

# **Fundy Community Foundation**

Financial Statements

December 31, 2012

*Wilshaw & Associates Professional Corporation*

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April 4, 2013

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

I have audited the accompanying financial statements of **Fundy Community Foundation** which comprise the statement of financial position as at December 31, 2012, 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 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*

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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 upon 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 and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

*Wilshaw & Associates Professional Corporation*

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

***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, my verification of these revenues was limited to the amounts recorded in the records of the organization and I was not able to determine whether any adjustments might be necessary to revenues, excess of revenue over expenses, assets, and surplus.

***Comparative Information***

Without modifying our opinion, we draw attention to note 2 to the financial statements which describes that the organization adopted Canadian Accounting Standards for Not-For-Profit Organizations (ASNFPO) on January 1, 2012 with a transition date of January 1, 2011. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statements of financial position as at December 31, 2010 and January 1, 2011, and the statements of operations and changes in net assets and cash flows for the year ended December 31, 2011 and related disclosures. We were not engaged to report on the restated comparative information and, as such it is unaudited.

***Qualified Opinion***

In my 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, 2012, and the results of its operations for the year then ended in accordance with Canadian Accounting Standards for Not-For-Profit Organizations.

**Chartered Accountant**

# Fundy Community Foundation

## Statement of Financial Position

As at December 31, 2012

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	December 31 2012 \$	December 31 2011 \$	January 1 2011 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash	24,530	69,270	33,070
Investments (notes 5 and 7)	3,852,525	3,353,625	3,425,765
Accounts receivable	300	-	215
HST recoverable	5,673	4,481	3,082
Prepaid expenses	967	780	709
	<u>3,883,995</u>	<u>3,428,156</u>	<u>3,462,841</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	11,723	7,843	6,165
Funds held on behalf of others (note 7)	318,747	-	-
	<u>330,470</u>	<u>7,843</u>	<u>6,165</u>
<b>Net assets</b>			
<b>General fund</b>	51,313	21,792	43,202
<b>Restricted funds</b>	(94,534)	(124,018)	(44,733)
<b>Endowment funds</b>	<u>3,596,746</u>	<u>3,522,539</u>	<u>3,458,207</u>
	<u>3,553,525</u>	<u>3,420,313</u>	<u>3,456,676</u>
	<u>3,883,995</u>	<u>3,428,156</u>	<u>3,462,841</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, 2012

	General Fund		Restricted Funds		Endowment Funds		Combined	
	2012 \$	2011 \$	2012 \$	2011 \$	2012 \$	2011 \$	2012 \$	2011 \$
<b>Revenue</b>								
Donations	11,661	6,451	-	-	74,207	64,332	85,868	70,783
PNB grant	-	-	-	60,938	-	-	-	60,938
PNB administration grant	6,116	6,562	-	-	-	-	6,116	6,562
Management fees	3,611	-	-	-	-	-	3,611	-
Flow through donations	-	-	3,110	4,035	-	-	3,110	4,035
Interest income	10,387	10,670	49,834	55,943	-	-	60,221	66,613
Dividend income	11,043	9,367	52,981	49,109	-	-	64,024	58,476
Realized capital gain (loss)	1,824	(2,682)	8,750	(14,060)	-	-	10,574	(16,742)
Unrealized capital gain (loss)	23,303	(9,047)	111,795	(47,433)	-	-	135,098	(56,480)
Fundraising	12,406	11,805	-	-	-	-	12,406	11,805
	80,351	33,126	226,470	108,532	74,207	64,332	381,028	205,990
<b>Expenditures</b>								
Restricted disbursements	-	-	80,110	100,237	-	-	80,110	100,237
Community grants	16,150	16,550	-	-	-	-	16,150	16,550
Flow through grants	-	-	8,110	8,225	-	-	8,110	8,225
Administration expenses (schedule)	27,583	32,405	52,342	41,978	-	-	79,925	74,383
Investment management fees	5,042	3,195	16,121	16,752	-	-	21,163	19,947
PNB Grant expense	-	-	40,303	20,625	-	-	40,303	20,625
Fundraising	2,055	2,386	-	-	-	-	2,055	2,386
	50,830	54,536	196,986	187,817	-	-	247,816	242,353
<b>Excess revenue (expenditures) for the year</b>	29,521	(21,410)	29,484	(79,285)	74,207	64,332	133,212	(36,363)
<b>Net assets – Beginning of year</b>	21,792	43,202	(124,018)	(44,733)	3,522,539	3,458,207	3,420,313	3,456,676
<b>Net assets – End of year</b>	51,313	21,792	(94,534)	(124,018)	3,596,746	3,522,539	3,553,525	3,420,313

# Fundy Community Foundation

## Statement of Cash Flows

For the year ended December 31, 2012

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	2012 \$	2011 \$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess revenue (expenditures) for the year	133,212	(36,363)
Items not affecting cash		
Realized capital (gain) loss	(10,574)	16,742
Unrealized capital (gain) loss	(135,098)	56,480
	(12,460)	36,859
Changes in non-cash working capital		
Accounts receivable	(300)	215
HST recoverable	(1,192)	(1,397)
Prepaid expenses	(187)	(71)
Accounts payable and accrued liabilities	3,880	1,676
	(10,259)	37,282
<b>Investing activities</b>		
Purchase of investments	(2,160,455)	(1,310,153)
Proceeds from disposal of investments	1,807,227	1,309,071
Funds held on behalf of others	318,747	-
	(34,481)	(1,082)
<b>Increase (decrease) in cash</b>	(44,740)	36,200
<b>Cash – Beginning of year</b>	69,270	33,070
<b>Cash – End of year</b>	24,530	69,270

# Fundy Community Foundation

Notes to Financial Statements

December 31, 2012

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## 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 purpose of the Foundation is to advance education, promote and advance social and health programs, support and advance awareness of community heritage and local cultural traditions and to encourage and support innovative approaches to community based management and stewardship of land, natural resources and the environment.

## 2 Adoption of Canadian Accounting Standards for Not-For-Profit Organizations

Effective January 1, 2012 the organization adopted the requirements of the Canadian Institute of Chartered Accountants (CICA) Handbook – Accounting, electing to adopt the new accounting framework; Canadian Accounting Standards for Not-For-Profit Organizations. These are the organization’s first financial statements prepared in accordance with these Canadian Accounting Standards for Not-For-Profit Organizations which have been applied retrospectively. The adoption of these accounting standards has resulted in the segregation of endowment funds which were previously included in the general fund or the restricted fund.

## 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 for 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 and 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, 2012

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## 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 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, 2012

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## 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:

	2012	2011
	\$	\$
Cash & cash equivalents	320,594	241,410
Canadian fixed income	1,435,257	1,433,108
Canadian equity	1,183,842	1,003,740
Foreign equity	912,832	675,367
	<u>3,852,525</u>	<u>3,353,625</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, as such, 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 liability amount as these funds may be withdrawn at any time.

## 8 Comparative figures

Certain comparative figures have been reclassified to conform to presentation adopted in the current year.

# Fundy Community Foundation

## Schedule of Administration Expenses

For the year December 31, 2012

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	2012	2011
	\$	\$
<b>Expenses</b>		
Wages and benefits	45,410	45,352
Contract staff	4,206	721
Professional fees	11,124	7,213
Office and printing	3,079	3,594
Insurance	1,626	1,673
Travel and meetings	5,284	3,702
Telephone	2,122	2,071
Promotion	1,749	473
Rent	1,926	1,800
Conferences and training	981	5,477
Annual report	1,193	1,193
Memberships	952	921
Bank charges	273	193
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	79,925	74,383
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