

FUNDY COMMUNITY FOUNDATION

Financial Statements

Year Ended December 31, 2016

FUNDY COMMUNITY FOUNDATION
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Year Ended December 31, 2016

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INDEPENDENT AUDITOR'S REPORT

To the Members 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, 2016 and the statements of operations, 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 presentation 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 purpose 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 qualified audit opinion.

Basis for Qualified Opinion

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

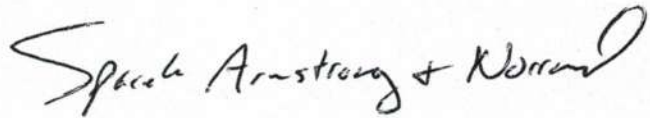
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Independent Auditor's Report to the Members of Fundy Community Foundation *(continued)*

Qualified Opinion

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 the contributions referred to in the preceding paragraph, the financial statements present fairly, in all material respects, the financial position of Fundy Community Foundation as at December 31, 2016 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

The financial statements for the year ended December 31, 2015 were audited by another accounting firm.

A handwritten signature in black ink, reading "Spence Armstrong & Norman". The signature is written in a cursive, flowing style.

Fredericton, New Brunswick
June 27, 2017

CHARTERED PROFESSIONAL ACCOUNTANTS

FUNDY COMMUNITY FOUNDATION
Statement of Financial Position
December 31, 2016

	2016	2015
ASSETS		
CURRENT		
Cash	\$ 39,967	\$ 11,891
Marketable securities (Note 5)	6,747,511	6,100,550
Accounts receivable	246	1,260
Other taxes receivable	5,953	2,343
Prepaid expenses	2,443	1,538
	6,796,120	6,117,582
CAPITAL ASSETS (Note 6)	1,789	2,236
	\$ 6,797,909	\$ 6,119,818
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 5,443	\$ 5,397
Funds held on behalf of another party (Note 7)	380,291	363,879
	385,734	369,276
NET ASSETS	6,412,175	5,750,542
	\$ 6,797,909	\$ 6,119,818

LEASE COMMITMENTS (Note 10)

ON BEHALF OF THE BOARD


 _____ Director


 _____ Director

FUNDY COMMUNITY FOUNDATION
Statement of Operations
Year Ended December 31, 2016

	General Fund 2016	Restricted Funds 2016	Endowment Funds 2016	Total 2016	Total 2015
REVENUES					
Donations	\$ 4,570	\$ 290,300	\$ 77,646	\$ 372,516	\$ 48,835
Management fees	5,796	-	-	5,796	3,759
Flow through donations	-	8,971	-	8,971	2,069
Interest income	28,468	42,802	-	71,270	68,371
Dividend income	45,338	68,165	-	113,503	110,953
Realized capital gain (loss)	11,087	16,669	-	27,756	(61,069)
Unrealized capital gain (loss)	136,498	205,225	-	341,723	131,973
Fundraising	17,558	-	-	17,558	10,437
	249,315	632,132	77,646	959,093	315,328
EXPENDITURES					
Restricted disbursements	-	103,903	-	103,903	105,535
Community grants	47,080	-	-	47,080	30,950
Flow through grants	-	10,839	-	10,839	5,359
Administration expenses (Schedule 1)	35,779	53,206	-	88,985	88,556
Investment management fees	13,573	20,407	-	33,980	29,565
Fundraising	12,673	-	-	12,673	1,795
	109,105	188,355	-	297,460	261,760
EXCESS OF REVENUES OVER EXPENDITURES	\$ 140,210	\$ 443,777	\$ 77,646	\$ 661,633	\$ 53,568

See notes to financial statements

Spacek & Norrad

FUNDY COMMUNITY FOUNDATION
Statement of Changes in Net Assets
Year Ended December 31, 2016

	General Fund	Restricted Funds	Endowment Funds	2016	2015
NET ASSETS - BEGINNING OF YEAR (Note 2)	\$ 167,735	\$ 1,973,096	\$ 3,609,711	\$ 5,750,542	\$ 5,696,974
Excess of revenues over expenditures	140,210	443,777	77,646	661,633	53,568
NET ASSETS - END OF YEAR	\$ 307,945	\$ 2,416,873	\$ 3,687,357	\$ 6,412,175	\$ 5,750,542

See notes to financial statements

FUNDY COMMUNITY FOUNDATION**Statement of Cash Flows**

Year Ended December 31, 2016

	2016	2015
OPERATING ACTIVITIES		
Excess Of Revenues Over Expenditures	\$ 661,633	\$ 53,569
Items not affecting cash:		
Amortization of capital assets	447	-
Realized capital gain (loss)	(27,756)	61,069
Unrealized capital gain (loss)	(341,723)	(131,973)
	292,601	(17,335)
Changes in non-cash working capital:		
Accounts receivable	1,014	(1,260)
Other taxes receivable	(3,610)	44
Accounts payable	49	896
Prepaid expenses	(905)	(487)
	(3,452)	(807)
Cash flow from operating activities	289,149	(18,142)
INVESTING ACTIVITIES		
Purchase of capital assets	-	(2,236)
Proceeds from disposal of investments	1,439,580	1,557,413
Purchase of investments	(1,717,065)	(1,545,269)
Funds held on behalf of others	16,412	4,517
Cash flow from (used by) investing activities	(261,073)	14,425
INCREASE (DECREASE) IN CASH FLOW	28,076	(3,717)
Cash - beginning of year	11,891	15,608
CASH - END OF YEAR	\$ 39,967	\$ 11,891

See notes to financial statements

FUNDY COMMUNITY FOUNDATION

Notes to Financial Statements

Year Ended December 31, 2016

1. NATURE OF OPERATIONS

Fundy Community Foundation (the "Foundation") is a registered charity under the Income Tax Act (Canada) and as such is exempt from income taxes and is able to issue donation receipts for income tax purposes, provided certain requirements of the Income Tax Act continue to be met. The Foundation is classified as a public foundation, and was incorporated federally under the Canada Not-for-Profit Corporations Act.

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.

The Foundation was created to improve the quality of life for Southwest New Brunswick through the development of endowment funds, making responsible grants and fostering community leadership.

2. OPENING FUND BALANCES

Opening fund balances in the Statement of Changes in Net Assets have been restated to account for the following funds as internally restricted funds as opposed to endowment funds:

Max and Willi Wolfe Fund	\$ 104,480
Nancy Fisher Fund	1,250,000
Halina Milewski Memorial Fund	9,003
Marion White Eiseman Memorial Fund	6,920
Dr. George and Kay Dashner Fund	50,441
Smart & Caring Community Fund	1,299
The Community Fund	246,180
The Directors Fund	24,643
The Stolt Fund	6,500
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Total to reallocate	\$ 1,699,466
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Restricted Funds:	
As previously stated	\$ 273,630
Reallocation	1,699,466
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Restated	\$ 1,973,096
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Endowment Funds:	
As previously stated	\$ 5,309,177
Reallocation	(1,699,466)
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Restated	\$ 3,609,711
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FUNDY COMMUNITY FOUNDATION

Notes to Financial Statements

Year Ended December 31, 2016

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

Revenue recognition

The Foundation follows the restricted fund method of accounting for contributions.

Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions where the donor has stipulated that the contributed funds remain unspent in perpetuity are recognized as revenue in the Endowment Fund.

Cash and cash equivalents

Cash per the statement of financial position may include cash and/or cash equivalents. Cash equivalents are investments in fixed-income, highly liquid securities and are valued at cost plus accrued interest.

At year-end, there were no cash equivalents.

Cash held in investment brokers' accounts is classified as investments.

Capital assets

Capital assets are stated at cost less accumulated amortization and are amortized over their estimated useful lives at the following rates and methods:

Furniture and fixtures	20%	straight-line method
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The Foundation regularly reviews its capital assets to eliminate obsolete items.

Investments

Investments are reported at fair value using quoted market prices with changes in fair value recognized as unrealized gains or losses in net income. Transaction costs related to the purchase of investments are charged immediately to net income.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

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FUNDY COMMUNITY FOUNDATION

Notes to Financial Statements

Year Ended December 31, 2016

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Measurement uncertainty

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 and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Contributed services

The operations of the foundation depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

4. FINANCIAL INSTRUMENTS

The Foundation is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Foundation's risk exposure and concentration as of December 31, 2016.

(a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

(b) Currency risk

Currency risk is the risk to the company's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Foundation is exposed to foreign currency exchange risk on investments held in U.S. dollars.

Unless otherwise noted, it is management's opinion that the Foundation is not exposed to significant other price risks arising from these financial instruments.

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 mitigate 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 oversight of a qualified professional portfolio manager. The portfolio manager actively manages the portfolio to offset these risks.

FUNDY COMMUNITY FOUNDATION**Notes to Financial Statements****Year Ended December 31, 2016****5. MARKETABLE SECURITIES**

	2016	2015
Cash and cash equivalents	\$ 381,757	\$ 385,049
Canadian fixed income	2,146,869	2,090,703
Canadian equity	4,057,170	1,771,471
Foreign equity	161,715	1,853,327
	\$ 6,747,511	\$ 6,100,550

Investments are recorded at fair market value based on year-end quoted market prices.

6. CAPITAL ASSETS

	Cost	Accumulated amortization	2016 Net book value	2015 Net book value
Furniture and fixtures	\$ 2,236	\$ 447	\$ 1,789	\$ 2,236

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. RESTRICTED FUNDS

The Foundation's restricted funds are comprised of both internally and externally restricted funds as follows:

	2016	2015
Internally restricted	\$ 1,989,766	\$ 1,699,466
Externally restricted	427,107	273,630
	\$ 2,416,873	\$ 1,973,096

9. INTERFUND TRANSFERS

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

10. LEASE COMMITMENTS

The Foundation is party to a lease with respect to its premises, with payments of \$144 per month. The lease terminates in May, 2018.

11. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation.

FUNDY COMMUNITY FOUNDATION
Administrative expenses
December 31, 2016

(Schedule 1)

	2016	2015
ADMINISTRATIVE EXPENSES		
Wages and benefits	\$ 65,801	\$ 48,239
Amortization	447	-
Contract staff	-	11,039
Professional fees	5,003	5,085
Office and printing	5,298	10,908
Insurance	1,815	1,769
Travel and meetings	1,312	1,298
Telephone	2,523	2,201
Promotion	1,447	3,079
Rent	1,526	1,787
Conference and training	160	228
Annual report	913	630
Memberships	2,438	1,979
Bank charges	302	314
	\$ 88,985	\$ 88,556