

**THE FREDERICTON COMMUNITY FOUNDATION INC.**

**FINANCIAL STATEMENTS**

**JUNE 30, 2018**

**THE FREDERICTON COMMUNITY FOUNDATION INC.**

**TABLE OF CONTENTS**

**JUNE 30, 2018**

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

# Shannon & Buffett, LLP

## Chartered Professional Accountants

HAL C. BUFFETT, CPA, CA GARRY L. ARMSTRONG, CPA, CA  
CLAUDE LEGER, CPA, CA RON W. SAUNTRY, CPA, CA

September 14, 2018

### INDEPENDENT AUDITORS' REPORT

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

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of The Fredericton Community Foundation Inc., which comprise the statement of financial position as at June 30, 2018, and the statements of operations and fund balances and cash flows for the year then ended.

#### **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 to 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 auditors' 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 audit opinion.

#### **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Fredericton Community Foundation Inc. as at June 30, 2018, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

  
Chartered Professional Accountants

**THE FREDERICTON COMMUNITY FOUNDATION INC.**

**STATEMENT OF FINANCIAL POSITION - JUNE 30, 2018**

	<u>2018</u>	<u>2017</u>
<b><u>ASSETS</u></b>		
Cash	\$ 563,799	\$ 479,759
Investments (note 3)	17,138,334	16,028,847
Accounts receivable	13,289	17,530
Life insurance (note 4)	<u>130,978</u>	<u>131,967</u>
	<u>\$17,846,400</u>	<u>\$16,658,103</u>
<b><u>LIABILITIES AND FUNDS</u></b>		
<b>Liabilities:</b>		
Accounts payable and accrued liabilities	\$ 16,027	\$ 14,821
Managed funds (note 5)	<u>2,698,185</u>	<u>2,485,069</u>
	<u>2,714,212</u>	<u>2,499,890</u>
<b>Foundation Funds:</b>		
Community funds (note 6)	4,049,756	3,995,927
Designated funds (note 7)	<u>11,082,432</u>	<u>10,162,286</u>
	<u>15,132,188</u>	<u>14,158,213</u>
	<u>\$17,846,400</u>	<u>\$16,658,103</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, 2018**

	<b><u>Community</u></b>	<b><u>Designated</u></b>	<b><u>2018 Total</u></b>	<b><u>2017 Total</u></b>
Contributions	\$ 65,155	\$ 895,829	\$ 960,984	\$ 950,572
Interest and dividends	124,087	325,397	449,484	442,268
Realized gains	29,883	77,272	107,155	222,301
Unrealized gains	50,885	136,220	187,105	493,914
Other income (note 10)	99,790	-	99,790	89,420
Grants (note 8)	(152,416)	(364,004)	(516,420)	(503,909)
Expenses (note 9)	(119,047)	(125,323)	(244,370)	(231,959)
Investment management fees	(19,270)	(50,483)	(69,753)	(69,415)
Transfers	<u>(25,238)</u>	<u>25,238</u>	<u>-</u>	<u>-</u>
Change in fund balances	53,829	920,146	973,975	1,393,192
Fund balance, beginning of year	<u>3,995,927</u>	<u>10,162,286</u>	<u>14,158,213</u>	<u>12,765,021</u>
Fund balance, end of year	<u>\$ 4,049,756</u>	<u>\$11,082,432</u>	<u>\$15,132,188</u>	<u>\$14,158,213</u>

See accompanying notes to the financial statements.

**THE FREDERICTON COMMUNITY FOUNDATION INC.**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED JUNE 30, 2018**

	<b><u>2018</u></b>	<b><u>2017</u></b>
<b>CASH GENERATED FROM (USED IN):</b>		
<b>OPERATING ACTIVITIES:</b>		
Change in fund balances	\$ 973,975	\$ 1,393,192
Changes in:		
- Accounts receivable	4,241	(7,171)
- Accounts payable and accrued liabilities	<u>1,206</u>	<u>1,517</u>
	<u>979,422</u>	<u>1,387,538</u>
<b>FINANCING AND INVESTING ACTIVITIES:</b>		
Increase in investments (net)	(1,109,487)	(1,115,471)
Increase in cash surrender portion of life insurance policies	989	(5,071)
Increase (decrease) in managed funds	<u>213,116</u>	<u>(7,203)</u>
	<u>(895,382)</u>	<u>(1,127,745)</u>
<b>INCREASE IN CASH, for the year</b>	84,040	259,793
<b>CASH, beginning of year</b>	<u>479,759</u>	<u>219,966</u>
<b>CASH, end of year</b>	\$ <u><u>563,799</u></u>	\$ <u><u>479,759</u></u>

See accompanying notes to the financial statements.



**THE FREDERICTON COMMUNITY FOUNDATION INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2018**

**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, 2018**

**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, 2018**

**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>2018</u>	<u>%</u>	<u>2017</u>	<u>%</u>
Cash, cash equivalents and accrued interest	\$ <u>708,765</u>	<u>4.1</u>	\$ <u>1,058,018</u>	<u>6.6</u>
Fixed income:				
Interest-bearing securities	5,054,363	29.5	4,458,042	27.8
Preferred shares	<u>1,840,852</u>	<u>10.7</u>	<u>1,591,217</u>	<u>9.9</u>
	<u>6,895,215</u>	<u>40.2</u>	<u>6,049,259</u>	<u>37.7</u>
Equities:				
Canada	4,829,309	28.2	4,737,151	29.6
United States	2,377,996	13.9	2,364,537	14.8
International	<u>2,327,049</u>	<u>13.6</u>	<u>1,819,882</u>	<u>11.4</u>
	<u>9,534,354</u>	<u>55.7</u>	<u>8,921,570</u>	<u>55.8</u>
	<u>\$17,138,334</u>	<u>100</u>	<u>\$16,028,847</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>2018</u>	<u>2017</u>
Whole life policies	\$ <u>725,995</u>	\$ <u>130,978</u>	\$ <u>131,967</u>

The cash surrender value is recorded as an asset. As the realizable amount in excess of the cash surrender value is not certain, the Foundation will record the benefits when the proceeds are certain.

**THE FREDERICTON COMMUNITY FOUNDATION INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2018**

**5. Managed Funds:**

	Fredericton Association for Community Living	B. Oretto 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	2018	2017
Contributions	\$ -	\$ -	\$ 53,050	\$ -	\$ 100,000	\$ -	\$ 35,000	\$ 5,069	\$ 50,000	\$ 243,119	\$ 296,938
Interest and dividends	6,535	7,246	40,691	1,498	3,460	10,708	-	1,102	8,452	79,692	81,288
Realized gains	1,667	1,762	9,740	365	684	2,544	-	249	1,881	18,892	41,718
Unrealized gains	3,210	3,154	17,919	655	770	4,379	-	390	2,858	33,335	100,952
Administrative fees	(1,450)	(1,608)	(9,023)	(333)	(770)	(2,378)	-	(245)	(1,879)	(17,686)	(17,214)
Investment management fees	(1,012)	(1,124)	(6,306)	(232)	(540)	(1,662)	-	(171)	(1,315)	(12,362)	(12,875)
Withdrawals	(45,000)	(16,036)	(61,300)	(3,547)	(5,991)	-	-	-	-	(131,874)	(498,011)
Changes during the year	(36,050)	(6,606)	44,771	(1,594)	97,613	13,591	35,000	6,394	59,997	213,116	(7,204)
Balance, beginning of year	226,076	234,266	1,287,429	48,554	82,007	334,748	-	31,989	240,000	2,485,069	2,492,273
Balance, end 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

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.



**THE FREDERICTON COMMUNITY FOUNDATION INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2018**

**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.

	<b><u>2018</u></b>	<b><u>2017</u></b>
Community Fund	\$ 3,128,171	\$ 3,150,435
Named Funds:		
Perley and Phyllis Estey Fund	111,446	107,651
Dr. Donald Morgan Memorial Fund	37,592	36,311
J.T. Clark Family Foundation Fund	188,715	182,287
David Cornish Memorial Fund	48,175	46,534
Frank and Mary Morrison Memorial Fund	37,748	36,463
Kileel Family Fund	10,838	10,469
Emerging Fredericton Green Fund	3,973	3,838
Richard and Margie Clark Family Fund	44,693	39,046
Don and Yvonne Crawford Fund	15,633	15,101
Ginger Design Fund	10,191	5,802
Margaret, Reg and Nancy Gilbert Fund	148,174	109,329
John L. Bird Memorial Fund	15,779	15,242
John and Pam Clark Fund	23,192	21,383
G. Bert Edney Memorial Fund	15,755	15,218
Board Legacy Fund	140,433	133,928
Madeline Holmes Fund	62,630	60,497
Emerging 100 Women Who Care Fund	<u>6,618</u>	<u>6,393</u>
	<b><u>\$ 4,049,756</u></b>	<b><u>\$ 3,995,927</u></b>

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, 2018**

**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.

	<b><u>2018</u></b>	<b><u>2017</u></b>
Marjorie and Ted Atkinson Music Fund	\$ 18,812	\$ 16,227
Science East Science Centre Legacy Fund	10,990	10,984
Mrs. W.G. Clark Fund	23,475	23,494
Ben and Faye Medjuck Fund	12,239	12,248
Estate of Ottis Logue Fund	707,275	708,193
Mrs. Pearl Colwell Fund	12,019	12,026
Alden R. Clark – Home Plate Fund	16,577	16,589
T. Washburn Memorial Scholarship	444,101	440,146
John A.G. Page Fund	23,127	23,143
Estate of Frank F. Creighton Fund	534,870	535,369
Duffie – Crowell Tapestry Fund	338,331	338,647
Crowell Medically Disabled Fund	100,304	100,397
McKnight Memorial Fund	12,019	12,027
Fredericton SPCA Fund	123,440	123,501
Brigadier A.C. Ross Trust Fund	27,086	27,108
IODE A.R. Clark Scholarships Fund	60,022	60,076
John and Ethlewyn McKnight Fund	12,017	12,025
W. Hedley Wilson Estate Fund	30,031	30,055
Friends of Transition House Fund	61,014	60,065
Marianne Limpert Scholarship Fund	27,856	26,907
Bill McCauley Memorial Music Scholarship Fund	47,130	47,173
Reg Wheaton Memorial Fund	66,761	65,650
M.A. Crowell Nursing Scholarship Fund	48,456	48,739
Timmy Munn Scholarship Fund	52,244	51,462
Timmy Munn Minor Hockey Fund	51,600	51,645
Fredericton Playhouse Endowment Fund	57,611	57,665
Canadian Diabetes Association Fund	57,611	57,665
M.A. Crowell Children's Education Fund	86,092	86,170
Meighen Administration Fund	204,830	205,012
Philip O'Leary Trust Fund	32,950	32,977
George and Ellen MacGillivray Trust Fund	168,395	168,548
Council of the Arts Fredericton Fund	21,425	25,684
Provincial Artisans Bursary Fund	541,507	541,769
Nancy Gwen Hicks Memorial Fund	65,396	65,456
Peter Adams Fund	33,614	30,485
Chamber of Commerce Scholarship Fund	46,338	34,557
Bliss McDade Fund	<u>40,502</u>	<u>38,415</u>
<i>Subtotal</i>	<u>4,218,067</u>	<u>4,198,299</u>

**THE FREDERICTON COMMUNITY FOUNDATION INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2018**

**7. Designated Funds (continued):**

	<b><u>2018</u></b>	<b><u>2017</u></b>
<i>Balance forward</i>	\$ 4,218,067	\$ 4,198,299
Joslin Scholarship Fund	175,139	175,160
Susan Watson Fredericton SPCA Fund	58,610	58,664
Brian Jones Fund	12,185	12,191
WAP-MAP Fund	140,217	119,594
Emerging Khushaim Fund	1,986	1,741
Kids Having Fun Fund	13,517	12,455
Earl and Sandy Brewer Scholarship Fund	26,627	55,258
CT Simmons Youth Athletic Fund	10,722	10,716
Rosemary's SPCA Fund	313,703	313,979
Rosemary's Bursary Fund	367,925	367,024
Rosemary's Place Fund	217,719	217,636
Fonds Communautaire Sainte Anne Community Fund	10,927	10,919
Listuguj Community Fund	26,471	25,569
K & F Machin Fund for Animals	566,549	566,085
Emerging George & Helen Colter Fund	3,348	2,253
FCF Administration Fund	304,786	272,581
Beirsto Family Fund	15,859	15,319
Isabel Adams Coburn Scholarship Fund	87,644	75,000
Fredericton Botanic Garden Fund	60,901	31,052
Florence & Helen Hughes Fund	29,737	-
NB Filmmakers Cooperative Limited	59,090	-
Musical Ventures Inc.	68,944	-
Connexion Artists	32,565	-
Fredericton Trails Coalition Trail Fund	100,000	-
Tara Savage Memorial Trail Fund	100,000	-
Emerging York Care Foundation Fund	<u>800</u>	<u>-</u>
<i>Subtotal</i>	<u>7,024,038</u>	<u>6,541,495</u>



**THE FREDERICTON COMMUNITY FOUNDATION INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2018**

**7. Designated Funds (continued):**

	<b><u>2018</u></b>	<b><u>2017</u></b>
<i>Balance forward</i>	\$ 7,024,038	\$ 6,541,495
<b>Donor Advised Funds:</b>		
Housing First Fund	470,633	119,135
MacPherson Family Fund	110,788	110,810
Jackson Wright Youth Fund	64,271	61,872
Hatheway Family Fund	76,912	36,827
Mais Reynolds Fund	59,104	56,878
Mike Fitzgerald Memorial Fund	111,473	103,768
Fred & Gladys Memorial Fund	49,304	38,856
Ralph and Janet Shears Humanitarian Fund	342,336	342,656
<b>Field of Interest Funds:</b>		
Isaac's Way Children in the Arts Fund	10,659	10,103
Jim & Beth Clark Fund	530,842	512,762
McDougall Family Fund	10,461	10,105
Rosemary's Youth Fund	303,399	303,624
Rosemary's Legacy Fund	504,831	505,218
Simmonds Family Fund	12,689	11,774
Lillian E. Covey Music Fund	544,079	546,948
Blanchard Family Poverty Reduction Fund	55,417	55,457
Creed Beattie Fund	139,220	139,344
Jeff McGuigan Memorial Fund for Mental Health	123,683	115,281
Rosemary's Pantry	526,846	527,914
Fredkid Fund	<u>11,447</u>	<u>11,459</u>
	<b><u>\$11,082,432</u></b>	<b><u>\$10,162,286</u></b>

**THE FREDERICTON COMMUNITY FOUNDATION INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2018**

**8. Grants made from Funds:**

**Amount**

**Grants from Community Funds:**

Ability New Brunswick	\$ 980
Beaverbrook Art Gallery	3,000
Camp Kerry Society	1,245
Canadian Cancer Society	2,500
Canadian Deafblind Association	4,515
Children's International Summer Village (CISV)	1,500
Chipman Youth Centre	2,500
CNIB	3,000
NB College of Craft & Design	2,000
Falls Brook Centre	1,000
Family Enrichment and Counselling	5,000
Fredericton Arts Alliance	3,000
Fredericton Arts & Learning Inc.	25,150
Fredericton Homeless Shelter	9,000
Fredericton Playhouse	4,000
Fredericton YMCA	3,000
Frontier College	3,000
Greater Fredericton Social Innovation	3,000
Habitat for Humanity	1,868
Hope Air	2,500
John Howard Society of Fredericton	16,850
Kidney Foundation of Canada, Atlantic Branch	4,000
Kidsport NB	1,005
Kiwanis Club of Saint John	2,600
Liberty Lane	500
Minister of Finance - Ecole Sainte Anne	100
Minister of Finance - Fredericton High School	100
Minister of Finance - Leo Hayes High School	100
<i>Subtotal</i>	<u>107,013</u>

**THE FREDERICTON COMMUNITY FOUNDATION INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2018**

**8. Grants made from Funds (continued):**

	<b><u>Amount</u></b>
<b>Grants from Community Funds (continued):</b>	
<i>Balance forward</i>	107,013
Multiple Sclerosis Society of Canada, Atlantic Division	3,000
Nature Conservancy of Canada - Atlantic Region	1,000
NB Internment Camp Museum	500
NB Community College	2,000
Opal Family Services	4,500
Partners for Youth	2,085
Portage Atlantic	3,000
Roots of Empathy	3,000
Science East	2,880
St. Thomas University	4,000
University of New Brunswick	4,000
University of New Brunswick DocTalks Festival	4,500
York Sunbury Historical Society - Fredericton Region Museum	5,338
Youth in Transition - Chrysalis House	<u>4,600</u>
	<u>151,416</u>
<b>Flow Through Grants:</b>	
Alzheimer Society	<u>1,000</u>
<b>Total Grants from Community Funds</b>	152,416
<b>Total Grants from Designated Funds</b>	<u>364,004</u>
<b>Total Grants from Community and Designated Funds</b>	<u>\$ 516,420</u>

**THE FREDERICTON COMMUNITY FOUNDATION INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2018**

**9. Expenses:**

	<b><u>2018</u></b>	<b><u>2017</u></b>
Advertising and promotion	\$ 5,136	\$ 5,945
Education and training	115	115
Interest and service charges	2,908	2,003
Liability and office insurance	2,837	2,836
Life insurance premiums	15,920	15,920
Membership dues	4,721	4,520
Miscellaneous	2,833	558
National and local meetings	5,592	7,849
Office expenses	21,873	13,518
Other special events	3,038	2,244
Planned giving	1,707	729
Professional fees	10,696	10,266
Rent	10,253	10,253
Salaries and benefits	<u>156,741</u>	<u>155,203</u>
	<u>\$ 244,370</u>	<u>\$ 231,959</u>

**Expenses are allocated as follows:**

Community Fund	\$ 119,047	\$ 101,354
Designated Fund	<u>125,323</u>	<u>130,605</u>
	<u>\$ 244,370</u>	<u>\$ 231,959</u>

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

**10. Other income:**

	<b><u>2018</u></b>	<b><u>2017</u></b>
Changes in cash surrender value of life insurance	\$ (989)	\$ 5,071
Other revenue	20,620	7,452
Administrative fee recoveries, managed funds	17,686	17,214
Administrative funds grant	<u>10,000</u>	<u>10,000</u>
	<u>47,317</u>	<u>39,737</u>
<b>Philanthropy in Action dinner:</b>		
Revenues	81,650	76,371
Expenses	<u>29,177</u>	<u>26,688</u>
	<u>52,473</u>	<u>49,683</u>
	<u>\$ 99,790</u>	<u>\$ 89,420</u>



**THE FREDERICTON COMMUNITY FOUNDATION INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2018**

**10. Other income (continued):**

An amount of \$10,000 from the Philanthropy in Action dinner was used to pay administration expenses; \$10,000 was paid as a grant to Liberty Lane and the balance of \$31,323 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, 2018:

	<u>2018</u>	<u>2017</u>
Cash	\$ 563,799	\$ 479,759
Fixed income - interest bearing securities, and near cash investments	5,763,128	4,458,042
Accounts receivable	<u>13,289</u>	<u>17,530</u>
	<u>\$ 6,340,216</u>	<u>\$ 4,955,331</u>



**THE FREDERICTON COMMUNITY FOUNDATION INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2018**

**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, 2018 the following assets are either held in or are affected directly by changes in foreign currencies:

	<b><u>2018</u></b>	<b><u>2017</u></b>
Cash in investments	\$ 53,375	\$ 47,311
Fixed income	323,422	320,898
US equities	2,365,140	2,364,537
International equities	<u>2,289,547</u>	<u>1,819,882</u>
	<b><u>\$ 5,031,484</u></b>	<b><u>\$ 4,552,628</u></b>

**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 and bonds. As at June 30, 2018 the Foundation is exposed to interest rate risk on the following assets:

	<b><u>2018</u></b>	<b><u>2017</u></b>
Cash	\$ 563,799	\$ 479,759
Fixed income - interest bearing securities, and near cash investments	<u>5,763,128</u>	<u>4,458,042</u>
	<b><u>\$ 6,326,927</u></b>	<b><u>\$ 4,937,801</u></b>

**THE FREDERICTON COMMUNITY FOUNDATION INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2018**

**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.