

**NEW CANAAN COMMUNITY
FOUNDATION, INC.**

DECEMBER 31, 2007

NEW CANAAN COMMUNITY FOUNDATION, INC.

CONTENTS

Independent Auditors' Report	1
Statements of Financial Position - December 31, 2007 and 2006	2
Statements of Activities for the Years Ended December 31, 2007 and 2006	3
Statements of Cash Flows for the Years Ended December 31, 2007 and 2006	4
Notes to Financial Statements	5-7



Independent Auditors' Report

To the Board of Directors
New Canaan Community Foundation, Inc.

We have audited the accompanying statements of financial position of New Canaan Community Foundation, Inc., as of December 31, 2007 and 2006, and the related statements of activities and cash flows for the years 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Canaan Community Foundation, Inc., as of December 31, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Blum, Shapiro & Company, P.C.

March 18, 2008

NEW CANAAN COMMUNITY FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
ASSETS		
Cash and cash equivalents	\$ 95,258	\$ 72,120
Dividends and interest receivable	16,833	16,721
Investments, at fair value	8,332,532	8,180,150
Prepaid expenses	8,432	4,640
Property and equipment, net	<u>11,587</u>	<u>14,429</u>
Total Assets	\$ <u>8,464,642</u>	\$ <u>8,288,060</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Grants payable	\$ 10,000	\$ -
Accrued liabilities	8,400	12,883
Total liabilities	<u>18,400</u>	<u>12,883</u>
Unrestricted Net Assets		
Discretionary	5,637,308	5,873,228
Donor advised	1,473,229	1,203,449
Scholarship	1,087,182	1,042,851
Field of interest	248,523	155,649
Total unrestricted net assets	<u>8,446,242</u>	<u>8,275,177</u>
Total Liabilities and Net Assets	\$ <u>8,464,642</u>	\$ <u>8,288,060</u>

The accompanying notes are an integral part of the financial statements

NEW CANAAN COMMUNITY FOUNDATION, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
Changes in Net Assets		
Revenues:		
Contributions	\$ 249,552	\$ 3,255,773
Special events	36,065	18,590
Investment return, net of investment expense	460,185	494,391
Total revenues	<u>745,802</u>	<u>3,768,754</u>
Expenses:		
Program:		
Grants	360,645	282,881
Supporting services:		
Management and administration	206,843	194,824
Fundraising:		
Special events	1,596	1,450
Other fundraising	5,653	5,210
Total expenses	<u>574,737</u>	<u>484,365</u>
Increase in Net Assets	171,065	3,284,389
Net Assets - Beginning of Year	<u>8,275,177</u>	<u>4,990,788</u>
Net Assets - End of Year	<u>\$ 8,446,242</u>	<u>\$ 8,275,177</u>

The accompanying notes are an integral part of the financial statements

NEW CANAAN COMMUNITY FOUNDATION, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
Cash Flows from Operating Activities		
Increase in net assets	\$ 171,065	\$ 3,284,389
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Depreciation	2,842	2,842
Net realized and unrealized gains on investments	(219,304)	(394,502)
(Increase) decrease in operating assets:		
Dividends and interest receivable	(112)	(12,937)
Prepaid expenses	(3,793)	1,176
Increase (decrease) in operating liabilities:		
Grants payable	10,000	-
Accrued liabilities	(4,482)	4,380
Net cash provided by (used in) operating activities	<u>(43,784)</u>	<u>2,885,348</u>
Cash Flows from Investing Activities		
Purchases of investments	(3,841,292)	(6,721,621)
Proceeds from sales of investments	<u>3,908,214</u>	<u>3,852,251</u>
Net cash provided by (used in) investing activities	<u>66,922</u>	<u>(2,869,370)</u>
Net Increase in Cash and Cash Equivalents	23,138	15,978
Cash and Cash Equivalents - Beginning of Year	<u>72,120</u>	<u>56,142</u>
Cash and Cash Equivalents - End of Year	<u>\$ 95,258</u>	<u>\$ 72,120</u>

The accompanying notes are an integral part of the financial statements

NEW CANAAN COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies:

Nature of Business - New Canaan Community Foundation, Inc. (the Foundation) was founded in 1977. The Foundation promotes growth of community philanthropy and helps donors achieve their charitable goals for the community of New Canaan and its surrounding region.

Basis of Accounting and Presentation - The Foundation prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Accordingly, the accounts of the Foundation are reported in three classes of net assets: permanently restricted, temporarily restricted and unrestricted.

Unrestricted net assets are defined as assets that are free of donor-imposed restrictions and include all investment income and appreciation not subject to donor-imposed restrictions. Accounting principles generally accepted in the United States of America provide that if the governing body of an organization has the unilateral power to redirect the use of a donor's contribution to another beneficiary, such contributions must be classified as unrestricted net assets. The Board of Directors of the Foundation has that ability, known as variance power; however, they would exercise this authority only if the stated purpose of a contribution becomes no longer applicable and incapable of fulfillment. Accordingly, the Foundation's financial statements classify all funds, including the corpus of endowment funds, as unrestricted.

The Foundation had no permanently restricted or temporarily restricted net assets as of December 31, 2007 and 2006.

The Foundation has grouped its unrestricted funds into the following categories:

Field of Interest - Represent funds which are individually identified, grants from which may be distributed to a specific field of interest in accordance with the donor's intent.

Scholarship - Represent funds which are individually identified, scholarships from which may be distributed based on established criteria.

Donor Advised - Represent funds which are individually identified, grants from which may be distributed as recommended by the donor.

Discretionary - Represent funds which are created by donors who place no restrictions as to how funds may be used, giving the Foundation maximum flexibility.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents - The Foundation considers all highly liquid investments purchased with an initial maturity of three months or less that are utilized for operations to be cash equivalents, which would exclude cash equivalents held by brokers and investment managers. The Foundation maintains deposits in financial institutions that may, at times, exceed federal depository insurance limits. Management believes that the Foundation's deposits are not subject to significant credit risk.

Investments - Investments in marketable debt securities, equity securities and mutual funds with readily determinable fair values are stated at fair value in the statements of financial position. Realized and unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

Investment Pools - The Foundation maintains master investment accounts for its funds. Interest, dividends, realized and unrealized gains and losses from securities, and related expenses in the pooled investment accounts are calculated and allocated monthly to all of the donor funds based on the relationship of the market value of each fund to the total market value of the pooled investment accounts, as adjusted for additions to or distributions from those accounts.

Contributions - Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Promises to give that are scheduled to be received after the fiscal year-end are shown as temporarily restricted support and reclassified to unrestricted net assets when the implied time restriction is met. Contributions whose restrictions are met in the same fiscal year are recorded as unrestricted support. Conditional promises to give to the Foundation are not included as support until such time as the conditions are substantially met.

Property, Equipment and Depreciation - Property and equipment that exceed \$500 are recorded at cost or, if donated, at estimated fair value at the time such items are received. Depreciation is provided using the straight-line method over the estimated useful lives of the respective assets.

Grants - The Foundation records grants payable when the grants are approved by the Board of Directors. All grants made are in accordance with the terms of the various governing instruments and are subject to the approval of the Board.

Income Taxes - The Foundation qualifies as a public charity under Section 501(c)(3) of the Internal Revenue Code. Thus, the Foundation is exempt from federal and state income taxes.

Expense Allocation - The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Note 2 - **Investments:**

Investments are held by banks and investment managers that are responsible for management and custody of the securities.

Investments at December 31, 2007 and 2006, consist of the following:

	<u>2007</u>	<u>2006</u>
Common stocks/equity mutual funds	\$ 4,707,423	\$ 3,420,698
U.S. Government securities	1,779,263	1,777,492
Invested cash and other short-term investments	<u>1,845,846</u>	<u>2,981,960</u>
Total Investments	<u>\$ 8,332,532</u>	<u>\$ 8,180,150</u>

Investment return for the years ended December 31, 2007 and 2006, is summarized as follows:

	<u>2007</u>	<u>2006</u>
Realized and unrealized gains	\$ 219,304	\$ 394,502
Interest and dividends	282,173	138,257
	<u>501,477</u>	<u>532,759</u>
Less investment expenses	<u>41,292</u>	<u>38,368</u>
Investment Return, Net	<u>\$ 460,185</u>	<u>\$ 494,391</u>

Note 3 - **Property and Equipment:**

Property and equipment consist of the following at December 31, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Equipment and software	\$ 28,070	\$ 28,070
Office furniture	353	353
	<u>28,423</u>	<u>28,423</u>
Less accumulated depreciation	<u>16,836</u>	<u>13,994</u>
Property and Equipment, Net	<u>\$ 11,587</u>	<u>\$ 14,429</u>

Depreciation expense for each of the years ended December 31, 2007 and 2006, was \$2,842.