

FUNDY COMMUNITY FOUNDATION
FINANCIAL STATEMENTS
December 31, 2015



ARCHAMBAULT,
NEATHWAY
& RIDEOUT

Archambault, Neathway & Rideout
69 Milltown Blvd
St Stephen, NB E3L 1G5
506-466-4040

Independent 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, 2015, 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

Independent 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, 2015, and the results of its operations for the year then ended in accordance with Canadian Accounting Standards for Not-For-Profit Organizations.



Archambault, Neathway & Rideout

March 3, 2016



ARCHAMBAULT,
NEATHWAY
& RIDEOUT

FUNDY COMMUNITY FOUNDATION

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2015

	December 31 2015	December 31 2014
Assets		
Current Assets		
Cash	11,891	15,608
Investments (notes 5 and 7)	6,100,550	6,041,791
Accounts receivable	1,260	-
HST recoverable	2,343	2,387
Prepaid expenses	1,538	1,050
	<u>6,117,581</u>	<u>6,060,836</u>
Fixed assets	<u>2,236</u>	
	<u>6,119,818</u>	<u>6,060,836</u>
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	5,396	4,500
Funds held on behalf of others (note 7)	363,879	359,362
	<u>369,275</u>	<u>363,862</u>
Net Assets		
General fund	167,735	136,015
Restricted funds	273,630	296,506
Endowment funds	5,309,177	5,264,454
	<u>5,750,542</u>	<u>5,696,974</u>
	<u>6,119,818</u>	<u>6,060,836</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, 2015

	General Fund		Restricted Funds		Endowment Funds		Combined	
	2015	2014	2015	2014	2015	2014	2015	2014
REVENUES								
Donations	4,422	24,610	-	-	44,413	1,334,995	48,835	1,359,605
Management fees	3,759	3,797	-	-	-	-	3,759	3,797
Flow through donations	-	-	2,069	1,419	-	-	2,069	1,419
Interest income	25,687	12,170	42,684	42,734	-	-	68,371	54,904
Dividend income	41,686	17,213	69,267	60,443	-	-	110,953	77,656
Realized capital gain (loss)	(22,944)	21,472	(38,125)	75,400	-	-	(61,069)	96,872
Unrealized capital gain (loss)	49,583	20,530	82,390	72,092	-	-	131,973	92,623
Fundraising	10,437	-	-	-	-	-	10,437	-
	112,630	99,793	158,285	252,088	44,413	1,334,995	315,328	1,686,876
EXPENDITURES								
Restricted disbursements	-	-	105,535	93,759	-	-	105,535	93,759
Community grants	30,950	20,838	-	-	-	-	30,950	20,838
Flow through grants	-	-	5,359	5,589	-	-	5,359	5,589
Administration expenses (schedule)	35,963	27,745	52,593	51,179	-	-	88,556	78,924
Investment management fees	12,203	7,011	17,363	18,155	-	-	29,565	25,166
Special project	-	3,796	-	-	-	-	-	3,796
Fundraising	1,794	-	-	-	-	-	1,794	-
	80,910	59,391	180,850	168,682	-	-	261,760	228,072
Excess revenue (expenditures) for the year	31,720	40,402	(22,565)	83,406	44,413	1,334,995	53,568	1,458,803
Interfund transfers	-	(105,280)	(311)	-	311	105,280	-	-
Net assets - Beginning of year	136,015	200,892	296,506	213,100	5,264,454	3,824,179	5,696,974	4,238,171
Net assets - End of year	167,735	136,015	273,630	296,506	5,309,177	5,264,454	5,750,542	5,696,974

FUNDY COMMUNITY FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015

	2015	2014
Cash provided by (used in)		
Operating activities		
Excess revenue (expenditures) for the year	53,568	1,458,803
Items not affecting cash		
Realized capital (gain) loss	61,069	(96,872)
Unrealized capital (gain) loss	(131,973)	(92,623)
	(17,336)	1,269,309
Changes in non-cash working capital		
Accounts receivable	(1,260)	307
HST recoverable	44	(259)
Prepaid expenses	(487)	(43)
Accounts payable and accrued liabilities	896	(249)
	(18,142)	1,269,065
Investing activities		
Purchase of investments	(1,545,269)	(2,077,121)
Proceeds from disposal of investments	1,557,413	830,084
Purchase of fixed assets	(2,236)	
Funds held on behalf of others	4,517	(6,666)
	14,425	(1,253,703)
Increase (decrease) in cash	(3,717)	15,362
Cash - Beginning of year	15,608	247
Cash - End of year	11,891	15,608

See accompanying notes to financial statements.

FUNDY COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

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 Southwest New Brunswick 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, 2015

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, 2015

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 manager. The portfolio manager actively manages the portfolio to offset these risks.

5. Investments

Investments consist of the following:

	2015	2014
Cash & cash equivalents	385,049	720,325
Canadian fixed income	2,090,703	2,011,248
Canadian equity	1,771,471	1,658,731
Foreign equity	1,853,327	1,651,487
	<u>6,100,550</u>	<u>6,041,791</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. Interfund transfers

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

FUNDY COMMUNITY FOUNDATION
SCHEDULE OF ADMINISTRATION EXPENSES
FOR THE YEAR DECEMBER 31, 2015

	2015	2014
Expenses		
Wages and benefits	48,239	48,239
Contract staff	11,039	7,943
Professional fees	5,085	4,793
Office and printing	10,908	5,322
Insurance	1,769	1,774
Travel and meetings	1,298	1,277
Telephone	2,201	2,206
Promotion	3,079	2,760
Rent	1,787	2,123
Conferences and training	228	-
Annual report	630	913
Memberships	1,979	1,195
Bank charges	314	381
	<u>88,556</u>	<u>78,924</u>