ended December 31, 2015

| | 2015 | 2014 |
|---|------------------|------------------|
| REVENUES | | |
| Donations | \$ 79,505 | \$ 98,593 |
| Unrealized (loss) gain on foreign exchange | 55,423 | - |
| Investment income | 23,799 | 40,557 |
| Increase in CSV of life insurance | 21,929 | 11,452 |
| Realized gain on investments | 9,385 | 433 |
| Unrealized (loss) gain on investments | <u>(21,661)</u> | <u>23,509</u> |
| | <u>168,380</u> | <u>174,544</u> |
| EXPENDITURES | | |
| Grants | 48,666 | 60,391 |
| Life insurance premiums | 20,000 | 20,000 |
| Administration fees | 15,266 | 14,761 |
| Investment management fees | 13,537 | - |
| Professional fees | 8,200 | 7,000 |
| Program expenses | 1,253 | - |
| Fundraising | <u>-</u> | <u>662</u> |
| | <u>106,922</u> | <u>102,814</u> |
| EXCESS OF REVENUES OVER EXPENDITURES | <u>\$ 61,458</u> | <u>\$ 71,730</u> |

The notes are an integral part of these financial statements

THE COMMUNITY FOUNDATION OF NEWFOUNDLAND AND LABRADOR

Statement of Revenues and Expenditures - Operating Fund (Schedule 3)

Year Ended December 31, 2015

| | 2015 | 2014 |
|---|--------------------|-----------------|
| REVENUES | | |
| Restricted donations | \$ 19,500 | \$ - |
| Administration fees | 18,589 | 18,169 |
| Unrestricted donations | 17,005 | 31,425 |
| | <u>55,094</u> | <u>49,594</u> |
| EXPENDITURES | | |
| Salaries and wages | 34,733 | 30,379 |
| Grants - flow-through | 19,208 | - |
| Professional fees | 10,764 | 6,541 |
| Office | 5,459 | 6,864 |
| Insurance | 1,541 | 1,541 |
| Interest and bank charges | 888 | 622 |
| Meetings and conventions | 744 | 771 |
| Memberships | 450 | 450 |
| Fundraising | - | 570 |
| | <u>73,787</u> | <u>47,738</u> |
| DEFICIENCY OF REVENUES OVER EXPENDITURES | <u>\$ (18,693)</u> | <u>\$ 1,856</u> |

The notes are an integral part of these financial statements