

Financial Statements of

**COMMUNITY FOUNDATIONS
OF CANADA**

December 31, 2008

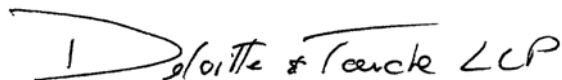
Auditors' Report

To the Members of
Community Foundations of Canada

We have audited the balance sheet of Community Foundations of Canada as at December 31, 2008 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, 2008 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.

A handwritten signature in black ink that reads "Deloitte & Touche LLP". The signature is stylized, with a large, sweeping initial 'D' that encompasses the first few letters of the name.

Chartered Accountants
Licensed Public Accountants

April 10, 2009

COMMUNITY FOUNDATIONS OF CANADA
Financial Statements
December 31, 2008

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COMMUNITY FOUNDATIONS OF CANADA

Statement of Operations and Projects

year ended December 31, 2008

	Operations		Projects		Total	
	2008	2007	2008	2007	2008	2007
Revenue						
Donations, grants and sponsorships	\$ 562,017	\$ 546,023	\$ 820,782	\$ 1,240,956	\$ 1,382,799	\$ 1,786,979
Membership support	587,588	576,970	-	-	587,588	576,970
Project cost recovery to operations (Note 10)	70,859	126,816	-	-	-	-
National conference	846,368	-	-	-	846,368	-
CF-LINKS fees	31,400	84,275	-	-	31,400	84,275
Interest and other revenue	58,861	42,896	-	-	58,861	42,896
	2,157,093	1,376,980	820,782	1,240,956	2,907,016	2,491,120
Expenses						
Salaries and benefits	689,278	683,490	208,851	215,215	898,129	898,705
Consultants	88,715	111,101	84,626	138,537	173,341	249,638
National conference	788,152	-	-	-	788,152	-
CF - LINKS	46,997	164,233	-	-	46,997	164,233
Travel - board, staff and committees	135,173	116,352	-	-	135,173	116,352
Grants	-	-	160,040	358,606	160,040	358,606
Amortization of capital assets	5,452	6,350	-	-	5,452	6,350
Contributions from projects to operations (Note 10)	-	-	70,859	126,816	-	-
Office operations	113,396	112,496	-	-	113,396	112,496
Program activities	264,538	167,194	296,106	400,582	560,644	567,776
Professional fees	17,655	16,274	300	1,200	17,955	17,474
	2,149,356	1,377,490	820,782	1,240,956	2,899,279	2,491,630
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ 7,737	\$ (510)	\$ -	\$ -	\$ 7,737	\$ (510)

COMMUNITY FOUNDATIONS OF CANADA
Statement of Changes in Fund Balances
year ended December 31, 2008

	Operations			Total	
	Invested in Capital Assets	Unrestricted	Endowment	2008	2007
FUND BALANCES, BEGINNING OF YEAR	\$ 18,809	\$ 38,929	\$ 27,569	\$ 85,307	\$ 81,179
Excess (deficiency) of revenue over expenses	-	7,737	1,503	9,240	(510)
Amortization of capital assets	(5,452)	5,452	-	-	-
Acquisition of capital assets	1,320	(1,320)	-	-	-
Endowment contributions	-	-	8,500	8,500	5,182
Increase in unrealized losses on available-for-sale-financial assets	-	-	(6,757)	(6,757)	(544)
FUND BALANCES, END OF YEAR	\$ 14,677	\$ 50,798	\$ 30,815	\$ 96,290	\$ 85,307
Accumulated unrealized losses on available-for-sale financial assets	\$ -	\$ -	\$ (7,301)	\$ (7,301)	\$ (544)


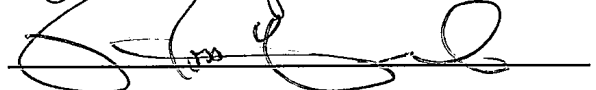
COMMUNITY FOUNDATIONS OF CANADA

Balance Sheet

as at December 31, 2008

	<u>2008</u>	<u>2007</u>
CURRENT ASSETS		
Cash and short-term deposits (Note 4)	\$ 354,732	\$ 91,874
Accounts receivable	213,812	169,827
Prepaid expenses	8,301	79,692
	576,845	341,393
CAPITAL ASSETS (Note 5)		
LONG-TERM INVESTMENTS (Note 6)	14,677	18,809
	30,815	27,569
	\$ 622,337	\$ 387,771
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 223,825	\$ 111,505
Deferred contributions (Note 7)	302,222	190,959
	526,047	302,464
FUND BALANCES		
Operations		
Invested in capital assets	14,677	18,809
Unrestricted	50,798	38,929
	65,475	57,738
Endowment	30,815	27,569
	96,290	85,307
	\$ 622,337	\$ 387,771

ON BEHALF OF THE BOARD

 Director
 Director

COMMUNITY FOUNDATIONS OF CANADA

Statement of Cash Flows

year ended December 31, 2008

	<u>2008</u>	<u>2007</u>
Cash provided by (used in) operating activities		
Excess (deficiency) of revenue over expenses	\$ 7,737	\$ (510)
Amortization of capital assets	5,452	6,350
Net change in non-cash operating working capital balance	250,989	(16,893)
Cash provided by (used in) operating activities	<u>264,178</u>	<u>(11,053)</u>
Cash provided by financing activities		
Additions to endowment	10,003	5,182
Cash provided by (used in) investing activities		
Acquisition of investments	(10,003)	(28,113)
Disposal of investments	-	22,931
Net acquisition of capital assets	(1,320)	(3,962)
Cash used in investing activities	<u>(11,323)</u>	<u>(9,144)</u>
NET CASH INFLOW (OUTFLOW)	<u>262,858</u>	<u>(15,015)</u>
CASH, BEGINNING OF YEAR	<u>91,874</u>	<u>106,889</u>
CASH, END OF YEAR	<u>\$ 354,732</u>	<u>\$ 91,874</u>

Cash consists of cash and short-term deposits.

COMMUNITY FOUNDATIONS OF CANADA

Notes to the Financial Statements

year ended December 31, 2008

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. SIGNIFICANT ACCOUNTING POLICIES

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

Change in accounting policy

The Organization has prospectively adopted the following Canadian Institute of Chartered Accountants (CICA) accounting standards effective January 1, 2008. The new standard relates to disclosure only and did not have an impact on financial results.

Section 1535, *Capital Disclosures* requires an entity to disclose information about its objectives, policies and procedures and process for managing capital; quantitative data about what the entity regards as capital; as well as its compliance with any externally imposed capital requirements.

The Organization did not adopt CICA Sections 3862 and 3863 *Financial Instruments - Disclosures and Presentation* this year as the adoption of these sections became optional in late 2008 for not-for-profit organizations.

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. Restricted contributions for endowment purposes are recorded in the Endowment Fund.

COMMUNITY FOUNDATIONS OF CANADA

Notes to the Financial Statements

year ended December 31, 2008

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Endowment contributions are recognized as increases in fund balances. Revenue earned on the Endowment Fund is recognized in the Operations Fund in the period it is earned.

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.

Financial instruments

The classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics and the Organization's designation of said instruments and is determined at the time of initial recognition. Settlement date accounting is used and transaction costs related to investments are expensed as incurred. Interest is calculated using the effective interest method.

All financial assets are classified as either held-for-trading, held-to-maturity investments, loans and receivables or available-for-sale. All financial liabilities are classified as held-for-trading or other liabilities.

Classification:

Cash and short-term deposits	Held-for-trading
Investments	Available-for-sale
Accounts receivable	Loans and receivables
Accounts payable and accrued liabilities	Other liabilities

Held-for-trading

These financial assets are measured at fair value at the balance sheet date. Fair value fluctuations including gains and losses realized on disposal and unrealized gains and losses are included in other income.

COMMUNITY FOUNDATIONS OF CANADA

Notes to the Financial Statements

year ended December 31, 2008

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Available-for-sale

Available-for-sale financial assets are carried at fair value with unrealized gains and losses included in accumulated unrestricted fund balances until realized when the cumulative gain or loss is transferred to other income.

Available-for-sale financial assets that do not have quoted market prices in an active market are recorded at cost.

Loans and receivables

These financial assets are measured at amortized cost using the effective interest method, less any impairment.

Related party receivables are recorded at exchange amounts.

Other liabilities

Other liabilities are recorded at amortized cost using the effective interest method and include all financial liabilities other than derivative instruments.

Capital assets

Capital assets are recorded at cost and amortized over their estimated useful life. 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.

COMMUNITY FOUNDATIONS OF CANADA

Notes to the Financial Statements

year ended December 31, 2008

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Future accounting changes

In September 2008, the CICA issued amendments to several of the existing sections in the 4400 series - *Financial Statements by Not-For-Profit Organizations*. Changes apply to annual financial statements relating to fiscal years beginning on or after January 1, 2009. Accordingly, the Organization will have to adopt the amended standards for its fiscal year beginning January 1, 2009. The amendments include: a) additional guidance in the applicability of Section 1100, *Generally Accepted Accounting Principles*; b) removal of the requirement to report separately net assets invested in capital assets; c) requirement to disclose revenues and expenses in accordance with EIC 123, *Reporting Revenue Gross as a Principal Versus Net as an Agent*; d) requirement to include a statement of cash flows in accordance with Section 1540, *Cash Flow Statements*; e) requirement to apply Section 1751, *Interim Financial Statements*, when preparing interim financial statements in accordance with GAAP; f) requirement for non-for-profit organizations that recognize capital assets to depreciate and assess these capital assets for impairment in the same manner as other entities reporting on a GAAP basis; g) requirement to disclose related party transactions in accordance with Section 3840, *Related Party Transactions*; and h) new disclosure requirements regarding the allocation of fundraising and general support costs.

The Organization is currently evaluating the impact of the adoption of these new standards on its financial statements. The Organization does not expect that the adoption of these new sections will have a material impact on its financial statements.

The Organization is a registered charitable organization, which currently excludes the Organization from the definition of a Publicly Accountable Enterprise (PAE). As such, the Organization will be required to follow the generally accepted accounting principles for not-for-profit organizations, as opposed to International Financial Reporting Standards (IFRS).

3. CAPITAL MANAGEMENT

The Organization owns an Endowment Fund of \$30,815 (2007 - \$27,569) with conditions stipulated in the agreement, concerning the types of investments allowed and the use of the investment income. The Organization has complied with the requirements of these endowments.

The Organization receives several grants and donations with external restrictions that specify the conditions for using these financial resources as presented in Note 7. The Organization has complied with the requirements respecting these restricted contributions.

The Organization manages other organizations' funds for an amount of \$75,023 (2007 - \$75,531) with conditions stipulated in the agreement. The managed funds are not included in the assets or liabilities of the Organization. The Organization has complied with the requirements of these agreements.

COMMUNITY FOUNDATIONS OF CANADA

Notes to the Financial Statements

year ended December 31, 2008

4. CASH AND 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 2008, the short-term investments consist of GICs totalling \$495,000 (2007 - \$100,000) earning interest at the rates of 3% and 3.35% (2007 - rate of 3.9%). The cash at the end of the year was in a negative position for an amount of \$140,268 (2007 - \$8,126) due to outstanding cheques for an amount of \$191,355 (2007 - \$13,093).

5. CAPITAL ASSETS

	2008		2007	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Operating assets				
Computer equipment	\$ 68,217	\$ 56,706	\$ 11,511	\$ 14,754
Furniture	23,169	20,026	3,143	3,973
Software	1,596	1,573	23	82
	\$ 92,982	\$ 78,305	\$ 14,677	\$ 18,809

6. LONG-TERM INVESTMENTS

	2008		2007	
	Fair Value	Cost	Fair Value	Cost
Cash	\$ 2,694	\$ 2,694	\$ 2,536	\$ 2,536
Canadian investment fund - fixed income	13,228	13,164	9,389	9,187
Canadian dividend fund	4,464	6,310	4,269	4,647
Canadian growth equity	3,390	5,628	4,109	4,208
U.S. equity	3,067	4,224	2,967	3,256
International equity	3,972	6,096	4,299	4,279
	\$ 30,815	\$ 38,116	\$ 27,569	\$ 28,113

For the fiscal year ended December 31, 2008, the Organization's long-term investment activities resulted in investment loss of \$5,254 (2007 - income of \$639).

COMMUNITY FOUNDATIONS OF CANADA

Notes to the Financial Statements

year ended December 31, 2008

7. DEFERRED CONTRIBUTIONS

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

	<u>2007</u>	<u>Amount Received</u>	<u>Amount Recognized</u>	<u>2008</u>
Operations	\$ 5,500	\$ 2,100,734	\$ 2,086,234	\$ 20,000
Projects				
TCFN Project	-	67,195	-	67,195
Vital Signs	5,000	153,250	150,848	7,402
Environmental Grantmaking Program	70,150	435,600	381,204	124,546
HRSDC Place-Based Poverty Reduction	28,669	150,000	178,669	-
Other Projects (Benjamin Moore, Simcoe Collaboration)	81,640	111,500	110,061	83,079
	185,459	917,545	820,782	282,222
	<u>\$ 190,959</u>	<u>\$ 3,018,279</u>	<u>\$ 2,907,016</u>	<u>\$ 302,222</u>

8. 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 July 2008 and expires in June 2013. Minimum lease payments for the term of the lease are as follows:

2009	\$ 72,747
2010	72,747
2011	70,303
2012	69,814
2013	34,907
	<u>\$ 320,518</u>

COMMUNITY FOUNDATIONS OF CANADA

Notes to the Financial Statements

year ended December 31, 2008

9. FINANCIAL INSTRUMENTS

The Organization's financial instruments consist of cash and short-term deposits, accounts receivable, long-term investments 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 when 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.

Foreign exchange risks

The Organization holds investments in US and international equities and is therefore subject to foreign exchange risks.

10. INTERFUND ELIMINATIONS

On consolidation, interfund cost recovery charges and expenses of \$70,859 (2007 - \$126,816) were eliminated.

COMMUNITY FOUNDATIONS OF CANADA
Project Revenue and Expenses
year ended December 31, 2008

	Environmental Grantmaking	HRSDC Place-Based Poverty Reduction	Vital Signs	Other Projects*	Total	
					2008	2007
Revenue						
Donations and grants	\$ 381,204	\$ 178,669	\$ 150,848	\$ 110,061	\$ 820,782	\$ 1,240,956
Expenses						
Salaries and benefits	110,223	71,166	24,128	3,334	208,851	215,215
Consultants	54,041	20,112	723	9,750	84,626	138,537
Grants	80,040	-	-	80,000	160,040	358,606
Contribution to operations	47,625	8,100	-	15,134	70,859	126,816
Program activities	89,275	78,991	125,997	1,843	296,106	400,582
Professional fees	-	300	-	-	300	1,200
	\$ 381,204	\$ 178,669	\$ 150,848	\$ 110,061	\$ 820,782	\$ 1,240,956

* Other Projects include the following:

Benjamin Moore Community Restoration Project	\$ 104,140
Simcoe Collaboration	5,921