

**FUNDY COMMUNITY FOUNDATION**  
**FINANCIAL STATEMENTS**  
**December 31, 2014**



ARCHAMBAULT,  
NEATHWAY  
& RIDEOUT

## **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, 2014, 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.



ARCHAMBAULT,  
NEATHWAY  
& RIDEOUT



ARCHAMBAULT,  
NEATHWAY  
& RIDEOUT  
APPROACHABLE ACCOUNTANTS

**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, 2014, and the results of its operations for the year then ended in accordance with Canadian Accounting Standards for Not-For-Profit Organizations.

A handwritten signature in dark ink, written in a cursive style, that reads "Archambault, Neathway &amp; Rideout".

Archambault, Neathway & Rideout

March 3, 2015


**FUNDY COMMUNITY FOUNDATION**

**STATEMENT OF FINANCIAL POSITION**

**AS AT DECEMBER 31, 2014**

	<b>December 31 2014</b>	<b>December 31 2013</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash	15,608	247
Investments (notes 5 and 7)	6,041,791	4,591,926
Accounts receivable	-	307
HST recoverable	2,387	2,128
Prepaid expenses	1,050	1,007
	<u>6,060,836</u>	<u>4,595,615</u>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	4,500	4,749
Funds held on behalf of others (note 7)	359,362	352,696
	<u>363,862</u>	<u>357,445</u>
<b>Net Assets</b>		
<b>General fund</b>	136,015	214,355
<b>Restricted funds</b>	296,506	199,637
<b>Endowment funds</b>	5,264,454	3,824,179
	<u>5,696,974</u>	<u>4,238,171</u>
	<u>6,060,836</u>	<u>4,595,615</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, 2014

	General Fund		Restricted Funds		Endowment Funds		Combined	
	2014	2013	2014	2013	2014	2013	2014	2013
<b>REVENUES</b>								
Donations	24,610	111,259	-	-	1,334,995	227,433	1,359,605	338,692
PNB grant	-	-	-	-	-	-	-	-
PNB administration grant	-	-	-	-	-	-	-	-
Management fees	3,797	3,603	-	-	-	-	3,797	3,603
Flow through donations	-	7,000	1,419	3,203	-	-	1,419	10,203
Interest income	12,170	9,974	42,734	43,672	-	-	54,904	53,646
Dividend income	17,213	12,014	60,443	52,603	-	-	77,656	64,617
Realized capital gain (loss)	21,472	3,134	75,400	13,722	-	-	96,872	16,856
Unrealized capital gain (loss)	20,530	75,264	72,092	325,566	-	-	92,623	400,831
Fundraising	-	12,914	-	-	-	-	-	12,914
	<b>99,793</b>	<b>235,163</b>	<b>252,088</b>	<b>438,766</b>	<b>1,334,995</b>	<b>227,433</b>	<b>1,686,876</b>	<b>901,362</b>
<b>EXPENDITURES</b>								
Restricted disbursements	-	-	93,759	77,323	-	-	93,759	77,323
Community grants	20,838	16,550	-	-	-	-	20,838	16,550
Flow through grants	-	-	5,589	5,433	-	-	5,589	5,433
Grants for 20th Anniversary	-	20,000	-	-	-	-	-	20,000
Administration expenses (schedule)	27,745	27,183	51,179	44,494	-	-	78,924	71,677
Investment management fees	7,011	5,809	18,155	17,345	-	-	25,166	23,154
Special project	3,796	-	-	-	-	-	3,796	-
Fundraising	-	2,579	-	-	-	-	-	2,579
	<b>59,391</b>	<b>72,121</b>	<b>168,682</b>	<b>144,595</b>	<b>-</b>	<b>-</b>	<b>228,072</b>	<b>216,716</b>
<b>Excess revenue (expenditures) for the year</b>	<b>40,402</b>	<b>163,042</b>	<b>83,406</b>	<b>294,171</b>	<b>1,334,995</b>	<b>227,433</b>	<b>1,458,803</b>	<b>684,646</b>
<b>Interfund transfers</b>	<b>( 105,280)</b>		<b>-</b>		<b>105,280</b>		<b>-</b>	
<b>Net assets - Beginning of year</b>	<b>200,892</b>	<b>37,850</b>	<b>213,100</b>	<b>( 81,071)</b>	<b>3,824,179</b>	<b>3,596,746</b>	<b>4,238,171</b>	<b>3,553,525</b>
<b>Net assets - End of year</b>	<b>136,015</b>	<b>200,892</b>	<b>296,506</b>	<b>213,100</b>	<b>5,264,454</b>	<b>3,824,179</b>	<b>5,696,974</b>	<b>4,238,171</b>

# FUNDY COMMUNITY FOUNDATION

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>2014</u>	<u>2013</u>
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess revenue (expenditures) for the year	1,458,803	684,646
Items not affecting cash		
Realized capital (gain) loss	( 96,872)	( 16,856)
Unrealized capital (gain) loss	( 92,623)	( 400,831)
Changes in non-cash working capital	1,269,309	266,959
Accounts receivable	307	( 7)
HST recoverable	( 259)	3,545
Prepaid expenses	( 43)	( 40)
Accounts payable and accrued liabilities	( 249)	( 6,974)
	<u>1,269,065</u>	<u>263,483</u>
<b>Investing activities</b>		
Purchase of investments	( 2,077,121)	( 1,037,407)
Proceeds from disposal of investments	830,084	783,590
Funds held on behalf of others	( 6,666)	( 33,949)
	<u>( 1,253,703)</u>	<u>( 287,766)</u>
<b>Increase (decrease) in cash</b>	15,362	( 24,283)
<b>Cash - Beginning of year</b>	<u>247</u>	<u>24,530</u>
<b>Cash - End of year</b>	<u><b>15,608</b></u>	<u><b>247</b></u>

See accompanying notes to financial statements.

**FUNDY COMMUNITY FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

**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. The Foundation is also exempt from tax in the United States under section 501(a) of the Internal Revenue Code as an organization described in section 501 (c )3.

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.

**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, 2014

### 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, 2014

### 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:

	2014	2013
Cash & cash equivalents	720,325	446,042
Canadian fixed income	2,011,248	1,348,976
Canadian equity	1,658,731	1,380,581
Foreign equity	1,651,487	1,416,326
	<u>6,041,791</u>	<u>4,591,926</u>

The Foundation's investments are recorded at fair market value based on year-end quoted market prices. During the year the Foundation moved its investments from TD Waterhouse to National Bank Correspondent Network but maintained the same Portfolio managers.

### 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. Interfund transfers

Interfund transfers recognizes Board decisions to move amounts from one fund to another based on the Board's direction for use.

In 2014 the Board moved the Max and Willi Wolfe fund from General funds to Endowment funds for \$104,480 and a miscellaneous adjustment of \$800 was made between the funds.

**FUNDY COMMUNITY FOUNDATION**  
**SCHEDULE OF ADMINISTRATION EXPENSES**  
**FOR THE YEAR DECEMBER 31, 2014**

	<b>2014</b>	<b>2013</b>
<b>Expenses</b>		
Wages and benefits	48,239	45,383
Contract staff	7,943	828
Professional fees	4,793	5,134
Office and printing	5,322	4,039
Insurance	1,774	1,774
Travel and meetings	1,277	3,976
Telephone	2,206	2,334
Promotion	2,760	3,617
Rent	2,123	2,022
Conferences and training	-	-
Annual report	913	913
Memberships	1,195	1,494
Bank charges	381	164
	<u>78,924</u>	<u>71,678</u>