

FUNDY COMMUNITY FOUNDATION
FINANCIAL STATEMENTS
December 31, 2013



ARCHAMBAULT,
NEATHWAY
& RIDEOUT

**Archambault, Neathway & Rideout
69 Milltown Blvd
St. Stephen, NB
E3L 1G5**

Auditor's Report to the Board of Directors of Fundy Community Foundation

We have audited the accompanying financial statements of Fundy Community Foundation which comprise the statement of financial position as at December 31, 2013, and the statement of operations and changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair representation of these financial statements in accordance with Canadian Accounting Standards for Not-For-Profit Organizations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the organization derives part of its revenue from donations and bequests, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenses, assets and surplus.



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Auditor's Report to the Board of Directors of Fundy Community Foundation (continued)

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Fundy Community Foundation as at December 31, 2013, and the results of its operations for the year then ended in accordance with Canadian Accounting Standards for Not-For-Profit Organizations.



April 15, 2014

Archambault, Neathway & Rideout



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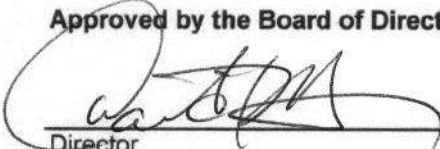
FUNDY COMMUNITY FOUNDATION

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2013

	December 31 2013	December 31 2012
Assets		
Current Assets		
Cash	247	24,530
Investments (notes 5 and 7)	4,591,926	3,852,525
Accounts receivable	307	300
HST recoverable	2,128	5,673
Prepaid expenses	1,007	967
	<u>4,595,615</u>	<u>3,883,995</u>
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	4,749	11,723
Funds held on behalf of others (note 7)	352,696	318,747
	<u>357,445</u>	<u>330,470</u>
Net Assets		
General fund	214,355	51,313
Restricted funds	199,637	(94,534)
Endowment funds	3,824,179	3,596,746
	<u>4,238,171</u>	<u>3,553,525</u>
	<u>4,595,615</u>	<u>3,883,995</u>

Approved by the Board of Directors



Director



Director

FUNDY COMMUNITY FOUNDATION

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2013

	General Fund		Restricted Funds		Endowment Funds		Combined	
	2013	2012	2013	2012	2013	2012	2013	2012
REVENUES								
Donations	111,259	11,661	-	-	227,433	74,207	338,692	85,868
PNB grant	-	-	-	-	-	-	-	-
PNB administration grant	-	6,116	-	-	-	-	-	6,116
Management fees	3,603	3,611	-	-	-	-	3,603	3,611
Flow through donations	7,000	-	-	-	-	-	10,203	3,110
Interest income	9,974	10,387	3,203	3,110	-	-	53,646	60,221
Dividend income	12,014	11,043	43,672	49,834	-	-	64,617	64,024
Realized capital gain (loss)	3,134	1,824	52,603	52,981	-	-	16,856	10,574
Unrealized capital gain (loss)	75,264	23,303	13,722	8,750	-	-	400,831	135,098
Fundraising	12,914	12,406	325,566	111,795	-	-	12,914	12,406
	235,163	80,351	438,766	226,470	227,433	74,207	901,362	381,028
EXPENDITURES								
Restricted disbursements	-	-	77,323	80,110	-	-	77,323	80,110
Community grants	16,550	16,150	-	-	-	-	16,550	16,150
Flow through grants	-	-	5,433	8,110	-	-	5,433	8,110
Grants for 20th Anniversary	20,000	-	-	-	-	-	20,000	-
Administration expenses (schedule)	27,183	27,583	44,494	52,342	-	-	71,677	79,925
Investment management fees	5,809	5,042	17,345	16,121	-	-	23,154	21,163
PNB Grant expense	-	-	-	40,303	-	-	-	40,303
Fundraising	2,579	2,055	-	-	-	-	2,579	2,055
	72,121	50,830	144,595	196,986	-	-	216,716	247,816
Excess revenue (expenditures) for the year	163,042	29,521	294,171	29,484	227,433	74,207	684,646	133,212
Net assets - Beginning of year	51,313	21,792	(94,534)	(124,018)	3,596,746	3,522,539	3,553,525	3,420,313
Net assets - End of year	214,355	51,313	199,637	(94,534)	3,824,179	3,596,746	4,238,171	3,553,525

FUNDY COMMUNITY FOUNDATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2013

	2013	2012
Cash provided by (used in)		
Operating activities		
Excess revenue (expenditures) for the year	684,646	133,212
Items not affecting cash		
Realized capital (gain) loss	(16,856)	(10,574)
Unrealized capital (gain) loss	(400,831)	(135,098)
Changes in non-cash working capital	266,959	(12,460)
Accounts receivable	(7)	(300)
HST recoverable	3,545	(1,192)
Prepaid expenses	(40)	(187)
Accounts payable and accrued liabilities	(6,974)	3,880
	263,483	(10,259)
Investing activities		
Purchase of investments	(1,037,407)	(2,160,455)
Proceeds from disposal of investments	783,590	1,807,227
Funds held on behalf of others	(33,949)	318,747
	(287,766)	(34,481)
Increase (decrease) in cash	(24,283)	(44,740)
Cash - Beginning of year	24,530	69,270
Cash - End of year	247	24,530

See accompanying notes to financial statements.

FUNDY COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

1. Nature of operations

Fundy Community Foundation (the "Foundation") is a registered charity and is classified as a public foundation. The Foundation is exempt from income taxes and is able to issue donation receipts for income tax purposes. Fundy Community Foundation is a public foundation created to improve the quality of life for Charlotte County, N.B. through developing endowment funds, making responsible grants and fostering community leadership.

2. Presentation of Financial Statements

The financial statements for the Foundation are prepared using Canadian Accounting Standards for Not-for-Profit Organizations as had been adopted in the prior year.

3. Summary of significant accounting policies

Fund accounting

To observe limitations and restrictions placed on the use of resources, the accounts of the Foundation are maintained in accordance with the principles of fund accounting. Resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purposes. Separate accounts are maintained for each fund and accordingly all financial transactions have been recorded by fund group.

The Endowment Fund reports resources that are generally required to be maintained by the Foundation on a permanent basis.

The General Fund reports resources available for the Foundation's general operating activities. These activities include asset development, granting, administration and governance, community relations and knowledge dissemination and community philanthropic leadership. The general costs of supporting these activities are reported in the General Fund. Net expenditures are financed primarily by donor contributions directed to general operations, from investment income earned on the endowment contributions on which the donor has placed no restriction on the use of income from that income and from an inter-fund administrative charge.

The Restricted Fund reports resources, including investment income on restricted endowment funds that are available to be used for purposes specified by the donor and contributions that do not form part of the Endowment Fund. Donors may specify the charitable organization(s) to receive the grants or may identify the particular area of interest to be supported.

FUNDY COMMUNITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

3. Summary of significant accounting policies (continued)

Contributed services

The Foundation is governed and supported by numerous volunteers. Contributed services are not reflected in the financial statements due to the difficulty in determining the fair value of the services rendered.

Investments

Investments are recorded at their fair market value. Realized and unrealized gains and losses are recognized in the current year.

Use of estimates

The preparation of financial statements in conformity with Canadian Accounting Standards for Not-For-Profit Organizations requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses. Estimates are used for, but not limited to accrued liabilities. Actual results could vary from those estimates.

4. Financial instruments and Risk Management

The Foundation has designated its cash and cash equivalents as held for trading. Accounts receivable and HST recoverable have been classified as loans and receivables. Investments are classified as held for trading. Accounts payable and accrued liabilities have been classified as other liabilities.

Held for trading financial assets are measured at fair value as of the balance sheet date. Fair value fluctuations including interest earned, interest accrued, gains and losses realized on disposal and unrealized gains and losses are included in income.

Receivables are accounted for at amortized cost using the effective interest method.

Other liabilities are recorded at amortized cost using the effective interest method.

The Foundations investments are exposed to a variety of financial risks as a result of its investment activities. These risks include:

Market risk - the risk that the fair value or future cash flows of an investment will fluctuate due to changes in the market prices.

Credit risk - the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation

Concentration risk - the risk that a portfolio will have a greater exposure due to a concentration in securities with similar characteristics or subject to similar environment or other conditions.

Liquidity risk - the risk of being unable to generate sufficient cash flow to meet the spending requirements of the Foundation.

FUNDY COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

4. Financial instruments and Risk Management (continued)

The Foundation has adopted investment policies, which are designed to avoid undue risk of loss, along with providing for a reasonable rate of return on the investments. The investment policy includes provisions to limit certain risks by providing limits on the amount of exposure on bond holdings, individual equity holdings and geographic holdings of the portfolio. The risk management practices are primarily carried out by the Foundation's Finance and Investment Committee. This includes adherence to the investment guidelines and the employment and oversight of a qualified professional portfolio advisor. The portfolio advisor actively manages the portfolio to offset these risks.

5. Investments

Investments consist of the following:

	2013	2012
Cash & cash equivalents	446,042	320,594
Canadian fixed income	1,348,976	1,435,257
Canadian equity	1,380,581	1,183,842
Foreign equity	1,416,326	912,832
	<u>4,591,926</u>	<u>3,852,525</u>

The Foundation's investments are recorded at fair market value based on year-end quoted market prices.

6. Income taxes

The Foundation is registered as a public foundation under the Income Tax Act of Canada and, such as, is exempt from income taxes. As part of maintaining its registration, the Foundation must meet a disbursement quota as set by Canada Revenue Agency regulations.

7. Funds held on behalf of another party

Asset balances held for another party are included as investment assets of the Foundation, with an offsetting current liability amount as these funds may be withdrawn at any time.

8. Prior year audited financial statements

The prior year financial statements were prepared by another accounting firm and, accordingly, we make no assurance on the prior year balances reported.

FUNDY COMMUNITY FOUNDATION
SCHEDULE OF ADMINISTRATION EXPENSES
FOR THE YEAR DECEMBER 31, 2013

Expenses	2013	2012
Wages and benefits	45,383	45,410
Contract staff	828	4,206
Professional fees	5,134	11,124
Office and printing	4,039	3,079
Insurance	1,774	1,626
Travel and meetings	3,976	5,284
Telephone	2,334	2,122
Promotion	3,617	1,749
Rent	2,022	1,926
Conferences and training	-	981
Annual report	913	1,193
Memberships	1,494	952
Bank charges	164	273
	<u>71,678</u>	<u>79,925</u>