

*Financial Statements of*

**COMMUNITY FOUNDATIONS  
OF CANADA**

*December 31, 2009*



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## Auditors' Report

To the Members of  
Community Foundations of Canada

We have audited the balance sheet of Community Foundations of Canada the "Organization" as at December 31, 2009 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, 2009 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.

Chartered Accountants  
Licensed Public Accountants

April 9, 2010

**COMMUNITY FOUNDATIONS OF CANADA**  
**Financial Statements**  
**December 31, 2009**

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**COMMUNITY FOUNDATIONS OF CANADA**  
**Statement of Operations and Projects**  
year ended December 31, 2009

	Operations		Projects		Total	
	2009	2008	2009	2008	2009	2008
Operating revenue						
Donations, grants and sponsorships	\$ 508,829	\$ 562,017	\$ 989,451	\$ 820,782	\$ 1,498,280	\$ 1,382,799
Membership support	610,423	587,588	-	-	610,423	587,588
Project cost recovery to operations (Note 10)	72,840	70,859	-	-	-	-
National conference	-	846,368	-	-	-	846,368
CF-LINKS fees	41,872	31,400	-	-	41,872	31,400
Interest and other revenue	18,553	58,861	1,317	-	19,870	58,861
<b>Total operating revenue</b>	<b>1,252,517</b>	<b>2,157,093</b>	<b>990,768</b>	<b>820,782</b>	<b>2,170,445</b>	<b>2,907,016</b>
Expenses						
Salaries and benefits	663,621	689,278	372,938	208,851	1,036,559	898,129
Consultants	88,001	88,715	81,778	84,626	169,779	173,341
National conference	-	788,152	-	-	-	788,152
Program activities						
CF- LINKS	137,258	46,997	-	-	137,258	46,997
Responsible investing	63,043	-	-	-	63,043	-
Branding	-	104,965	-	-	-	104,965
Leadership	-	98,023	-	-	-	98,023
General program activities	59,859	61,550	280,971	296,106	340,830	357,656
Travel - board, staff and committees	128,705	135,173	-	-	128,705	135,173
Grants	-	-	182,241	160,040	182,241	160,040
Amortization of capital assets	7,159	5,452	-	-	7,159	5,452
Contributions from projects to operations (Note 10)	-	-	72,840	70,859	-	-
Office operations	121,050	113,396	-	-	121,050	113,396
Fundraising costs	4,296	-	-	-	4,296	-
Professional fees	18,820	17,655	-	300	18,820	17,955
<b>Total expenses</b>	<b>1,291,812</b>	<b>2,149,356</b>	<b>990,768</b>	<b>820,782</b>	<b>2,209,740</b>	<b>2,899,279</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<b>\$ (39,295)</b>	<b>\$ 7,737</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (39,295)</b>	<b>\$ 7,737</b>

# COMMUNITY FOUNDATIONS OF CANADA

## Statement of Changes in Fund Balances

year ended December 31, 2009

	Operations			Total	
	Invested in Capital Assets	Unrestricted	Endowment	2009	2008
FUND BALANCES, BEGINNING OF YEAR	\$ 14,677	\$ 50,798	\$ 30,815	\$ 96,290	\$ 85,307
Excess (deficiency) of revenue over expenses	-	(39,295)	-	(39,295)	9,240
Amortization of capital assets	(7,159)	7,159	-	-	-
Acquisition of capital assets	14,720	(14,720)	-	-	-
Endowment contributions	-	-	19,014	19,014	8,500
Interfund transfer (Note 11)	-	4,949	(4,949)	-	-
Change in unrealized gains / losses on available-for-sale-financial assets	-	-	9,546	9,546	(6,757)
FUND BALANCES, END OF YEAR	\$ 22,238	\$ 8,891	\$ 54,426	\$ 85,555	\$ 96,290
Accumulated unrealized gains (losses) on available-for-sale-financial assets			\$ 2,245	\$ 2,245	\$ (7,301)

# COMMUNITY FOUNDATIONS OF CANADA

## Balance Sheet

as at December 31, 2009

	<u>2009</u>	<u>2008</u>
<b>CURRENT ASSETS</b>		
Cash and short-term deposits (Note 4)	\$ 279,735	\$ 354,732
Accounts receivable	39,524	213,812
Prepaid expenses	34,051	8,301
	<b>353,310</b>	576,845
<b>CAPITAL ASSETS (Note 5)</b>		
LONG-TERM INVESTMENTS (Note 6)	22,238	14,677
	<b>54,426</b>	30,815
	<b>\$ 429,974</b>	<b>\$ 622,337</b>
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 97,248	\$ 223,825
Deferred contributions (Note 7)	247,171	302,222
	<b>344,419</b>	526,047
<b>FUND BALANCES</b>		
Operations		
Invested in capital assets	22,238	14,677
Unrestricted	8,891	50,798
	<b>31,129</b>	65,475
Endowment	54,426	30,815
	<b>85,555</b>	96,290
	<b>\$ 429,974</b>	<b>\$ 622,337</b>

ON BEHALF OF THE BOARD

 Director

 Director

# COMMUNITY FOUNDATIONS OF CANADA

## Statement of Cash Flows

year ended December 31, 2009

	<u>2009</u>	<u>2008</u>
Cash provided by (used in) operating activities		
Excess (deficiency) of revenue over expenses	\$ (39,295)	\$ 7,737
Amortization of capital assets	7,159	5,452
Endowment restricted income	4,949	-
Recognition of deferred contributions	(1,498,280)	(1,382,799)
	<b>(1,525,467)</b>	(1,369,610)
Changes in non-cash working capital items		
Accounts receivable	174,288	(43,985)
Prepaid expenses	(25,750)	71,391
Accounts payable	(126,577)	112,320
Cash used in operating activities	<b>(1,503,506)</b>	(1,229,884)
Cash used in investing activities		
Acquisition of investments	(19,014)	(10,003)
Acquisition of capital assets	(14,720)	(1,320)
Cash used in investing activities	<b>(33,734)</b>	(11,323)
Cash provided by financing activities		
Increase in deferred contributions	1,443,229	1,494,062
Endowment contributions	19,014	10,003
Cash provided by financing activities	<b>1,462,243</b>	1,504,065
NET CASH INFLOW (OUTFLOW)	<b>(74,997)</b>	262,858
CASH, BEGINNING OF YEAR	<b>354,732</b>	91,874
CASH, END OF YEAR	<b>\$ 279,735</b>	\$ 354,732

# COMMUNITY FOUNDATIONS OF CANADA

## Notes to the Financial Statements

year ended December 31, 2009

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### 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:

#### *Changes in accounting policies*

In September 2008, the Canadian Institute of Chartered Accountants (CICA) issued amendments to several of the existing sections in the 4400 series - *Financial Statements by Not-For-Profit Organizations* which were effected for fiscal years beginning on or after January 1, 2009. Accordingly, the Organization adopted 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 not-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 CICA issued amendments to Section 1000, *Financial Statement Concepts*, to clarify the criteria for recognizing an asset.

As of January 2009, the Emerging Issues Committee (EIC) issued EIC 173, *Credit Risk and the Fair Value of Financial Assets and Liabilities*. This EIC requires that an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and liabilities, including derivative instruments.

These changes did not have any significant impact on the financial statements but resulted in new disclosures relating to allocated costs (Note 10).

# COMMUNITY FOUNDATIONS OF CANADA

## Notes to the Financial Statements

year ended December 31, 2009

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *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.

#### *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. Investment revenue on the Endowment Fund is recognized in the Operating 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 rate method.

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

**COMMUNITY FOUNDATIONS OF CANADA**  
**Notes to the Financial Statements**  
year ended December 31, 2009

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**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Financial instruments (Continued)*

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.

Available-for-sale

Available-for-sale financial assets are carried at fair value with unrealized gains and losses included in accumulated 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 rate 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 rate method.

# COMMUNITY FOUNDATIONS OF CANADA

## Notes to the Financial Statements

year ended December 31, 2009

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *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 GAAP 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. Significant management estimates include assumptions used in estimating the collectibility of accounts receivable, accrued liabilities, and useful life of capital assets. Actual results could differ from the estimates made by management.

### 3. CAPITAL MANAGEMENT

The Organization owns an Endowment Fund of \$54,426 (2008 - \$30,815) 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 \$85,212 (2008 - \$75,023) with conditions stipulated in the agreements. The managed funds are not included in the assets or liabilities of the Organization. The Organization has complied with the requirements of these agreements. In March 2010, pursuant to the contributing organizations' request, the Organization returned the funds to the contributing organization.

# COMMUNITY FOUNDATIONS OF CANADA

## Notes to the Financial Statements

year ended December 31, 2009

### 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, the short-term investments consist of guaranteed investment certificates (GICs) totalling \$250,482 (2008 - \$495,000) earning interest at the rates of 1.40% and 0.25% (2008 - rates of 3% and 3.35%). The cash at the end of the year was in a positive position for an amount of \$29,523 (2008 - negative position for an amount of \$140,268).

### 5. CAPITAL ASSETS

	2009		2008	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Operating assets				
Computer equipment	\$ 79,402	\$ 62,906	\$ 16,496	\$ 11,511
Furniture	24,163	20,768	3,395	3,143
Software	4,136	1,789	2,347	23
	<b>\$ 107,701</b>	<b>\$ 85,463</b>	<b>\$ 22,238</b>	<b>\$ 14,677</b>

### 6. LONG-TERM INVESTMENTS

	2009		2008	
	Fair Value	Cost	Fair Value	Cost
Cash	\$ 431	\$ 431	\$ 2,694	\$ 2,694
Canadian investment fund - fixed income	21,570	21,471	13,228	13,164
Canadian dividend fund	-	-	4,464	6,310
Canadian income equity	9,356	8,163	-	-
Canadian growth equity	8,582	7,004	3,390	5,628
U.S. equity	6,207	6,870	3,067	4,224
International equity	8,280	8,242	3,972	6,096
	<b>\$ 54,426</b>	<b>\$ 52,181</b>	<b>\$ 30,815</b>	<b>\$ 38,116</b>

For the fiscal year ended December 31, 2009, the Organization's long-term investment activities resulted in investment gain of \$4,597 (2008 - loss of \$5,254).

# COMMUNITY FOUNDATIONS OF CANADA

## Notes to the Financial Statements

year ended December 31, 2009

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### 7. DEFERRED CONTRIBUTIONS

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

	<u>2008</u>	<u>Amount Received</u>	<u>Amount Recognized</u>	<u>2009</u>
Operations	\$ 20,000	\$ 495,329	\$ 508,829	\$ 6,500
Projects				
Vital Signs	7,402	137,700	145,102	-
Environmental Grantmaking Program	88,379	270,000	298,340	60,039
Lake Winnipeg Watershed Transatlantic Community Foundation Network	36,167	25,000	41,859	19,308
Other Projects *	67,195	281,770	237,641	111,324
	83,079	233,430	266,509	50,000
	<u>282,222</u>	<u>947,900</u>	<u>989,451</u>	<u>240,671</u>
	<u>\$ 302,222</u>	<u>\$ 1,443,229</u>	<u>\$ 1,498,280</u>	<u>\$ 247,171</u>

\*Other Projects include: Simcoe Region Collaboration, Benjamin Moore Community Restoration Project, Ontario Land Trust Alliance, and the Nuclear Waste Management Organization Granting Program.

### 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:

2010	\$ 72,747
2011	70,303
2012	69,814
2013	34,907
	<u>\$ 247,771</u>

# COMMUNITY FOUNDATIONS OF CANADA

## Notes to the Financial Statements

year ended December 31, 2009

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### 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 AND ALLOCATION OF EXPENSES

The Organization recovers costs directly, including salaries and benefits from projects. Indirect costs are allocated as project cost recovery, as a percentage of total costs. Salaries and benefits are included only in salaries and benefits expense, with the following exception: salaries and benefits in the amount of \$NIL (2008 - \$98,106) were included in the costs of the National Conference.

On consolidation, interfund cost recovery charges and expenses of \$72,840 (2008 - \$70,859) were eliminated.

### 11. INTERFUND TRANSFER

The Board of Directors has elected to transfer any revenue earned on the Endowment Fund's investments to the endowment funds. For the fiscal year ended December 31, 2009, the Endowment Fund's investment activities resulted in a loss of \$4,949 (2008 - gain of \$1,503).

## COMMUNITY FOUNDATIONS OF CANADA

## Project Revenue and Expenses

year ended December 31, 2009

	Environmental Grantmaking	Transatlantic Community Foundation Network	Ontario Land Trust Alliance	Vital Signs	Other Projects*	Total	
						2009	2008
Revenue							
Donations and grants	\$ 340,200	\$ 237,641	\$ 72,100	\$ 145,102	\$ 194,408	\$ 989,451	\$ 820,782
Other revenue	-	-	-	1,317	-	1,317	-
	<b>340,200</b>	<b>237,641</b>	<b>72,100</b>	<b>146,419</b>	<b>194,408</b>	<b>990,768</b>	<b>820,782</b>
Expenses							
Salaries and benefits	149,125	125,536	56,953	24,658	16,666	372,938	208,851
Consultants	55,047	8,141	-	16,125	2,465	81,778	84,626
Grants	28,911	-	-	-	153,330	182,241	160,040
Contribution to operations	39,350	15,000	6,490	-	12,000	72,840	70,859
Program activities	67,767	88,964	8,657	105,636	9,947	280,971	296,106
Professional fees	-	-	-	-	-	-	300
	<b>\$ 340,200</b>	<b>\$ 237,641</b>	<b>\$ 72,100</b>	<b>\$ 146,419</b>	<b>\$ 194,408</b>	<b>\$ 990,768</b>	<b>\$ 820,782</b>

\* Other Projects include the following:

Benjamin Moore Community Restoration Project

Simcoe Region Collaboration

Nuclear Waste Management Organization Granting Program