

Financial Statements of

**LIMESTONE LEARNING
FOUNDATION**

Year ended December 31, 2008

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LIMESTONE LEARNING FOUNDATION

Financial Statements

Year ended December 31, 2008

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AUDITORS' REPORT

To the Members

We have audited the statement of financial position of the Limestone Learning Foundation as at December 31, 2008 and the statements of operations and changes in net assets for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, 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 the Limestone Learning Foundation, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, the Limestone Learning Foundation derives part of its revenue from donations, gifts in kind and non-receipted revenue, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our examination of revenue from these sources was limited to accounting for the amounts recorded in the accounts of the Limestone Learning Foundation, and we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenses and grants, assets and net assets.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of revenue from donations, gifts in kind and non-receipted revenue referred to in the previous paragraph, these financial statements present fairly, in all material respects, the financial position of the Limestone Learning Foundation 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.

Chartered Accountants, Licensed Public Accountants

Kingston, Canada

February 5, 2009

LIMESTONE LEARNING FOUNDATION

Statement of Financial Position

December 31, 2008, with comparative figures for 2007

	2008	2007
Assets		
Cash and cash equivalents (note 7)	\$ 174,694	\$ 223,448
Investments (note 6)	535,740	387,449
Accounts receivable	26,957	9,690
Prepaid expenses	4,367	3,042
	<hr/>	<hr/>
	\$ 741,758	\$ 623,629
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 31,580	\$ 11,149
Deferred contributions (note 2)	26,321	66,196
Net assets:		
Endowments (note 3)	623,428	513,752
Unrestricted	60,429	32,532
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	683,857	546,284
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	\$ 741,758	\$ 623,629

See accompanying notes to financial statements.

On behalf of the Board:

LIMESTONE LEARNING FOUNDATION

Statement of Operations

Year ended December 31, 2008, with comparative figures for 2007

	2008	2007
Revenue:		
Donations:		
Special events (note 4)	\$ 151,448	\$ 242,859
Direct mail	23,630	31,611
Churchill Grant	—	31,000
Other	81,213	112,808
	<u>256,291</u>	<u>418,278</u>
Contributions (deferred) recognized	39,875	(19,545)
Investment income	16,943	7,058
	<u>313,109</u>	<u>405,791</u>
Expenses:		
Direct program expenses:		
Planned giving and year end campaign	2,456	1,579
Special events (note 4)	30,173	80,023
	<u>32,629</u>	<u>81,602</u>
Administrative expenses:		
Salary and benefits	72,217	72,697
Professional fees	5,200	2,600
Office	20,267	20,378
	<u>97,684</u>	<u>95,675</u>
Unrealized loss on investments designated as held for trading	49,777	—
	<u>180,090</u>	<u>177,277</u>
Excess of revenue over expenses	<u>133,019</u>	<u>228,514</u>
Grant disbursements:		
Literacy and numeracy, innovative practices, technology and arts	48,471	64,777
Churchill grant	25,360	27,764
Other grants	31,291	79,580
	<u>105,122</u>	<u>172,121</u>
Excess of revenue over expenses and grants	<u>\$ 27,897</u>	<u>\$ 56,393</u>

See accompanying notes to financial statements.

LIMESTONE LEARNING FOUNDATION

Statement of Changes in Net Assets

Year ended December 31, 2008, with comparative figures for 2007

	Endowment	Unrestricted	Total 2008	Total 2007
Net assets, beginning of year	\$ 513,752	\$ 32,532	\$ 546,284	\$ 430,411
Accounting changes – financial instruments	–	–	–	3,862
Balance, beginning of year, as restated	513,752	32,532	546,284	434,273
Excess of revenue over expenses	–	27,897	27,897	56,393
Externally endowed contributions (note 3)	109,676	–	109,676	56,550
Unrealized loss on investments designated as held for trading	–	–	–	(932)
Net assets, end of year	\$ 623,428	\$ 60,429	\$ 683,857	\$ 546,284

See accompanying notes to financial statements.

LIMESTONE LEARNING FOUNDATION

Notes to Financial Statements

Year ended December 31, 2008

The Foundation was incorporated under the applicable provisions of the Corporations Act (Ontario) on November 4, 1999 and received tax exempt status as a registered charity effective January 1, 2000. The Foundation's purpose is to receive and maintain funds and to apply these funds to promote the advancement of education within the geographic regions of the County of Frontenac and County of Lennox & Addington, in the Province of Ontario, by providing programs in literacy and numeracy, technology and innovative practices to maximize the learning potential and skill development of students.

1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles.

(a) Revenue recognition:

The Foundation follows the deferral method of accounting for contributions, which includes donations. Unrestricted contributions are recognized as revenue in the year when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Contributions externally restricted for purposes other than endowment are deferred and recognized as revenue in the year in which the related expenses are recognized.

Endowment contributions are recognized as direct increases in net assets in the year in which they are received.

Unrestricted investment income is recognized as revenue when earned.

(b) Investments:

Investments are designated as held for trading and are measured at fair value. Fair value is determined at quoted market prices. Purchases and sales of investments are recorded on the settlement date. Unrealized gains and losses on these held for trading investments are recorded in the statement of operations.

(c) Use of estimates:

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 revenue and expenses during the period. Actual results could differ from those estimates. These estimates are reviewed annually and as adjustments become necessary, they are recognized in the financial statements in the period in which they become known.

LIMESTONE LEARNING FOUNDATION

Notes to Financial Statements (continued)

Year ended December 31, 2008

2. Deferred contributions:

Deferred contributions represent unspent resources externally restricted for various grant purposes specified by the donors.

3. Endowments:

Contributions restricted for endowments consist of restricted donations received by the Foundation and donations internally restricted by the board of directors, in the exercise of its discretion. The board of directors approved a motion to preserve the capital of the externally endowed funds in charging the current year earnings with an inflation factor. However, due to current economic conditions, the board of directors approved the decision not to apply an inflation factor for the 2008 year.

	Externally endowed	Internally endowed	2008 Total endowment	2007 Total endowment
Endowments, beginning of year	\$ 410,509	\$ 103,243	\$ 513,752	\$ 394,272
Cumulative unrealized gain on investments to December 31, 2007	—	—	—	2,930
Contributions	109,676	—	109,676	46,175
Interest income	—	—	—	10,375
Transfer of unrestricted funds	—	—	—	60,000
Endowments, end of year	\$ 520,185	\$ 103,243	\$ 623,428	\$ 513,752

4. Special events:

During the year, the following special events were held to raise funds for general operations. Gross revenue and expenses related to these events are as follows:

	Gala Event		Golf Tournament		Other		Total	
	2008	2007	2008	2007	2008	2007	2008	2007
Revenue	\$ —	\$ 165,476	\$ 83,470	\$ 77,383	\$ 67,978	\$ —	\$ 151,448	\$ 242,859
Expenses	34	62,837	17,806	17,186	12,333	—	30,173	80,023
	\$ (34)	\$ 102,639	\$ 65,664	\$ 60,197	\$ 55,645	\$ —	\$ 121,275	\$ 162,836

LIMESTONE LEARNING FOUNDATION

Notes to Financial Statements (continued)

Year ended December 31, 2008

5. Statement of cash flows:

The changes in cash flows are readily apparent from the financial statements and as such a statement of cash flows would not provide additional information.

6. Fair value of financial assets and financial liabilities:

The carrying value of the Foundation's cash and cash equivalents, accounts receivable and accounts payable approximates their fair value due to the relatively short periods to maturity of these items or because they are receivable or payable on demand. Investments are recorded at fair value.

7. Cash and cash equivalents:

Cash and cash equivalents are considered to be highly liquid investments with original maturities of three months or less.

8. Future accounting changes:

In December 2006, the Canadian Institute of Chartered Accountants ("CICA") issued new accounting standards: Handbook Section 3862, *Financial Instruments – Disclosures* and Handbook Section 3863, *Financial Instruments – Presentation*. These standards were expected to be effective for the Foundation's financial statements for the year ended December 31, 2008. However in December 2008, the CICA eliminated the requirement for not-for-profit entities to adopt these standards. The Foundation has continued to disclose and present financial instruments under Handbook Section 3861, *Financial Instruments – Disclosure and Presentation* for the year ended December 31, 2008.