

FUNDY COMMUNITY FOUNDATION
Financial Statements
Year Ended December 31, 2023

FUNDY COMMUNITY FOUNDATION
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Year Ended December 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Members of Fundy Community Foundation

Opinion

We have audited the financial statements of Fundy Community Foundation (the "organization"), which comprise the statement of financial position as at December 31, 2023, and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2023, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the organization in accordance with ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, 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.

In preparing the financial statements, management is responsible for assessing the organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Fredericton, New Brunswick
May 15, 2024

CHARTERED PROFESSIONAL ACCOUNTANTS

FUNDY COMMUNITY FOUNDATION**Statement of Financial Position****December 31, 2023**

	2023	2022
ASSETS		
CURRENT		
Cash	\$ 97,217	\$ 123,794
Marketable securities (Note 4)	8,786,228	8,311,671
HST receivable	4,144	4,408
Prepaid expenses	3,260	3,083
	8,890,849	8,442,956
CAPITAL ASSETS (Note 5)	848	2,537
	\$ 8,891,697	\$ 8,445,493
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities (Note 6)	\$ 21,875	\$ 13,554
Deferred revenue	-	25,000
Funds held on behalf of other parties (Note 7)	631,829	633,686
	653,704	672,240
NET ASSETS	8,237,993	7,773,253
	\$ 8,891,697	\$ 8,445,493

ON BEHALF OF THE BOARD_____
*Director*_____
Director

See notes to financial statements

FUNDY COMMUNITY FOUNDATION
Statement of Revenues and Expenditures
Year Ended December 31, 2023

	General Fund 2023	Restricted Funds 2023	Endowment Funds 2023	Total 2023	Total 2022
REVENUES					
Donations	\$ 76,171	\$ 152,723	\$ 222,590	\$ 451,484	\$ 375,348
Management fees	9,612	-	-	9,612	9,349
Interest income	19,742	34,587	-	54,329	42,497
Dividend income	70,054	122,894	-	192,948	224,693
Realized capital gain (loss)	7,442	12,349	-	19,791	237,995
Change in unrealized capital gain	156,703	271,632	-	428,335	(807,264)
	339,724	594,185	222,590	1,156,499	82,618
EXPENSES					
Restricted disbursements	-	187,156	-	187,156	165,310
Community grants	94,425	-	-	94,425	112,690
Flow through grants	-	166,304	-	166,304	55,900
Community projects	-	-	-	-	6,400
Operating expenses (Schedule 1)	81,946	127,822	-	209,768	205,320
Investment management fees	12,387	21,718	-	34,105	33,665
	188,758	503,000	-	691,758	579,285
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ 150,966	\$ 91,185	\$ 222,590	\$ 464,741	\$ (496,667)

See notes to financial statements

FUNDY COMMUNITY FOUNDATION
Statement of Changes in Net Assets
Year Ended December 31, 2023

	General Fund	Restricted Funds	Endowment Funds	2023	2022
NET ASSETS - BEGINNING OF YEAR	\$ 2,804,180	\$ 320,899	\$ 4,648,173	\$ 7,773,252	\$ 8,269,919
Excess (Deficiency) of revenues over expenses	150,966	91,185	222,590	464,741	(496,667)
Transfers during the year <i>(Note 9)</i>	1,450	9,532	(10,982)	-	-
NET ASSETS - END OF YEAR	\$ 2,956,596	\$ 421,616	\$ 4,859,781	\$ 8,237,993	\$ 7,773,252

See notes to financial statements

FUNDY COMMUNITY FOUNDATION**Statement of Cash Flows****Year Ended December 31, 2023**

	2023	2022
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ 464,741	\$ (496,667)
Items not affecting cash:		
Amortization of capital assets	1,689	2,832
Realized capital (gain) loss	(19,790)	(237,995)
Change in unrealized capital gain	(428,334)	807,264
	18,306	75,434
Changes in non-cash working capital:		
HST receivable	264	(297)
Accounts payable	8,323	(7,225)
Deferred revenue	(25,000)	25,000
Prepaid expenses	(177)	(360)
	(16,590)	17,118
Cash flow from operating activities	1,716	92,552
INVESTING ACTIVITIES		
Proceeds from sale of marketable securities	1,653,967	1,712,309
Purchase of investments	(1,630,404)	(1,719,708)
Funds obtained, held on behalf of other parties (net of disbursements)	(45,000)	20,000
Allocation of income to funds held on behalf of other parties	(6,856)	(34,922)
Cash flow used by investing activities	(28,293)	(22,321)
INCREASE (DECREASE) IN CASH FLOW	(26,577)	70,231
Cash - beginning of year	123,794	53,563
CASH - END OF YEAR	\$ 97,217	\$ 123,794

See notes to financial statements

FUNDY COMMUNITY FOUNDATION

Notes to Financial Statements

Year Ended December 31, 2023

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 Southwestern 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 and cash equivalents held in investment brokers' accounts is classified as marketable securities.

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FUNDY COMMUNITY FOUNDATION

Notes to Financial Statements

Year Ended December 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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 and software	3 years	straight-line method

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

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 to 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 quarterly balance 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.

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FUNDY COMMUNITY FOUNDATION

Notes to Financial Statements

Year Ended December 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

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, 2023.

(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 \$3,493,524.

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

	2023	2022
Cash and cash equivalents	\$ 14,585	\$ 147,982
Canadian fixed income	3,064,204	2,787,717
Canadian equity	2,213,915	2,007,048
Foreign equity	3,493,524	3,368,924
	\$ 8,786,228	\$ 8,311,671

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

FUNDY COMMUNITY FOUNDATION**Notes to Financial Statements****Year Ended December 31, 2023****5. CAPITAL ASSETS**

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Computer equipment and software	\$ 11,562	\$ 11,193	\$ 369	\$ 1,107
Furniture and fixtures	6,994	6,515	479	1,430
	\$ 18,556	\$ 17,708	\$ 848	\$ 2,537

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2023	2022
Trade payables	\$ 2,624	\$ 1,656
Accruals	8,946	8,805
Employee deductions payable	3,030	3,093
Scholarship payable	7,275	-
	\$ 21,875	\$ 13,554

7. 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.

	2023	2022
Due to Sunbury Shores Arts and Nature, Inc.	\$ 536,558	\$ 544,661
Due to St. Croix Estuary Project Inc.	95,271	89,025
	\$ 631,829	\$ 633,686

FUNDY COMMUNITY FOUNDATION

Notes to Financial Statements

Year Ended December 31, 2023

8. RESTRICTED FUNDS

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

	2023	2022
Internally restricted	\$ 344,931	\$ 234,525
Externally restricted	76,685	86,374
	\$ 421,616	\$ 320,899

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

During the year net investment income (loss) (dividends, interest, realized/unrealized gain (loss), less allocation of investment management fees and administrative expenses) earned (loss) on the Foundation's Endowment Funds of \$339,686 (2022: (\$658,290)) was allocated \$123,059 (2022: (\$250,138)) to the General Fund, and \$216,627 (2022: (\$408,152)) to the Restricted Funds.

9. INTERFUND TRANSFERS

Interfund transfers recognizes Board decisions to move amounts from one fund to another based on the Board's direction for use. The Foundation consults and, where necessary, receives consent from original donors when moving funds from one classification to another.

10. LEASE COMMITMENTS

The Foundation is party to a lease with respect to its premises, with payments of \$218 per month. The lease terminates May 31, 2024.

FUNDY COMMUNITY FOUNDATION**Operating expenses****(Schedule 1)****Year Ended December 31, 2023**

	2023	2022
OPERATING EXPENSES		
Wages and benefits	\$ 156,878	\$ 152,650
Amortization expense	1,689	2,832
Professional Fees	10,733	10,370
Office	7,111	8,488
Software Expense	13,342	12,326
Insurance	2,068	2,021
Travel and meetings	1,342	1,398
Telephone	2,911	3,220
Advertising	575	3,870
Office Rent	2,815	2,424
Training, net of reimbursements	2,962	(1,088)
Annual Report	3,125	2,208
Dues & Memberships	2,782	3,278
Bank charges	1,435	1,323
	\$ 209,768	\$ 205,320