

THE FREDERICTON COMMUNITY FOUNDATION INC.

FINANCIAL STATEMENTS

JUNE 30, 2019

THE FREDERICTON COMMUNITY FOUNDATION INC.

TABLE OF CONTENTS

JUNE 30, 2019

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	1 - 2
FINANCIAL STATEMENTS:	
STATEMENT OF FINANCIAL POSITION	3
STATEMENT OF OPERATIONS AND FUND BALANCES	4
STATEMENT OF CASH FLOWS	5
NOTES TO THE FINANCIAL STATEMENTS	6 - 18

Shannon & Buffett, LLP

Chartered Professional Accountants

Hal C. Buffett, CPA, CA Garry L. Armstrong, CPA, CA
Claude C. Leger, CPA, CA Ron W. Sauntry, CPA, CA

September 20, 2019

INDEPENDENT AUDITORS' REPORT

To The Board of Directors of The Fredericton Community Foundation Inc.:

Report on the Financial Statements

Opinion

We have audited the financial statements of Fredericton Community Foundation Inc. (the Foundation), which comprise the statement of financial position as at June 30, 2019, and the statement of operations, statement of fund balances and statement of 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 Fredericton Community Foundation Inc. as at June 30, 2019, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for Not-For-Profit Organizations.

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 Foundation in accordance with the 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 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.

In preparing the financial statements, management is responsible for assessing the Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

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

Continued...

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:

- 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 Association'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 Association'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 Association 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.


Chartered Professional Accountants

THE FREDERICTON COMMUNITY FOUNDATION INC.

STATEMENT OF FINANCIAL POSITION - JUNE 30, 2019

	<u>2019</u>	<u>2018</u>
<u>ASSETS</u>		
Cash	\$ 320,715	\$ 563,799
Investments (note 3)	18,883,663	17,138,334
Accounts receivable	17,424	13,289
Life insurance (note 4)	<u>131,643</u>	<u>130,978</u>
	<u>\$19,353,445</u>	<u>\$17,846,400</u>
<u>LIABILITIES AND FUNDS</u>		
Liabilities:		
Accounts payable and accrued liabilities	\$ 16,667	\$ 16,027
Managed funds (note 5)	<u>2,868,073</u>	<u>2,698,185</u>
	<u>2,884,740</u>	<u>2,714,212</u>
Foundation Funds:		
Community funds (note 6)	4,065,536	4,049,756
Designated funds (note 7)	<u>12,403,169</u>	<u>11,082,432</u>
	<u>16,468,705</u>	<u>15,132,188</u>
	<u>\$19,353,445</u>	<u>\$17,846,400</u>

See accompanying notes to the financial statements.

On Behalf of the Board:

Director _____

Director _____

THE FREDERICTON COMMUNITY FOUNDATION INC.

STATEMENT OF OPERATIONS AND FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2019

	<u>Community</u>	<u>Designated</u>	<u>2019 Total</u>	<u>2018 Total</u>
Contributions	\$ 99,994	\$ 1,658,947	\$ 1,758,941	\$ 960,984
Interest and dividends	126,699	369,136	495,835	449,484
Realized gains (loss)	(44,021)	(125,867)	(169,888)	107,155
Unrealized gains	41,820	133,999	175,819	187,105
Other income (note 10)	96,770	-	96,770	99,790
Grants (note 8)	(147,345)	(492,734)	(640,079)	(516,420)
Expenses (note 9)	(129,629)	(176,787)	(306,416)	(244,370)
Investment management fees	(19,083)	(55,382)	(74,465)	(69,753)
Transfers	<u>(9,425)</u>	<u>9,425</u>	<u>-</u>	<u>-</u>
Change in fund balances	15,780	1,320,737	1,336,517	973,975
Fund balance, beginning of year	<u>4,049,756</u>	<u>11,082,432</u>	<u>15,132,188</u>	<u>14,158,213</u>
Fund balance, end of year	<u>\$ 4,065,536</u>	<u>\$12,403,169</u>	<u>\$16,468,705</u>	<u>\$15,132,188</u>

See accompanying notes to the financial statements.

THE FREDERICTON COMMUNITY FOUNDATION INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2019

	<u>2019</u>	<u>2018</u>
CASH GENERATED FROM (USED IN):		
OPERATING ACTIVITIES:		
Change in fund balances	\$ 1,336,517	\$ 973,975
Changes in:		
- Accounts receivable	(4,135)	4,241
- Accounts payable and accrued liabilities	<u>640</u>	<u>1,206</u>
	<u>1,333,022</u>	<u>979,422</u>
FINANCING AND INVESTING ACTIVITIES:		
Increase in investments (net)	(1,745,329)	(1,109,487)
(Increase) decrease in cash surrender portion of life insurance policies	(665)	989
Increase in managed funds	<u>169,888</u>	<u>213,116</u>
	<u>(1,576,106)</u>	<u>(895,382)</u>
INCREASE (DECREASE) IN CASH, for the year	(243,084)	84,040
CASH, beginning of year	<u>563,799</u>	<u>479,759</u>
CASH, end of year	<u>\$ 320,715</u>	<u>\$ 563,799</u>

See accompanying notes to the financial statements.

THE FREDERICTON COMMUNITY FOUNDATION INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019

1. The Organization:

The Fredericton Community Foundation Inc. (the "Foundation") is a Public Foundation and registered charity founded in 1956 for the purposes of promoting educational advancement and scientific or medical research for the increase of human knowledge and the alleviation of human suffering; to better the lot of underprivileged or delinquent persons; to provide care for needy men, women and children, and in particular sick, aged, destitute and helpless; and to provide for such other charitable purposes as may in the discretion of the Board appear to contribute to the mental, moral, cultural, and physical or other improvement of the inhabitants of the City of Fredericton and surrounding areas.

The Mission of the Foundation is "to enhance and strengthen the quality of life of all citizens in the Greater Fredericton Region through ambitious and meaningful grantmaking. The Foundation proactively engages in community leadership, and the development and stewardship of new funds."

Foundation Funds -

Foundation funds are normally maintained in perpetuity. Foundation funds consist of:

Community Funds

These are permanent endowment funds for which donors grant discretion to the Foundation consistent with the objectives of the Foundation.

Donor-Advised Fund

Donors have ongoing participation in the selection of charities that will benefit from their gift.

Field of Interest Fund

Donors identify an area of interest to which they would like to target their support.

Flow-Through Fund

A fund where the gift is not intended to be held in perpetuity but rather to be distributed on a pre-planned basis.

Designated Fund

Donors have the opportunity to specify, at the time the fund is established, which particular charities they would like to support in perpetuity.

THE FREDERICTON COMMUNITY FOUNDATION INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019

1. The Organization (continued):

Foundation Funds (continued) -

Managed Funds

Managed funds, owned by other charitable organizations and administered by the Foundation, are commingled with Foundation assets.

2. Significant accounting policies:

These financial statements are prepared in accordance with Canadian Accounting Standards for Not-For-Profit-Organizations and include the following significant accounting policies:

(a) Financial instruments -

The Foundation initially records all financial assets and liabilities including investments at fair value. All financial assets and liabilities are subsequently measured at fair value at each reporting period. The Foundation's investments in Guaranteed Investment Certificates, bonds and equities are recorded at quoted market value. Interest and dividends, realized and unrealized capital gains and losses and investment management fees are included in income in the statement of operations and fund balances for the year.

The Foundation's receivables, payables and accruals, are carried at amortized cost which approximates fair market value due to their short term to maturity.

(b) Use of estimates -

In preparing the Foundation's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

(c) Cash and cash equivalents -

Current year cash and cash equivalents include cash on hand. Cash held by investment managers is included in investments and are excluded from Cash and cash equivalents for the purposes of the statement of cash flows.

THE FREDERICTON COMMUNITY FOUNDATION INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019

2. Significant accounting policies (continued):

(d) Contributions -

The Foundation follows the restricted fund method of accounting for permanent endowment fund contributions. Contributions are recognized when the amount can be reasonably estimated and collection is assured.

3. Investments:

	<u>2019</u>	<u>%</u>	<u>2018</u>	<u>%</u>
Cash, cash equivalents and accrued interest	\$ <u>837,017</u>	<u>4.5</u>	\$ <u>708,765</u>	<u>4.1</u>
Fixed income:				
Interest-bearing securities	<u>6,687,679</u>	<u>35.4</u>	<u>5,054,363</u>	<u>29.5</u>
Preferred shares	<u>2,116,442</u>	<u>11.2</u>	<u>1,840,852</u>	<u>10.7</u>
	<u>8,804,121</u>	<u>46.6</u>	<u>6,895,215</u>	<u>40.2</u>
Equities:				
Canada	<u>4,426,261</u>	<u>23.4</u>	<u>4,829,309</u>	<u>28.2</u>
United States	<u>2,553,928</u>	<u>13.5</u>	<u>2,377,996</u>	<u>13.9</u>
International	<u>2,262,336</u>	<u>12.0</u>	<u>2,327,049</u>	<u>13.6</u>
	<u>9,242,525</u>	<u>48.9</u>	<u>9,534,354</u>	<u>55.7</u>
	<u>\$18,883,663</u>	<u>100</u>	<u>\$17,138,334</u>	<u>100</u>

4. Life insurance:

The Foundation is the beneficiary and owner named under whole life insurance policies as follows:

	<u>Face Value</u>	<u>Cash Surrender Value</u> <u>2019</u>	<u>2018</u>
Whole life policies	\$ <u>725,995</u>	\$ <u>131,643</u>	\$ <u>130,978</u>

The cash surrender value is recorded as an asset. As the timing of the realization of amounts in excess of the cash surrender value is not certain, the Foundation will record the benefits when the timing becomes certain.

THE FREDERICTON COMMUNITY FOUNDATION INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019

5. Managed Funds:

	Fredericton Association for Community Living	B. Oreto Needy Kids Program	United Way Forever Fund	Fredericton SPCA	Rotary Club of Fredericton	Literacy Coalition	Fredericton Trails Coalition Fund	New Brunswick Association for Community Living	Fredericton Public Library Fund	2019	2018
Contributions	\$ -	\$ -	\$ 129,708	\$ -	\$ -	\$ 8,400	\$ -	\$ 4,117	\$ 50,000	\$ 192,225	\$ 243,119
Interest and dividends	6,143	7,190	43,165	1,518	5,807	11,413	1,132	1,315	10,810	88,493	79,692
Realized gains	(2,121)	(2,546)	(15,047)	(524)	(2,005)	(3,886)	(391)	(427)	(3,913)	(30,860)	18,892
Unrealized gains	2,200	2,040	12,252	544	2,080	4,565	405	704	3,371	28,161	33,335
Administrative fees	(1,319)	(1,547)	(9,270)	(326)	(1,248)	(2,449)	(243)	(281)	(2,309)	(18,992)	(17,686)
Investment management fees	(924)	(1,082)	(6,484)	(228)	(873)	(1,715)	(170)	(197)	(1,617)	(13,290)	(12,362)
Withdrawals	-	(9,430)	(57,500)	-	-	-	-	-	(8,919)	(75,849)	(131,874)
Changes during the year	3,979	(5,375)	96,824	984	3,761	16,328	733	5,231	47,423	169,888	213,116
Balance, beginning of year	190,026	227,660	1,332,200	46,960	179,620	348,339	35,000	38,383	299,997	2,698,185	2,485,069
Balance, end of year	\$ 194,005	\$ 222,285	\$ 1,429,024	\$ 47,944	\$ 183,381	\$ 364,667	\$ 35,733	\$ 43,614	\$ 347,420	\$ 2,868,073	\$ 2,698,185

The Foundation allocates income to new funds in the first quarter following their receipt; therefore funds received in the fourth quarter of the final year will not have any income allocated to them as at year end.

φ

Shannon & Buffett, LLP
Chartered Professional Accountants

THE FREDERICTON COMMUNITY FOUNDATION INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019

6. Community Funds:

The capital of the Community Funds is comprised of unrestricted donations and earnings. Grants from this fund are distributed at the discretion of the Foundation Board.

	<u>2019</u>	<u>2018</u>
Community Fund	\$ 3,093,334	\$ 3,128,171
Named Funds:		
Perley and Phyllis Estey Fund	112,807	111,446
Dr. Donald Morgan Memorial Fund	38,051	37,592
J.T. Clark Family Foundation Fund	191,019	188,715
David Cornish Memorial Fund	48,763	48,175
Frank and Mary Morrison Memorial Fund	38,209	37,748
Kileel Family Fund	10,970	10,838
Emerging Fredericton Green Fund	4,021	3,973
Richard and Margie Clark Family Fund	48,890	44,693
Don and Yvonne Crawford Fund	15,824	15,633
Ginger Design Fund	12,516	10,191
Margaret, Reg and Nancy Gilbert Fund	176,785	148,174
John L. Bird Memorial Fund	15,972	15,779
John and Pam Clark Fund	25,131	23,192
G. Bert Edney Memorial Fund	15,947	15,755
Board Legacy Fund	143,895	140,433
Madeline Holmes Fund	63,395	62,630
Emerging 100 Women Who Care Fund	6,699	6,618
Emerging Clark Quinlan Fund	<u>3,308</u>	<u>-</u>
	<u>\$ 4,065,536</u>	<u>\$ 4,049,756</u>

The Foundation allocates income to specific newly Named Funds in the first quarter following their classification as a Named Fund. Therefore certain funds will not have any income specifically allocated to them as at year end.

THE FREDERICTON COMMUNITY FOUNDATION INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019

7. Designated Funds:

The capital of the Designated Funds is comprised of restricted donations and earnings. Grants from these funds are distributed based on directions provided at the time the fund is established.

	<u>2019</u>	<u>2018</u>
Marjorie and Ted Atkinson Music Fund	\$ 18,421	\$ 18,812
Science East Science Centre Legacy Fund	20,765	10,990
Mrs. W.G. Clark Fund	22,862	23,475
Ben and Faye Medjuck Fund	11,922	12,239
Estate of Ottis Logue Fund	688,844	707,275
Mrs. Pearl Colwell Fund	11,705	12,019
Alden R. Clark – Home Plate Fund	16,146	16,577
T. Washburn Memorial Scholarship	438,771	444,101
John A.G. Page Fund	22,525	23,127
Estate of Frank F. Creighton Fund	520,936	534,870
Duffie – Crowell Tapestry Fund	332,009	338,331
Crowell Medically Disabled Fund	97,691	100,304
McKnight Memorial Fund	11,707	12,019
Fredericton SPCA Fund	120,227	123,440
Brigadier A.C. Ross Trust Fund	26,380	27,086
IODE A.R. Clark Scholarships Fund	58,458	60,022
John and Ethlewyn McKnight Fund	11,705	12,017
W. Hedley Wilson Estate Fund	29,248	30,031
Friends of Transition House Fund	59,484	61,014
Marianne Limpert Scholarship Fund	27,692	27,856
Bill McCauley Memorial Music Scholarship Fund	45,902	47,130
Reg Wheaton Memorial Fund	65,602	66,761
M.A. Crowell Nursing Scholarship Fund	47,184	48,456
Timmy Munn Scholarship Fund	52,693	52,244
Timmy Munn Minor Hockey Fund	50,255	51,600
Fredericton Playhouse Endowment Fund	56,110	57,611
Canadian Diabetes Association Fund	56,110	57,611
M.A. Crowell Children's Education Fund	83,850	86,092
Meighen Administration Fund	199,495	204,830
Philip O'Leary Trust Fund	32,209	32,950
George and Ellen MacGillivray Trust Fund	164,008	168,395
Council of the Arts Fredericton Fund	16,647	21,425
Provincial Artisans Bursary Fund	532,138	541,507
Nancy Gwen Hicks Memorial Fund	64,192	65,396
Peter Adams Fund	33,885	33,614
Chamber of Commerce Scholarship Fund	53,777	46,338
Bliss McDade Fund	<u>40,600</u>	<u>40,502</u>
<i>Subtotal</i>	<u>4,142,155</u>	<u>4,218,067</u>

THE FREDERICTON COMMUNITY FOUNDATION INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019

7. Designated Funds (continued):

	<u>2019</u>	<u>2018</u>
<i>Balance forward</i>	\$ 4,142,155	\$ 4,218,067
Joslin Scholarship Fund	171,230	175,139
Susan Watson Fredericton SPCA Fund	57,083	58,610
Brian Jones Fund	11,868	12,185
WAP-MAP Fund	137,358	140,217
Emerging Khushaim Fund	2,010	1,986
Kids Having Fun Fund	14,235	13,517
Earl and Sandy Brewer Scholarship Fund	-	26,627
CT Simmons Youth Athletic Fund	10,446	10,722
Rosemary's SPCA Fund	305,531	313,703
Rosemary's Bursary Fund	359,945	367,925
Rosemary's Place Fund	212,058	217,719
Fonds Communautaire Sainte Anne Community Fund	10,911	10,927
Listuguj Community Fund	26,793	26,471
K & F Machin Fund for Animals	551,828	566,549
Emerging George & Helen Colter Fund	5,530	3,348
FCF Administration Fund	314,064	304,786
Beairsto Family Fund	15,469	15,859
Isabel Adams Coburn Scholarship Fund	84,860	87,644
Fredericton Botanic Garden Fund	60,461	60,901
Florence & Helen Hughes Fund	30,100	29,737
NB Filmmakers Cooperative Limited	59,812	59,090
Musical Ventures Inc.	69,786	68,944
Connexion Artists	32,963	32,565
Fredericton Trails Coalition Trail Fund	101,221	100,000
Tara Savage Memorial Trail Fund	101,269	100,000
Emerging York Care Foundation Fund	810	800
Northrup Frye Int'l Literacy Festival	361,643	-
James Andow Scholarship Fund	10,266	-
Brendon Oreto Foundation Bursary Funds	35,206	-
New Brunswick Foundation for the Arts	184,783	-
Dr. Gerald & Leta Clayden Fund	<u>100,804</u>	<u>-</u>
<i>Subtotal</i>	<u>7,582,498</u>	<u>7,024,038</u>

THE FREDERICTON COMMUNITY FOUNDATION INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019

7. Designated Funds (continued):

	<u>2019</u>	<u>2018</u>
<i>Balance forward</i>	\$ 7,582,498	\$ 7,024,038
Donor Advised Funds:		
Housing First Fund	690,192	470,633
MacPherson Family Fund	108,163	110,788
Jackson Wright Youth Fund	65,635	64,271
Hatheway Family Fund	62,730	76,912
Mais Reynolds Fund	57,784	59,104
Mike Fitzgerald Memorial Fund	116,730	111,473
Fred & Gladys Memorial Fund	59,440	49,304
Ralph and Janet Shears Humanitarian Fund	371,731	342,336
Sara Burns Police Memorial Fund	488,484	-
Cst. Robb Costello Memorial Fund	42,358	-
Field of Interest Funds:		
Isaac's Way Children in the Arts Fund	11,587	10,659
Jim & Beth Clark Fund	560,899	530,842
McDougall Family Fund	10,479	10,461
Rosemary's Youth Fund	296,265	303,399
Rosemary's Legacy Fund	492,962	504,831
Simmonds Family Fund	12,525	12,689
Lillian E. Covey Music Fund	530,172	544,079
Blanchard Family Poverty Reduction Fund	54,140	55,417
Creed Beattie Fund	135,945	139,220
Jeff McGuigan Memorial Fund for Mental Health	127,001	123,683
Rosemary's Pantry	514,262	526,846
Fredkid Fund	<u>11,187</u>	<u>11,447</u>
	<u>\$12,403,169</u>	<u>\$11,082,432</u>

8. Grants made from Funds:

	<u>Amount</u>
Grants from Community Funds:	
Ability New Brunswick	\$ 4,600
Adult Literacy Fredericton	1,000
Autism Connections Fredericton	2,500
Beaverbrook Art Gallery	4,290
Beaverbrook Auditorium - Theatre New Brunswick	1,390
Camp Kerry Society	4,640
Canadian Deafblind Association	25
Cat Rescue Maritimes (CARMA) - Fredericton Branch	2,895
Chimo Helpline	6,000
CISV Fredericton Chapter	2,000
CNIB	3,000
Ducks Unlimited Canada	<u>2,200</u>
<i>Subtotal</i>	<u>34,540</u>

THE FREDERICTON COMMUNITY FOUNDATION INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019

8. Grants made from Funds (continued):

	<u>Amount</u>
Grants from Community Funds (continued):	
<i>Balance forward</i>	\$ 34,540
Earth Rangers	3,000
Family Enrichment and Counselling	15,000
Fredericton Botanic Garden Association	2,000
Fredericton Homeless Shelter	11,020
Fredericton YMCA	2,000
Frontier College	5,000
John Howard Society of Fredericton	4,000
Kids Help Phone	685
Kingswood Turnaround Achievement Awards	5,000
L'Arche Fredericton Inc.	4,500
Learning Disabilities Association of New Brunswick	1,000
Minister of Finance - Ecole Sainte Anne	100
Minister of Finance - Fredericton High School	4,155
Minister of Finance - Leo Hayes High School	100
Musical Ventures Inc.	3,000
Nature Conservancy of Canada - Atlantic Region	2,000
NB Community College	4,000
NB Sports Hall of Fame	3,000
Opal Family Services	9,000
Partners for Youth	10,000
Pine Grove Foundation	5,000
Roots of Empathy	370
Solo Chicken Productions	4,000
Sport NB - Fredericton Synchronized Swimming Club	4,000
St. Thomas University	4,000
University of New Brunswick	4,000
Youth in Transition - Chrysalis House	<u>2,875</u>
	<u>147,345</u>
 Total Grants from Community Funds	 147,345
 Total Grants from Designated Funds	 <u>492,734</u>
 Total Grants from Community and Designated Funds	 <u>\$ 640,079</u>

THE FREDERICTON COMMUNITY FOUNDATION INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019

9. Expenses:

	<u>2019</u>	<u>2018</u>
Advertising and promotion	\$ 5,478	\$ 5,136
Education and training	27	115
Interest and service charges	6,364	2,908
Liability and office insurance	3,098	2,837
Life insurance premiums	15,920	15,920
Membership dues	5,331	4,721
Miscellaneous	1,773	2,833
National and local meetings	7,654	5,592
Office expenses	42,935	21,873
Other special events	4,019	3,038
Planned giving	1,946	1,707
Professional fees	10,696	10,696
Rent	16,206	10,253
Salaries and benefits	<u>184,969</u>	<u>156,741</u>
	<u>\$ 306,416</u>	<u>\$ 244,370</u>

Expenses are allocated as follows:

Community Fund	\$ 129,629	\$ 119,047
Designated Fund	<u>176,787</u>	<u>125,323</u>
	<u>\$ 306,416</u>	<u>\$ 244,370</u>

Expenses are allocated pro-rata to individual designated funds based on their budgeted portion of the overall expense amount.

10. Other income:

	<u>2019</u>	<u>2018</u>
Changes in cash surrender value of life insurance	\$ 665	\$ (989)
Other revenue	10,639	20,620
Administrative fee recoveries, managed funds	18,992	17,686
Administrative funds grant	<u>10,000</u>	<u>10,000</u>
	<u>40,296</u>	<u>47,317</u>
Philanthropy in Action dinner:		
Revenues	89,987	81,650
Expenses	<u>33,513</u>	<u>29,177</u>
	<u>56,474</u>	<u>52,473</u>
	<u>\$ 96,770</u>	<u>\$ 99,790</u>

THE FREDERICTON COMMUNITY FOUNDATION INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019

10. Other income (continued):

An amount of \$10,000 from the Philanthropy in Action dinner was used to pay administration expenses; another \$10,000 was paid as two grants of \$5,000 each to Pine Grove Foundation and Kingswood Turnaround Achievement Award and the balance of \$36,474 was transferred to the designated fund to offset administration costs in future years.

11. Financial instruments:

The Foundation has established a comprehensive Investment Policy Statement (IPS) for the management of its investments. The IPS outlines roles and responsibilities for the Board of Directors, the Investment and Audit Committee, the Investment Manager and the Foundation's Management with respect to the management of its investments. All of the Foundation's investments are managed by independent, external investment managers. The compliance of these managers with the investment policies is monitored on a regular basis.

The Foundation's investment strategy is designed to maintain an investment portfolio of high quality financial assets. The Foundation manages investment risk by diversifying its portfolio among asset classes, industry sectors and individual securities. The IPS provides for specific target allocations among asset classes. The portfolio is also diversified geographically.

The Foundation is exposed to the following risks through its financial instruments:

Credit risk -

Credit risk is the risk that a party may default on their financial obligations to the Foundation, or if there is a concentration of transactions carried out with the same party or a concentration of financial obligations which have similar economic characteristics that could be similarly affected by changes in economic conditions, such that the Foundation could incur a financial loss. The Foundation's primary credit risk is on its cash, short term investments and its fixed income portfolio. This risk is managed by investing in high quality bank Guaranteed Investment Certificates, and government and high quality corporate bonds and limiting exposure to any one issuer or issue.

Fixed income investments includes Guaranteed Investment Certificates (GICs) with a maturity date exceeding one year. GICs and similar investments with a term of less than one year are included in cash.

The Foundation has credit risk exposure to the following assets as at June 30, 2019:

	<u>2019</u>	<u>2018</u>
Cash and near cash	\$ 320,715	\$ 563,799
Fixed income - interest bearing securities, and near cash investments	7,524,696	5,763,128
Accounts receivable	<u>17,424</u>	<u>13,289</u>
	<u>\$ 7,862,835</u>	<u>\$ 6,340,216</u>

THE FREDERICTON COMMUNITY FOUNDATION INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019

11. Financial instruments (continued):

Liquidity risk -

Liquidity risk is the risk that the Foundation will not be able to meet a demand for cash or fund its obligations as they come due.

The Foundation meets its liquidity requirements by preparing an annual budget for operations, anticipating investing and financing and grant activities and holding assets that can be readily converted into cash. The Foundation holds fixed income investments with various maturities.

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. Market risk comprises currency risk, interest rate risk and other price risk.

Currency risk -

Currency risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate relative to the Canadian dollar due to changes in foreign exchange rates. The Foundation holds significant investments in non Canadian dollars and is exposed to fluctuations in of those currencies against the Canadian dollar. The Foundation manages its foreign exchange risk by having minimum and maximum foreign investment exposure as per its IPS. The Foundation does not use hedging. As at June 30, 2019 the following assets are either held in or are affected directly by changes in foreign currencies:

	<u>2019</u>	<u>2018</u>
Cash in investments	\$ 39,789	\$ 53,375
Fixed income	85,066	323,422
US equities	2,543,148	2,365,140
International equities	<u>2,229,832</u>	<u>2,289,547</u>
	<u>\$ 4,897,835</u>	<u>\$ 5,031,484</u>

Interest rate risk -

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with instruments will fluctuate due to changes in market interest rates.

The exposure of the Foundation to interest rate risk arises from its interest bearing assets, including cash, Guaranteed Investment Certificates, bonds and preferred shares. As at June 30, 2019 the Foundation is exposed to interest rate risk on the following assets:

	<u>2019</u>	<u>2018</u>
Cash and near cash	\$ 1,157,732	\$ 1,272,564
Fixed income -Interest bearing securities	6,687,679	5,054,363
Fixed income - Preferred shares	<u>2,116,442</u>	<u>1,840,852</u>
	<u>\$ 9,961,853</u>	<u>\$ 8,167,779</u>

THE FREDERICTON COMMUNITY FOUNDATION INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

11. Financial instruments (continued):

Interest rate risk (continued) -

The Foundation manages its exposure to the interest rate risk on its cash and its interest bearing investments by diversifying its interest-bearing instruments by maturity and issuer.

Other price risk -

Other price risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate because of changes in market prices (other than those arising from currency risks or interest risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting similar instruments traded in the market. All of the Foundation's investments are subject to short and long term market fluctuations. The Foundation manages and monitors its investments in accordance with its comprehensive investment policy in order to manage risk and achieve an acceptable rate of return while protecting capital.