

FUNDY COMMUNITY FOUNDATION
Financial Statements
Year Ended December 31, 2017

FUNDY COMMUNITY FOUNDATION
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Year Ended December 31, 2017

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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, 2017 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

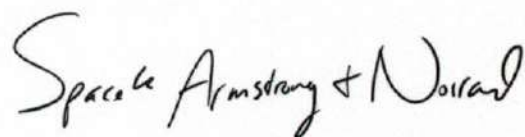
In common with many charitable organizations, Fundy Community Foundation derives revenue from donations and bequests, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year, and current assets and net assets as at December 31, 2017.

(continues)

Independent Auditor's Report to the Members 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, 2017 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.

A handwritten signature in black ink that reads "Spence Armstrong & Noisard". The signature is written in a cursive, flowing style.

Fredericton, New Brunswick
May 31, 2018

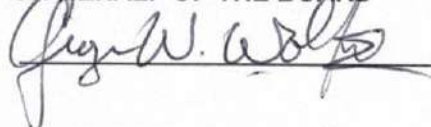
CHARTERED PROFESSIONAL ACCOUNTANTS

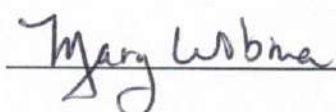
FUNDY COMMUNITY FOUNDATION
Statement of Financial Position
December 31, 2017

	2017	2016
ASSETS		
CURRENT		
Cash	\$ 58,157	\$ 39,967
Marketable securities (Note 4)	7,267,956	6,747,511
Accounts receivable	16	246
Other taxes receivable	3,220	5,953
Prepaid expenses	824	2,443
	7,330,173	6,796,120
CAPITAL ASSETS (Note 5)	3,419	1,789
	\$ 7,333,592	\$ 6,797,909
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 5,748	\$ 5,443
Funds held on behalf of other parties (Note 6)	465,010	380,291
	470,758	385,734
NET ASSETS	6,862,834	6,412,175
	\$ 7,333,592	\$ 6,797,909

LEASE COMMITMENTS (Note 9)

ON BEHALF OF THE BOARD

 Director

 Director

FUNDY COMMUNITY FOUNDATION

Statement of Operations

Year Ended December 31, 2017

	General Fund 2017	Restricted Funds 2017	Endowment Funds 2017	Total 2017	Total 2016
REVENUES					
Donations	\$ 246,434	\$ 500	\$ 87,292	\$ 334,226	\$ 372,516
Management fees	6,177	-	-	6,177	5,796
Flow through donations	-	42,535	-	42,535	8,971
Interest income	28,108	39,894	-	68,002	71,270
Dividend income	52,613	74,675	-	127,288	113,503
Realized capital gain (loss)	38,963	55,301	-	94,264	27,756
Unrealized capital gain (loss)	39,665	56,297	-	95,962	341,723
Fundraising	-	-	-	-	17,558
	411,960	269,202	87,292	768,454	959,093
EXPENSES					
Restricted disbursements	-	74,284	-	74,284	103,903
Community grants	81,850	-	-	81,850	47,080
Flow through grants	-	46,849	-	46,849	10,839
Administration expenses (Schedule 1)	33,018	56,074	-	89,092	88,985
Investment management fees	10,631	15,089	-	25,720	33,980
Fundraising	-	-	-	-	12,673
	125,499	192,296	-	317,795	297,460
EXCESS OF REVENUES OVER EXPENSES	\$ 286,461	\$ 76,906	\$ 87,292	\$ 450,659	\$ 661,633

See notes to financial statements

FUNDY COMMUNITY FOUNDATION
Statement of Changes in Net Assets
Year Ended December 31, 2017

	General Fund	Restricted Funds	Endowment Funds	2017	2016
NET ASSETS - BEGINNING OF YEAR	\$ 307,945	\$ 2,416,873	\$ 3,687,357	\$ 6,412,175	\$ 5,750,542
Excess of revenues over expenses	286,461	76,906	87,292	450,659	661,633
Transfer Nancy Fisher Fund to General (Note 8)	1,500,000	(1,500,000)	-	-	-
Transfer Max and Willi Wolfe Fund to General (Note 8)	144,480	(144,480)	-	-	-
Other transfers (Note 8)	1,558	(1,558)	-	-	-
NET ASSETS - END OF YEAR	\$ 2,240,444	\$ 847,741	\$ 3,774,649	\$ 6,862,834	\$ 6,412,175

FUNDY COMMUNITY FOUNDATION**Statement of Cash Flows**

Year Ended December 31, 2017

	2017	2016
OPERATING ACTIVITIES		
Excess Of Revenues Over Expenses	\$ 450,659	\$ 661,633
Items not affecting cash:		
Amortization of capital assets	862	447
Realized capital gain (loss)	(94,264)	(27,757)
Unrealized capital gain (loss)	(95,963)	(341,722)
	261,294	292,601
Changes in non-cash working capital:		
Accounts receivable	230	1,014
Other taxes receivable	2,733	(3,610)
Accounts payable	304	49
Prepaid expenses	1,619	(905)
	4,886	(3,452)
Cash flow from operating activities	266,180	289,149
INVESTING ACTIVITIES		
Purchase of capital assets	(2,492)	-
Proceeds from sale of marketable securities	491,561	1,439,580
Purchase of investments	(821,778)	(1,717,065)
Funds obtained, held on behalf of other parties	84,719	16,412
Cash flow used by investing activities	(247,990)	(261,073)
INCREASE IN CASH FLOW	18,190	28,076
Cash - beginning of year	39,967	11,891
CASH - END OF YEAR	\$ 58,157	\$ 39,967

FUNDY COMMUNITY FOUNDATION

Notes to Financial Statements

Year Ended December 31, 2017

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. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

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

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 as follows:

Furniture and fixtures	5 years	straight-line method
Computer equipment	3 years	straight-line method

The Foundation regularly reviews its capital assets to eliminate obsolete items.

(continues)

FUNDY COMMUNITY FOUNDATION

Notes to Financial Statements

Year Ended December 31, 2017

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments

Investments are reported at fair value based on quoted market prices. Investment income includes interest, dividends, realized gains(losses) and the net change in unrealized gains/(losses) for the year.

The fair value of investments denominated in foreign currencies are translated into Canadian dollars at the exchange rate prevailing at year-end.

Purchases and sales of investments and investment income (loss) denominated in foreign currencies are translated into Canadian dollars at the rate of exchange prevailing on the respective dates of the transactions.

Investment income is allocated to the Foundation's various funds based on the respective funds' average balance for the year and is reported in the financial statements as follows:

Endowment and Restricted Funds:

-Investment income is recognized either in the General or Restricted Funds, depending on the wishes of the donor.

-The Foundation does not maintain any Endowment funds whereby the donor has stipulated that a portion of the allocated investment income be permanently maintained.

General Fund:

-Investment income allocated to general purpose funds is recorded as income in the General Fund.

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.

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.

FUNDY COMMUNITY FOUNDATION

Notes to Financial Statements

Year Ended December 31, 2017

3. 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, 2017.

(a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. The Foundation is mainly exposed risks related to fluctuations in the market prices of its marketable securities.

(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 in the Canadian dollar amount of \$2,072,720.

All financial instruments are reported at fair value.

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 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.

4. MARKETABLE SECURITIES

	2017	2016
Cash and cash equivalents	\$ 300,484	\$ 381,757
Canadian fixed income	2,385,834	2,146,869
Canadian equity	2,508,917	4,057,170
Foreign equity	2,072,721	161,715
	\$ 7,267,956	\$ 6,747,511

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

5. CAPITAL ASSETS

	Cost	Accumulated amortization	2017 Net book value	2016 Net book value
Computer equipment	\$ 2,492	\$ 415	\$ 2,077	\$ -
Furniture and fixtures	2,236	894	1,342	1,789
	\$ 4,728	\$ 1,309	\$ 3,419	\$ 1,789

FUNDY COMMUNITY FOUNDATION**Notes to Financial Statements****Year Ended December 31, 2017****6. FUNDS HELD ON BEHALF OF OTHER PARTIES**

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

	2017	2016
Due to Sunbury Shores Arts and Nature, Inc.	\$ 355,479	\$ 380,291
Due to St. Croix Estuary Project Inc	109,531	-
	\$ 465,010	\$ 380,291

7. RESTRICTED FUNDS

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

	2017	2016
Internally restricted	\$ 346,929	\$ 1,989,766
Externally restricted	500,812	427,107
	\$ 847,741	\$ 2,416,873

Administrative expenses and investment management fees are allocated between the Foundation's general and restricted funds based on the respective funds' average balance for the year.

During the year net investment income (dividends, interest, realized/unrealized gain/loss, less allocation of investment counsel fees and administrative expenses) earned on the Foundation's Endowment Funds of \$186,961 was allocated \$32,320 to the General Fund and \$154,641 to the Restricted Funds.

8. INTERFUND TRANSFERS

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

9. 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.

FUNDY COMMUNITY FOUNDATION
Administrative expenses
December 31, 2017

(Schedule 1)

	2017	2016
ADMINISTRATIVE EXPENSES		
Wages and benefits	\$ 59,406	\$ 65,801
Amortization	862	447
Professional fees	6,393	5,003
Office and printing	4,645	5,298
Insurance	1,797	1,815
Travel and meetings	2,315	1,312
Telephone	2,571	2,523
Promotion	2,616	1,447
Rent	1,618	1,526
Conference and training	2,991	160
Annual report	895	913
Memberships	2,666	2,438
Bank charges	317	302
	\$ 89,092	\$ 88,985
