

Financial Statements

Community Foundations of Canada

December 31, 2006



*Community
Foundations
of Canada*
*Fondations
communautaires
du Canada*

AUDITORS' REPORT

TO THE MEMBERS OF COMMUNITY FOUNDATIONS OF CANADA

We have audited the balance sheet of Community Foundations of Canada as at December 31, 2006 and the statements of operations and projects, changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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 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 our opinion, these financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Canada Corporations Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Selente & Touche LLP

Chartered Accountants
Licensed Public Accountants
April 5, 2007

STATEMENT OF OPERATIONS AND PROJECTS

year ended December 31, 2006 (ALL AMOUNTS IN CANADIAN DOLLARS)

	OPERATIONS		PROJECTS		TOTAL	
	2006	2005	2006	2005	2006	2005
Revenue						
Donations, grants and sponsorships	636,734	938,480	839,156	1,391,026	1,475,890	2,329,506
Membership support	531,311	412,209	-	-	531,311	412,209
Cost recovery from projects to operations (Note 8)	93,249	24,384	-	-	-	-
National conference	341,336	-	-	-	341,336	-
CF-LINKS fees	18,415	76,139	-	-	18,415	76,139
Interest and other revenue	51,052	63,540	-	-	51,052	63,540
	1,672,097	1,514,752	839,156	1,391,026	2,418,004	2,881,394
Expenses						
Salaries and benefits	680,072	735,774	176,307	287,526	856,379	1,023,300
Consultants/coordinators fees	142,932	138,870	107,585	137,257	250,517	276,127
National conference	277,538	-	-	-	277,538	-
CF-LINKS	126,594	176,665	-	-	126,594	176,665
Travel	50,202	72,508	11,976	15,811	62,178	88,319
Travel and meetings - Board	40,513	46,765	-	-	40,513	46,765
Communications	42,219	45,795	42,790	35,050	85,009	80,845
Grants	-	4,035	165,570	385,000	165,570	389,035
Amortization of capital assets	7,268	8,703	-	-	7,268	8,703
Contributions from projects to operations (Note 8)	-	-	93,249	24,384	-	-
Office operations	128,634	122,724	5,179	81,696	133,813	204,420
Committees/reference groups	52,660	41,447	55,163	198,349	107,823	239,796
Program activities	107,422	80,816	179,694	201,177	287,116	281,993
Other	14,885	16,073	1,643	24,776	16,528	40,849
	1,670,939	1,490,175	839,156	1,391,026	2,416,846	2,856,817
EXCESS OF REVENUE OVER EXPENSES	1,158	24,577	-	-	1,158	24,577

STATEMENT OF CHANGES IN FUND BALANCES

year ended December 31, 2006 (ALL AMOUNTS IN CANADIAN DOLLARS)

	OPERATIONS	ENDOWMENT	TOTAL	
			2006	2005
FUND BALANCES, BEGINNING OF YEAR	57,090	19,025	76,115	48,538
Excess of revenue over expenses	1,158	-	1,158	24,577
Endowment contributions	-	3,906	3,906	3,000
FUND BALANCES, END OF YEAR	58,248	22,931	81,179	76,115

BALANCE SHEET

year ended December 31, 2006 (ALL AMOUNTS IN CANADIAN DOLLARS)

	2006	2005
CURRENT ASSETS		
Cash and short-term deposits (Note 3)	129,820	567,724
Accounts receivable	87,880	114,085
Prepaid expenses	31,800	40,862
	<u>249,500</u>	<u>722,671</u>
CAPITAL ASSETS (Note 4)	21,197	19,670
	<u>270,697</u>	<u>742,341</u>
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	75,888	55,822
Deferred contributions (Note 5)	113,630	610,404
	<u>189,518</u>	<u>666,226</u>
FUND BALANCES		
Operations		
Invested in capital assets	21,197	19,670
Unrestricted	37,051	37,420
	<u>58,248</u>	<u>57,090</u>
Endowment	22,931	19,025
	<u>81,179</u>	<u>76,115</u>
	<u>270,697</u>	<u>742,341</u>

On behalf of the Board



Director



Director

STATEMENT OF CASH FLOWS

year ended December 31, 2006 (ALL AMOUNTS IN CANADIAN DOLLARS)

	2006	2005
Cash provided by operating activities		
Excess of revenue over expenses	1,158	24,577
Amortization of capital assets	7,268	8,703
Loss on disposal of capital assets	684	1,111
Net change in non-cash working capital balance	55,333	(25,266)
Net decrease in deferred contributions	<u>(496,774)</u>	<u>(406,086)</u>
Cash used for operating activities	<u>(432,331)</u>	<u>(396,961)</u>
Cash provided by financing activities		
Contributions to Endowment Fund	3,906	3,000
Cash used for investing activities		
Additions to capital assets	<u>(9,479)</u>	<u>(5,718)</u>
NET DECREASE IN CASH	<u>(437,904)</u>	<u>(399,679)</u>
CASH, BEGINNING OF YEAR	<u>567,724</u>	<u>967,403</u>
CASH, END OF YEAR	<u>129,820</u>	<u>567,724</u>

Cash consists of cash and short-term deposits.

NOTES TO THE FINANCIAL STATEMENTS

year ended December 31, 2006 (ALL AMOUNTS IN CANADIAN DOLLARS)

1. NATURE OF ORGANIZATION

Community Foundations of Canada / Fondations Communautaires du Canada (the "Organization") was incorporated under Part II of the Canada Corporations Act in January, 1992 and is a registered charitable organization. The mission of the Organization is to build stronger communities by enhancing the philanthropic leadership of community foundations.

2. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

Fund accounting

The Organization follows the deferral method of accounting for contributions, including donations, grants and pledges.

Revenues and expenses related to core operations are reported in the Operating Fund. Revenues and expenses of various, separately funded programs are reported in the Project Fund.

Revenue recognition

Unrestricted revenues are recognized as revenue in either the operations or project funds when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Grants and donations externally restricted as well as conference fees are deferred and recognized as revenue in the period in which the related expenses are recognized. Membership fees are deferred and recognized as revenue in the period to which the fees relate.

Contributed capital assets, materials and services

The Organization receives capital assets, materials and services at no cost from various sources. Donations of these items are not recorded in these financial statements.

Capital assets

Capital assets are recorded at cost. Amortization is determined using the declining-balance method at the following annual rates:

Computer equipment	33%
Furniture	20%
Software	50%

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires the Organization's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods presented. Actual results could differ from the estimates made by management.

Significant management estimates include assumptions used in estimating the collectibility of accounts receivable and useful life of capital assets.

3. SHORT-TERM DEPOSITS

Short-term deposits consist of grants received in the current year for operations and project use in the following year. At year end 2006, the short-term investments consist of GICs totalling \$135,000 (2005 - \$675,000) earning interest at the rate of 3.8% (2005 rates ranged from 2.3% to 3.25%).

NOTES TO THE FINANCIAL STATEMENTS

year ended December 31, 2006 (ALL AMOUNTS IN CANADIAN DOLLARS)

4. CAPITAL ASSETS

	2006			2005
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Operating assets				
Computer equipment	72,798	56,599	16,199	14,638
Furniture	24,076	19,215	4,861	4,803
Software	5,952	5,815	137	229
	<u>102,826</u>	<u>81,629</u>	<u>21,197</u>	<u>19,670</u>

5. DEFERRED CONTRIBUTIONS

Changes in the deferred contributions balance reported in the Operations and Project Funds are as follows:

	2005	Amount Received	Amount Recognized	2006
Operations				
Donations, grants and sponsorships (including Youth Project)	227,916	507,990	718,036	17,870
National Conference	25,000	316,336	341,336	-
Marketing Toolkits	-	80,000	57,915	22,085
	<u>252,916</u>	<u>904,326</u>	<u>1,117,287</u>	<u>39,955</u>

Projects

Canadian Heritage Youth Led Community Action Pilot Program	-	140,400	134,686	5,714
Vital Signs	150,000	125,000	240,642	34,358
Social Justice	38,387	111,520	146,304	3,603
Environmental Grantmaking	169,101	61,750	230,851	-
HRSDC Place-Based Poverty Reduction	-	20,008	20,008	-
Other Projects	-	96,665	66,665	30,000
	<u>357,488</u>	<u>555,343</u>	<u>839,156</u>	<u>73,675</u>
	<u>610,404</u>	<u>1,459,669</u>	<u>1,956,443</u>	<u>113,630</u>

Marketing toolkits revenue as well as an amount of \$81,302 (2005 - \$70,000) from donations, grants and sponsorships revenue were presented as membership support revenue in the statement of operations and projects.

6. LEASE COMMITMENTS

The Organization has entered into an operating lease agreement with the Community Foundation of Ottawa for office premises. The current lease began in June 2003 and expires in May of 2008. Minimum lease payments over the next two years, excluding operating costs, are as follows:

2007	\$79,046
2008	32,936
	<u>\$111,982</u>

NOTES TO THE FINANCIAL STATEMENTS

year ended December 31, 2006 (ALL AMOUNTS IN CANADIAN DOLLARS)

7. FINANCIAL INSTRUMENTS

The Organization's financial instruments consist of cash and short-term investments, accounts receivable, and accounts payable and accrued liabilities. It is management's opinion that the Organization is not exposed to significant interest or credit risks arising from these instruments.

Interest rate risk

Interest rate risk refers to the adverse consequences of interest rate changes on the Organization's cash flows, financial positions and investment revenue.

Credit risk

The risk relates to the potential that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Credit risk concentration exists where a significant portion of the portfolio is invested in securities which have similar characteristics or similar variations relating to economic, political or other conditions. The Organization monitors the financial health of its investments on an ongoing basis with the assistance of its investments advisors.

Fair value

The fair value of cash, short-term deposits, accounts receivable, accounts payable and accrued liabilities is approximately equal to their carrying values due to their short-term maturity.

8. INTERFUND ELIMINATIONS

On consolidation interfund cost recovery charges and expenses of \$93,249 (2005 - \$24,384) were eliminated.

PROJECT REVENUE AND EXPENSE

year ended December 31, 2006 (ALL AMOUNTS IN CANADIAN DOLLARS)

	Canadian Heritage Youth Led Community Action Pilot Program	Environmental Grantmaking	HRSDC Place-Based Poverty Reduction	Social Justice	Vital Signs	Other Projects*	Total 2006	2005
Revenue								
Donations and grants	134,686	230,851	20,008	146,304	240,642	66,665	839,156	1,391,026
Expenses								
Salaries and benefits	16,704	54,442	5,668	18,528	80,965	-	176,307	287,526
Consultants/ coordinators fees	2,020	40,206	4,280	31,000	30,079	-	107,585	137,257
Travel	-	-	-	-	9,653	2,323	11,976	15,811
Communications	5,094	13,359	51	11,376	12,910	-	42,790	35,050
Grants	109,070	25,000	-	-	10,000	21,500	165,570	385,000
Contribution to operations	-	32,209	2,475	22,320	32,001	4,244	93,249	24,384
Office operations	616	1,543	75	779	2,166	-	5,179	81,696
Committees/ reference groups	-	7,615	6,823	15,091	25,634	-	55,163	198,349
Program activities	382	56,477	336	47,210	36,691	38,598	179,694	201,177
Other (audit and legal fees)	800	-	300	-	543	-	1,643	24,776
	134,686	230,851	20,008	146,304	240,642	66,665	839,156	1,391,026

* Other Projects include the following:

Benjamin Moore Community Restoration Project (\$28,300)

Canadian Heritage Youth Forums Canada (\$38,365)

for conference scholarships for youth



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