

**Community Foundation of Portage and
District Inc.**
Financial Statements
December 31, 2009



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, 2009 and the statements of operations of the Endowment Fund and Operating Fund and the statements of changes in net assets 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 for the year then ended in accordance with Canadian generally accepted accounting principles.

Portage la Prairie, Manitoba

March 26, 2010

Meyers Norris Penny LLP

Chartered Accountants

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

As at December 31, 2009

	<i>2009</i>	<i>2008</i>
Assets		
Current		
Cash and cash equivalents <i>(Note 3)</i>	122,411	171,406
Due from Operating Fund	-	219,318
	122,411	390,724
Trust funds on deposit <i>(Note 4)</i>	75,697	72,262
Investments <i>(Note 5)</i>	2,348,297	1,917,513
	2,423,994	1,989,775
	2,546,405	2,380,499
Liabilities		
Current		
Due to Operating Fund	42,981	-
	42,981	-
Net Assets		
Net assets - restricted for endowment purposes <i>(Note 6)</i>	2,427,727	2,308,237
Net assets - trust funds	75,697	72,262
	2,503,424	2,380,499
	2,546,405	2,380,499

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, 2009

	<i>2009</i>	<i>2008</i>
Assets		
Current		
Cash and cash equivalents <i>(Note 3)</i>	54,057	50,781
Goods and Services Tax receivable	545	619
Interest receivable	35,681	28,683
Due from Endowment Fund	42,981	-
	133,264	80,083
Equipment	1,969	2,487
	135,233	82,570
Liabilities		
Current		
Accounts payable	5,000	5,000
Due to Endowment Fund	-	219,318
	5,000	224,318
Net Assets (Deficit)		
Net assets (deficit) - unrestricted	128,264	(144,235)
Net assets - invested in property, plant and equipment	1,969	2,487
	130,233	(141,748)
	135,233	82,570

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, 2009

Revenues	2009	2008
Donations		
Field of interest		
Sports and Recreation Fund	650	650
Designated		
Administrative Endowment Fund	1,000	-
C. Hoover Award	-	15,683
Dr. H. Hassard Fund	-	58,643
John Rennie Memorial Fund	10,350	-
Jody Lee Fulton Bursary	28,571	-
Krista Tully Bursary	500	900
Lions Club	-	50,000
M. Webster Bursary	-	15,250
N. Owens Cup	-	6,577
N. Vianzon Bursary	-	1,242
Oakville Community Fund	11,125	15,100
O & E Shewchuk Bursary	500	2,328
Poplar Point Bursary	-	1,377
Portage Community Development	525	27,874
Dr. Rae Scholarship Fund	-	150
L. Rae Bursary Fund	5,000	15,000
R. Richardson Fund	-	5,068
Ryder Trades Bursary	3,225	-
Salem & Curtis School Division Bursary	-	14,289
T. Metheral Scholarship Fund	-	472
V.E. Holmes Bursary	-	33,450
W.R. Bell Bursary	-	8,307
Other	50	-
Undesignated		
A & O Pressey Fund	500	1,000
D & S Falk Fund	4,000	5,065
B & D Gilbert Fund	5,099	5,200
Greenberg Family Fund	1,000	1,000
H & G Vust Memorial Fund	102	111
Kitson & Rohmier Fund	500	500
Odd Fellows & Rebekahs Fund	10,000	-
PCI Philanthropy Fund	308	-
Perpetual Fund	16,093	25,492
Portage Mutual Insurance	10,000	10,000
Sissons Family Fund	10,392	15,430
	119,490	336,158
Expenses	-	-
Excess of revenues over expenses	119,490	336,158

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, 2009

	<i>2009</i>	<i>2008</i>
Revenues		
Investment income	119,146	104,510
Gain on sale of investments	13,607	25,002
Anonymous donor grant	15,000	15,000
Thomas Sill Foundation grant	500	-
Winnipeg Foundation grant	8,251	16,851
Unrestricted donations - anonymous donor	-	3,872
Other	3,882	3,661
	160,386	168,896
Less: Grant making	66,422	76,632
	93,964	92,264
Expenses		
Advertising and promotion	5,995	8,940
Amortization	518	534
Bank charges	1	2
Donor recognition	188	598
Insurance	1,735	1,731
Meetings	323	436
Memberships	651	578
Miscellaneous	711	631
Office supplies	4,505	2,541
Postage and courier	824	953
Professional development	2,496	3,662
Professional fees	6,200	9,044
Rent	600	600
Telephone	2,434	2,306
Travel	416	659
Volunteers	150	18
Wages	29,579	29,124
	57,326	62,357
Other Income (Expenses)		
Other comprehensive investment income (loss)	235,343	(282,961)
Excess (deficiency) of revenues over expenses	271,981	(253,054)

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, 2009

	<i>Restricted For Endowment Purposes</i>	<i>Trust Funds</i>	<i>Operating Fund Unrestricted</i>	<i>Invested in property, plant and equipment</i>	<i>2009 Totals</i>	<i>2008 Totals</i>
Balance, beginning of year	2,308,237	72,262	(144,235)	2,487	2,238,751	2,163,801
Excess of revenues over expenses						
- Endowment	119,490	-	-	-	119,490	336,158
Excess (deficiency) of revenues over expenses						
- Operating	-	-	272,499	(518)	271,981	(253,054)
Excess (deficiency) of revenues over expenses						
- Trust	-	3,435	-	-	3,435	(8,154)
Balance, end of year	2,427,727	75,697	128,264	1,969	2,633,657	2,238,751

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

Community Foundation of Portage and District Inc.
Statement of Cash Flows

For the year ended December 31, 2009

	<i>2009</i>	<i>2008</i>
Cash provided by (used for) the following activities		
Operating Activities		
Excess of revenue over expenses	394,906	74,950
Amortization	518	534
	395,424	75,484
Changes in working capital accounts		
Accounts payable	-	2,500
Goods and service tax receivable	74	(57)
Interest receivable	(6,998)	(567)
	(6,924)	1,876
Investing activities		
Increase (decrease) in trust funds on deposit	(3,435)	8,154
Increase in investments	(430,784)	(148,136)
	(434,219)	(139,982)
Decrease in cash resources	(45,719)	(62,622)
Cash and cash equivalents, beginning of year (Note 3)	222,187	284,809
Cash and cash equivalents, end of year (Note 3)	176,468	222,187

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, 2009

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. 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 excess of revenues over expenses.

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 excess of revenues over expenses 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 excess of revenues over expenses. Total interest income, calculated using the effective interest rate method, is recognized in excess of revenues over expenses.

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

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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 excess of revenues over expenses 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.

Community Foundation of Portage and District Inc.
Notes to the Financial Statements
For the year ended December 31, 2009

2. Accounting policies

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Revenue recognition (continued)

Contributions for endowment are recognized as revenue in the Endowment Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

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.

3. Cash and cash equivalents

Cash and cash equivalents are comprised of the following:

	2009	2008
<i>Endowment Fund</i>		
Cash	4,410	17,745
RBC Money Market Fund	114,495	153,661
Renaissance High Interest Savings Fund	3,506	-
	122,411	171,406
<i>Operating Fund</i>		
Cash	23,170	13,083
Royal Canadian T-Bill Fund	30,887	37,698
	54,057	50,781
Total	176,468	222,187

Community Foundation of Portage and District Inc.
Notes to the Financial Statements
For the year ended December 31, 2009

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 \$59,923. This represents the amortized cost of the parcels 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.

5. Investments

	<i>2009</i>	<i>2008</i>
<i>Held for Trading:</i>		
Equities	581,541	396,346
Trust Units	210,240	166,599
Mutual Funds	60,993	22,802
Corporate Bonds bearing interest at 4.95% - 6.25% (prior year 4% - 6.25%) maturing between 2012 – 2021 (prior year 2009 – 2021)	481,405	494,680
	1,334,179	1,080,427
<i>Held to Maturity:</i>		
R.M. of Portage la Prairie debentures bearing interest at 5.125% - 6.125% (prior year 5.125% - 6.125%) maturing between 2010 – 2029 (prior year 2010 – 2028)	583,853	543,514
City of Portage la Prairie debentures bearing interest at 4.25% - 6% (prior year 5.375% - 6%) maturing between 2012 – 2024 (prior year 2012 – 2021)	430,265	288,072
Heartland Credit Union guaranteed investment certificate matured during the year	-	5,500
	1,014,118	837,086
	2,348,297	1,917,513

Community Foundation of Portage and District Inc.
Notes to the Financial Statements
For the year ended December 31, 2009

6. 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>2009 Total</i>	<i>2008 Total</i>
Balance beginning of year	1,015,422	38,420	41,464	1,095,306	822,946
Current year contributions	60,847	650	-	61,497	272,360
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Balance end of year	1,076,269	39,070	41,464	1,156,803	1,095,306
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 <i>Undesignated</i>					
Balance beginning of year				1,197,931	1,134,133
Current year contributions				57,993	63,798
	<hr/>				
Balance end of year				1,255,924	1,197,931
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 <i>Managed</i>					
Balance beginning of year				15,000	15,000
Current year contributions				-	-
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Balance end of year				15,000	15,000
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Total designated, undesignated and managed				2,427,727	2,308,237
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7. 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.