

**Community Foundation of Portage and
District Inc.**
Financial Statements
December 31, 2008



To the Members of the Board

We have audited the Endowment Fund and Operating Fund statements of financial position of Community Foundation of Portage and District Inc. as at December 31, 2008 and the statements of operations of the Endowment Fund and Operating Fund and the statement of changes in net assets 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 for the year then ended in accordance with Canadian generally accepted accounting principles.

Portage la Prairie, Manitoba
April 22, 2009

Meyers Norris Penny LLP

Chartered Accountants

Community Foundation of Portage and District Inc.
Statement of Financial Position - Endowment Fund

As at December 31, 2008

	2008	2007
Assets		
Current		
Cash and cash equivalents (Note 3)	171,406	251,976
Due from Operating Fund	219,318	-
	390,724	251,976
Trust funds on deposit (Note 4)	72,262	80,416
Investments (Note 5)	1,917,513	1,769,377
	1,989,775	1,849,793
	2,380,499	2,101,769
Liabilities		
Current		
Due to Operating Fund	-	49,274
Net Assets		
Net assets - restricted for endowment purposes (Note 7)	2,308,237	1,972,079
Net assets - trust funds	72,262	80,416
	2,380,499	2,052,495
	2,380,499	2,101,769

The accompanying notes are an integral part of these financial statements.



Community Foundation of Portage and District Inc.
Statement of Financial Position - Operating Fund

As at December 31, 2008

	2008	2007
Assets		
Current		
Cash and cash equivalents <i>(Note 3)</i>	50,781	32,833
Goods and Services Tax receivable	619	562
Interest receivable	28,683	28,116
Due from Endowment Fund	-	49,274
	80,083	110,785
Property, plant and equipment <i>(Note 6)</i>	2,487	3,021
	82,570	113,806
Liabilities		
Current		
Accounts payable	5,000	2,500
Due to Endowment Fund	219,318	-
	224,318	2,500
Net Assets (Deficit)		
Net assets (deficit) - unrestricted	(144,235)	108,285
Net assets - invested in property, plant and equipment	2,487	3,021
	(141,748)	111,306
	82,570	113,806

The accompanying notes are an integral part of these financial statements.

Community Foundation of Portage and District Inc.
Statement of Operations - Endowment Fund

For the year ended December 31, 2008

	2008	2007
Revenues		
Donations		
Field of interest		
Sports and recreation fund	650	1,100
Designated		
Administrative endowment fund	-	837
C. Hoover Award	15,683	-
Dr. H. Hassard fund	58,643	-
F. Metheral award fund	-	32,000
James Culbert fund	-	313,002
Krista Tully bursary	900	565
Lions Club	50,000	-
Manitoba Ministry of Education	-	2,792
M. Edmondson scholarship fund	-	25,000
M. Webster bursary	15,250	-
N. Owens Cup	6,577	-
N. Vianzon bursary	1,242	-
Oakville Community fund	15,100	67,463
O & E Shewchuk bursary	2,328	500
Poplar Point bursary	1,377	-
Portage Community Development	27,874	-
Dr. Rae scholarship fund	150	4,571
L. Rae bursary fund	15,000	-
R. Richardson fund	5,068	-
Ryder Trades bursary	-	25,000
Salem & Curtis School Division bursary	14,289	-
T. Metheral scholarship fund	472	31,500
V.E. Holmes bursary	33,450	-
W.R. Bell bursary	8,307	-
Undesignated		
A & O Pressey fund	1,000	500
D & S Falk fund	5,065	10,000
B & D Gilbert fund	5,200	-
G & L Hutchinson fund	-	1,000
Greenberg family fund	1,000	1,000
H & G Vust memorial fund	111	99
Kitson & Rohmier fund	500	500
Perpetual fund	25,492	26,664
Portage Mutual Insurance	10,000	10,000
R & B Lytle fund	-	5,000
Sissons family fund	15,430	14,480
	336,158	573,573
Expenses		
	-	-
Excess of revenue over expenses	336,158	573,573

The accompanying notes are an integral part of these financial statements.

Community Foundation of Portage and District Inc.
Statement of Operations - Operating Fund

For the year ended December 31, 2008

	2008	2007
Revenues		
Investment income	104,510	92,124
Gain on sale of investments	25,002	19,487
Anonymous donor grant	15,000	25,140
Winnipeg Foundation grant	16,851	676
Unrestricted donations - anonymous donor	3,872	2,897
Other	3,661	55,356
	168,896	195,680
Less: Grant making	76,632	192,415
	92,264	3,265
Expenses		
Advertising and promotion	8,940	5,649
Amortization	534	892
Bank charges	2	133
Donor recognition	598	412
Insurance	1,731	1,352
Meetings	436	117
Memberships	578	495
Miscellaneous	631	620
Office supplies	2,541	1,426
Postage and courier	953	963
Professional development	3,662	2,451
Professional fees	9,044	4,112
Rent	600	600
Telephone	2,306	1,429
Travel	659	838
Volunteers	18	375
Wages	29,124	23,269
	62,357	45,133
Other Income (Expenses)		
Other comprehensive investment income (loss)	(282,961)	(872)
Loss on disposal of property, plant and equipment	-	(1,192)
	(282,961)	(2,064)
Deficiency of revenues over expenses	(253,054)	(43,932)

The accompanying notes are an integral part of these financial statements.

Community Foundation of Portage and District Inc.
Statement of Changes in Net Assets
For the year ended December 31, 2008

	<i>Restricted For Endowment Purposes</i>	<i>Trust Funds</i>	<i>Operating Fund Unrestricted</i>	<i>Invested in property, plant and equipment</i>	<i>2008 Totals</i>	<i>2007 Totals</i>
Balance, beginning of year	1,972,079	80,416	108,285	3,021	2,163,801	1,574,486
Excess of revenue over expenses - Endowment	336,158	-	-	-	336,158	573,573
Change in accounting policy	-	-	-	-	-	50,203
Excess (deficiency) of revenue over expenses - Operating	-	-	(252,520)	(534)	(253,054)	(43,932)
Excess (deficiency) of revenue over expenses - Trust	-	(8,154)	-	-	(8,154)	9,471
Balance, end of year	2,308,237	72,262	(144,235)	2,487	2,238,751	2,163,801

The accompanying notes are an integral part of these financial statements.

Community Foundation of Portage and District Inc.
Notes to the Financial Statements
For the year ended December 31, 2008

1. Purpose of the organization

The Foundation is a local organization whose mandate is to provide financial support to other charitable causes in Portage la Prairie and the surrounding district. The Foundation is incorporated under the laws of Manitoba and is a not-for-profit community foundation. The Foundation is a registered charity under the Income Tax Act.

2. Accounting policies

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

Financial Instruments

Held for trading:

Any financial instrument whose fair value can be reliably measured may be designated as held for trading on initial recognition or adoption of CICA 3855 *Financial Instruments – Recognition and Measurement*, even if that instrument would not otherwise satisfy the definition of held for trading. The Organization has classified the following financial assets and liabilities as held for trading: cash and cash equivalents, and investments in marketable securities. These instruments are initially recognized at their fair value.

Held for trading financial instruments are subsequently measured at their fair value. Net gains and losses arising from changes in fair value including interest income are recognized immediately in income.

Loans and receivables:

The Organization has classified the following financial asset as loans and receivables: interest receivable. This asset is initially recognized at its fair value which is the same as its cost due to the current nature of the asset.

Loans and receivables are subsequently measured at their amortized cost using the effective interest method. Under this method, estimated future cash receipts are exactly discounted over the asset's expected life, or other appropriate period, to its net carrying value. Amortized cost is the amount at which the financial asset is measured at initial recognition less principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, and less any reduction for impairment or uncollectability. Net gains and losses arising from changes in fair value are recognized in net income upon derecognition or impairment.

Held to maturity:

The Organization has classified the following financial assets as held to maturity: investments in local government debentures, guaranteed investment certificates and trust funds on deposit. These assets are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the settlement date, and transaction costs directly attributable to their acquisition are included in the fair value cost of these assets, while transaction costs arising from their disposal are immediately recognized in income. Total interest income, calculated using the effective interest rate method, is recognized in net income.

Held to maturity financial assets are subsequently measured at amortized cost using the effective interest method. Under this method, estimated future cash receipts are exactly discounted over the asset's expected life, or other appropriate period, to its net carrying value. Amortized cost is the amount at which the financial asset is measured at initial recognition less principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, and less any reduction for impairment or uncollectability.

2. Accounting policies

(Continued from the previous page)

Other financial liabilities:

The Organization has classified the following financial liabilities as other financial liabilities: accounts payable. This liability is initially recognized at its fair value which approximates its cost due to the current nature of this liability.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Under this method, estimated future cash payments are exactly discounted over the liability's expected life, or other appropriate period, to its net carrying value. Amortized cost is the amount at which the financial liability is measured at initial recognition less principal repayments, and plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount. Net gains and losses arising from changes in fair value are recognized in net income upon derecognition or impairment.

The Organization as part of its operations carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest, currency or credit risks from these instruments except as otherwise noted.

Fund accounting

The Foundation follows the restricted fund method of accounting for contributions.

The Endowment Fund reports only the restricted resources that are to be used for Endowment Fund purposes. Investment income earned on resources of the Endowment Fund is reported in the Operating Fund.

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

Property, plant and equipment

Purchased property, plant and equipment are recorded at cost. Contributed property, plant and equipment are recorded at fair value at the date of contribution. Amortization is provided on a straight-line basis over the assets' estimated useful lives, which for equipment is ten years. In the year of purchase one half of the amortization is expensed. Amortization expense is recorded in the Operating Fund.

Investments

Investments are classified as either held for trading or held to maturity. Held for trading investments are recorded at fair market value, while held to maturity investments are recorded at amortized cost. Fair values are estimated using quoted market prices.

Revenue recognition

Restricted contributions related to general operations are recognized as revenue of the Operating Fund in the year in which the related expenses are incurred.

Unrestricted contributions are recognized as revenue of the Operating Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions for endowment are recognized as revenue in the Endowment Fund.

2. Accounting policies

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Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Amortization is based on the estimated useful lives of property, plant, and equipment. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in earnings in the periods in which they become known.

Contributed services

Contributed services are not recognized in the financial statements because of the difficulty of determining their fair value.

Recent Accounting Pronouncements

Financial statement presentation by not-for-profit organizations

In September 2008, amendments were made to CICA Handbook Section 4400 *Financial Statement Presentation by Not-for-profit Organizations*. Amendments to the section included removal of the requirement to treat net assets invested in capital assets as a separate component of net assets, and, instead, permitting such an amount to be presented as a category of internally restricted net assets. In addition, the requirement to recognize and present revenues and expenses on a gross basis when a not-for-profit organization is acting as a principal in the transaction was clarified. Finally, guidance was included to reflect that Section 1540 *Cash Flow Statements* and Section 1751 *Interim Financial Statements* are applicable to not-for-profit organizations.

These amendments apply to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2009. The Foundation does not expect the changes to the standard to have a material impact on its financial statements.

Capital assets held by not-for-profit organizations

CICA Handbook Section 4430 *Capital Assets Held by Not-for-profit Organizations* has been amended to provide additional guidance with respect to the appropriate use of the scope exemption for smaller entities that expense their capital assets. It was clarified that the exemption does not allow NFPOs to capitalize but not amortize their capital assets, nor does it allow different methods of accounting for various types of capital assets.

This amendment applies to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2009. The Foundation does not expect the change to this standard to have a material impact on its financial statements.

Disclosure of allocated expenses by not-for-profit organizations

In September 2008, the Canadian Institute of Chartered Accountants issued new recommendations for disclosures regarding allocated expenses by not-for-profit organizations. CICA Handbook Section 4470 *Disclosure of Allocated Expenses by Not-for-profit Organizations* requires disclosure by not-for-profit organizations that allocate fundraising and general support expenses to other functions of the policies adopted for the allocation of such expenses among functions, the nature of the allocated expenses, and the basis on which allocations are made. The section also requires disclosure of the amounts allocated from each of its fundraising and general support functions and the amounts and functions to which they have been allocated.

Community Foundation of Portage and District Inc.
Notes to the Financial Statements
For the year ended December 31, 2008

2. Accounting policies

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This new Section is effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2009. The Foundation does not expect this new standard to have a material impact on its financial statements.

3. Cash and cash equivalents

Cash and cash equivalents are comprised of the following:

	2008	2007
<i>Endowment Fund</i>		
Cash	17,745	60,616
RBC Money Market Fund	153,661	153,701
Government of Canada T-Bill Fund	-	37,659
	171,406	251,976
 <i>Operating Fund</i>		
Cash	13,083	31,156
Royal Canadian T-Bill Fund	37,698	1,677
	50,781	32,833

4. Trust funds on deposit

At present, trust funds on deposit are designated for the Foundation at the time of the death of the individuals.

The Foundation is a beneficiary of the Estate of James Francis Taylor. As a beneficiary of the Estate, the Foundation received a one third interest in a charitable remainder trust. As at year-end, the amortized cost of the Foundation's one-third interest has been calculated to be \$56,961. This represents the amortized cost of the parcel(s) of land presently owned by the trust and will be sold upon the passing of the last surviving brother and sister of the late James Francis Taylor, therefore collapsing the charitable remainder trust. Upon collapse of the charitable remainder trust, the Foundation will receive one third of the proceeds from the sale of the parcel(s) of land.

Community Foundation of Portage and District Inc.
Notes to the Financial Statements
For the year ended December 31, 2008

5. Investments

	2008	2007
Bonds, Certificates, Debentures and Mutual Funds		
<i>Held for Trading:</i>		
50,000 – Superior Plus Income Fund – 5.85% due October 31, 2015	35,489	45,489
50,000 – Province of Ontario – 4.0% maturing May 19, 2009	50,564	49,978
The Winnipeg Foundation – Manitoba Bursary Program	23,958	29,225
90,000 – Province of Nova Scotia – 5.4% maturing June 1, 2009	91,556	91,553
75,000 – Bell Canada – 6.25% due April 12, 2012	76,545	-
40,000 – Province of Manitoba – 6.25% due September 1, 2009	42,190	42,195
50,000 – Bell Canada	-	48,571
50,000 – Province of Ontario	-	49,930
4,830 – Taylor NGL Ltd. Partnership	-	53,999
1,720 – BMO Nesbitt Burns Balanced Fund	20,008	25,275
100,000 – Halton Ontario Regional – 5% due June 26, 2021	98,790	-
52,000 – City of Toronto – 5.125% due September 25, 2013	55,580	-
<i>Held to Maturity:</i>		
6.125% R.M. of Portage la Prairie debenture repayable at \$19,816 including interest on January 31 each year maturing January 31, 2025	205,764	212,561
5.125% R.M. of Portage la Prairie debenture repayable at \$17,383 including interest on December 31 each year maturing December 31, 2010	32,265	47,228
5.375% - City of Portage la Prairie debenture repayable at \$7,409 including interest on January 15 each year maturing January 15, 2021	68,061	71,621
6% City of Portage la Prairie debenture repayable at \$3,500 including interest on November 1 each year maturing November 1, 2014	17,214	19,542
5.375% R.M. of Portage la Prairie debenture repayable at \$24,422 including interest on December 31 each year maturing December 31, 2016	155,485	170,732
5.375% City of Portage la Prairie debenture repayable at \$12,514 including interest on March 1 each year maturing March 1, 2016	79,673	87,485

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Community Foundation of Portage and District Inc.
Notes to the Financial Statements
For the year ended December 31, 2008

5. Investments

(Continued from the previous page)

	2008	2007
Held to Maturity:		
5.5% City of Portage la Prairie debenture repayable at \$35,126 including interest on November 1 each year maturing November 1, 2012	123,124	150,000
5.625% R.M. of Portage la Prairie debenture repayable at \$12,682 including interest on December 31 each year maturing December 31, 2028	150,000	-
Heartland Credit Union guaranteed investment certificate matured during the year	-	6,000
4.50% Heartland Credit Union guaranteed investment certificate maturing August 26, 2009	5,500	5,500
Niverville Credit Union guaranteed investment certificate matured during the year	-	7,000
Niverville Credit Union guaranteed investment certificate matured during the year	-	25,000
Niverville Credit Union guaranteed investment certificate matured during the year	-	25,000
	1,331,766	1,263,885
Equities		
Held for Trading:		
2000 shares Sun Life Financial Inc.	56,880	27,855
1000 shares Talisman Energy Inc.	12,180	18,390
700 shares TMX Group Inc.	17,633	21,120
600 shares Telus Corporation	20,940	18,100
800 shares Canadian Natural Resources Ltd.	39,000	29,032
1000 shares Power Corporation of Canada	22,420	24,078
1000 shares Transcanada Corporation	33,170	28,378
1000 shares Goldcorp Inc.	38,390	20,280
1005 shares Great West Life Co. Inc.	20,803	35,748
500 shares Petro-Canada Inc.	13,360	26,625
3500 shares Teck Cominco Ltd.	21,070	35,430
1000 shares Bank of Nova Scotia	33,310	-
1000 shares Claymore Global Agriculture	15,370	-
500 shares Husky Energy Inc.	15,435	-
1000 shares Oilxco Inc.	285	-
1000 shares Royal Bank of Canada	36,100	-
	396,346	285,036

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Community Foundation of Portage and District Inc.
Notes to the Financial Statements
For the year ended December 31, 2008

5. Investments

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	2008	2007
Trust Units		
<i>Held for Trading:</i>		
2532 units Fort Chicago Energy	18,281	27,230
2400 units Strategic Energy Fund	12,888	17,136
2500 units Canadian Oil Sands	52,750	58,065
1500 units Precision Drilling Corp.	15,105	22,635
1000 units Bonavista Energy Trust	17,000	28,500
1500 units CML Healthcare Income Fund	19,275	25,710
2000 units Inter Pipeline Fund CI A Limited Partnership	14,100	18,980
600 units Ishares Cdn S&P/TSX Capped Materials Index Fund	-	22,200
1000 units Altagas Income Trust	17,200	-
	166,599	220,456
 Mutual Funds		
<i>Held for Trading:</i>		
11548 units Manulife Bank Investment	11,549	-
1333 units Templeton Growth Fund Ltd.	11,253	-
	22,802	-
	1,917,513	1,769,377

6. Property, plant and equipment

	Cost	Accumulated Amortization	2008 Net Book Value	2007 Net Book Value
Equipment	5,713	3,226	2,487	3,021

Community Foundation of Portage and District Inc.
Notes to the Financial Statements
For the year ended December 31, 2008

7. Net assets – restricted for endowment purposes

Endowment funds can be designated for specific purposes which are called "designated funds" and the rest are classed as "undesignated funds" where the board of directors decides where the earnings can be used most effectively.

<i>Designated</i>	<i>Bursaries</i>	<i>Field of Interest</i>	<i>Administration</i>	<i>2008 Total</i>	<i>2007 Total</i>
Balance beginning of year	743,712	37,770	41,464	822,946	318,616
Current year contributions	271,710	650	-	272,360	504,330
Balance end of year	<u>1,015,422</u>	<u>38,420</u>	<u>41,464</u>	<u>1,095,306</u>	<u>822,946</u>
 <i>Undesignated</i>					
Balance beginning of year				1,134,133	1,064,890
Current year contributions				63,798	69,243
Balance end of year				<u>1,197,931</u>	<u>1,134,133</u>
 <i>Managed</i>					
Balance beginning of year				15,000	15,000
Current year contributions				-	-
Balance end of year				<u>15,000</u>	<u>15,000</u>
Total designated, undesignated and managed				<u>2,308,237</u>	<u>1,972,079</u>

8. Statement of cash flows

The statement of cash flows has not been produced as it would not provide the users of the financial statements any more information than is already disclosed.

9. Capital disclosures

The Foundation defines its capital as the amounts included in Net Asset balances.

The Foundation's objective when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide financial support to other charitable causes in Portage la Prairie and the surrounding district.

The Foundation's primary investment objectives are the safety of principal and the provision of a total maximum return through income and capital appreciation. Capital appreciation must be sought without undue risk of capital and the Foundation has therefore restricted the amounts invested in equities to a maximum of 40%.

The Foundation sets the amount of capital in proportion to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets.