

**THE FREDERICTON COMMUNITY FOUNDATION INC.**

**FINANCIAL STATEMENTS**

**JUNE 30, 2020**

**THE FREDERICTON COMMUNITY FOUNDATION INC.**

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# Shannon & Buffett, LLP

## Chartered Professional Accountants

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

September 18, 2020

### 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 The Fredericton Community Foundation Inc. (the Foundation), which comprise the statement of financial position as at June 30, 2020, and the statement of operations and 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 The Fredericton Community Foundation Inc. as at June 30, 2020, 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 Foundation'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 Foundation'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 Foundation 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, 2020**

	<b><u>2020</u></b>	<b><u>2019</u></b>
<b><u>ASSETS</u></b>		
Cash	\$ 500,588	\$ 320,715
Investments (note 3)	18,774,270	18,883,663
Accounts receivable	11,483	17,424
Life insurance (note 4)	<u>141,023</u>	<u>131,643</u>
	<b><u>\$19,427,364</u></b>	<b><u>\$19,353,445</u></b>
<b><u>LIABILITIES AND FUNDS</u></b>		
<b>Liabilities:</b>		
Accounts payable and accrued liabilities	\$ 47,404	\$ 16,667
Deferred revenue (note 5)	20,501	-
Managed funds (note 6)	<u>2,913,381</u>	<u>2,868,073</u>
	<u>2,981,286</u>	<u>2,884,740</u>
<b>Foundation Funds:</b>		
Community funds (note 7)	4,080,541	4,065,536
Designated funds (note 8)	<u>12,365,537</u>	<u>12,403,169</u>
	<u>16,446,078</u>	<u>16,468,705</u>
	<b><u>\$19,427,364</u></b>	<b><u>\$19,353,445</u></b>

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, 2020**

	<b><u>Community</u></b>	<b><u>Designated</u></b>	<b><u>2020 Total</u></b>	<b><u>2019 Total</u></b>
Contributions	\$ 100,067	\$ 571,329	\$ 671,396	\$ 1,741,392
Community Foundations of Canada (note 10)	133,138	-	133,138	-
Interest and dividends	127,638	403,728	531,366	495,835
Realized gains (losses)	14,771	43,036	57,807	(169,888)
Unrealized gains (losses)	(140,808)	(423,746)	(564,554)	175,819
Other income (note 11)	10,949	-	10,949	58,264
Administrative expense recoveries (note 12)	97,519	-	97,519	56,055
Grants (note 9)	(151,475)	(404,940)	(556,415)	(640,079)
Expenses (note 13)	(134,879)	(187,532)	(322,411)	(306,416)
Investment management fees	(19,570)	(61,852)	(81,422)	(74,465)
Transfers	<u>(22,345)</u>	<u>22,345</u>	<u>-</u>	<u>-</u>
Change in fund balance	15,005	(37,632)	(22,627)	1,336,517
Fund balance, beginning of year	<u>4,065,536</u>	<u>12,403,169</u>	<u>16,468,705</u>	<u>15,132,188</u>
Fund balance, end of year	\$ <u>4,080,541</u>	\$ <u>12,365,537</u>	\$ <u>16,446,078</u>	\$ <u>16,468,705</u>

See accompanying notes to the financial statements.

**THE FREDERICTON COMMUNITY FOUNDATION INC.**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED JUNE 30, 2020**

	<u>2020</u>	<u>2019</u>
<b>CASH GENERATED FROM (USED IN):</b>		
<b>OPERATING ACTIVITIES:</b>		
Change in fund balances	\$ (22,627)	\$ 1,336,517
Items not involving cash:		
Unrealized (gains) losses	564,554	(175,819)
Changes in:		
- Accounts receivable	5,941	(4,135)
- Accounts payable and accrued liabilities	30,737	640
- Deferred revenue	<u>20,501</u>	<u>-</u>
	<u>599,106</u>	<u>1,157,203</u>
<b>FINANCING AND INVESTING ACTIVITIES:</b>		
(Increase) in investments - net of market value adjustments	(455,161)	(1,569,510)
(Increase) in cash surrender portion of life insurance policies	(9,380)	(665)
Increase in managed funds	<u>45,308</u>	<u>169,888</u>
	<u>(419,233)</u>	<u>(1,400,287)</u>
<b>INCREASE (DECREASE) IN CASH, for the year</b>	179,873	(243,084)
<b>CASH, beginning of year</b>	<u>320,715</u>	<u>563,799</u>
<b>CASH, end of year</b>	<u>\$ 500,588</u>	<u>\$ 320,715</u>

See accompanying notes to the financial statements.

**THE FREDERICTON COMMUNITY FOUNDATION INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2020**

**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, 2020**

**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, 2020**

**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>2020</u>	<u>%</u>	<u>2019</u>	<u>%</u>
Cash, cash equivalents and accrued interest	\$ <u>345,902</u>	<u>1.8</u>	\$ <u>837,017</u>	<u>4.5</u>
Fixed income:				
Interest-bearing securities	7,201,128	38.3	6,687,679	35.4
Preferred shares	<u>2,037,365</u>	<u>10.9</u>	<u>2,116,442</u>	<u>11.2</u>
	<u>9,238,493</u>	<u>49.2</u>	<u>8,804,121</u>	<u>46.6</u>
Equities:				
Canada	4,083,852	21.8	4,426,261	23.4
United States	3,226,062	17.2	2,553,928	13.5
International	<u>1,879,961</u>	<u>10.0</u>	<u>2,262,336</u>	<u>12.0</u>
	<u>9,189,875</u>	<u>49.0</u>	<u>9,242,525</u>	<u>48.9</u>
	<u>\$18,774,270</u>	<u>100.0</u>	<u>\$18,883,663</u>	<u>100.0</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>2020</u>	<u>2019</u>
Whole life policies	\$ <u>1,125,995</u>	\$ <u>141,023</u>	\$ <u>131,643</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.

**5. Deferred revenue:**

The Philanthropy in Action dinner for the current fiscal year was postponed until the 2021 fiscal year due to the Covid-19 pandemic. Amounts received for tickets sold for the postponed event and not refunded will be accepted for the 2021 event. Non-refunded ticket sales are reported as deferred revenue.

**THE FREDERICTON COMMUNITY FOUNDATION INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2020**

**6. 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	2020	2019
Contributions	\$ -	\$ -	\$ 136,523	\$ -	\$ -	\$ 8,400	\$ -	\$ 7,103	\$ -	\$ 152,026	\$ 192,225
Interest and dividends	6,312	7,168	46,654	1,560	5,966	11,940	1,151	1,576	11,052	93,379	88,493
Realized gains	676	779	4,809	167	639	1,254	125	136	1,233	9,818	(30,860)
Unrealized gains (losses)	(6,758)	(7,511)	(35,804)	(1,670)	(6,387)	(12,076)	(1,203)	(1,846)	(11,439)	(84,694)	28,161
Administrative fees	(1,349)	(1,532)	(9,959)	(333)	(1,275)	(2,551)	(246)	(336)	(2,364)	(19,945)	(18,992)
Investment management fees	(967)	(1,098)	(7,145)	(239)	(914)	(1,829)	(176)	(241)	(1,694)	(14,303)	(13,290)
Withdrawals	(6,250)	(4,055)	(66,950)	-	-	-	(733)	-	(12,985)	(90,973)	(75,849)
Changes during the year	(8,336)	(6,249)	68,128	(515)	(1,971)	5,138	(1,082)	6,392	(16,197)	45,308	169,888
Balance, beginning 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
Balance, end of year	\$ 185,669	\$ 216,036	\$ 1,497,152	\$ 47,429	\$ 181,410	\$ 369,805	\$ 34,651	\$ 50,006	\$ 331,223	\$ 2,913,381	\$ 2,868,073

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, 2020**

**7. 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>2020</u></b>	<b><u>2019</u></b>
Community Fund	\$ 3,071,200	\$ 3,093,334
Named Funds:		
Perley and Phyllis Estey Fund	110,890	112,807
Dr. Donald Morgan Memorial Fund	37,404	38,051
J.T. Clark Family Foundation Fund	187,772	191,019
David Cornish Memorial Fund	47,934	48,763
Frank and Mary Morrison Memorial Fund	37,560	38,209
Kileel Family Fund	10,784	10,970
Richard and Margie Clark Family Fund	50,378	48,890
Don and Yvonne Crawford Fund	15,555	15,824
Ginger Design Fund	13,253	12,516
Margaret, Reg and Nancy Gilbert Fund	197,897	176,785
John L. Bird Memorial Fund	15,700	15,972
John and Pam Clark Fund	34,200	25,131
G. Bert Edney Memorial Fund	15,676	15,947
Board Legacy Fund	144,134	143,895
Madeline Holmes Fund	62,318	63,395
Emerging Fredericton Green Fund	3,953	4,021
Emerging 100 Women Who Care Fund	6,585	6,699
Emerging Clark Quinlan Fund	4,677	3,308
Emerging Fredericton Homeless Shelter Fund	2,000	-
Emerging Willie O'Ree Youth and Education Fund	2,727	-
Emerging Howey Family Fund	<u>7,944</u>	<u>-</u>
	<b><u>\$ 4,080,541</u></b>	<b><u>\$ 4,065,536</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, 2020**

**8. 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>2020</u></b>	<b><u>2019</u></b>
Marjorie and Ted Atkinson Music Fund	\$ 17,500	\$ 18,421
Science East Science Centre Legacy Fund	20,056	20,765
Mrs. W.G. Clark Fund	21,714	22,862
Ben and Faye Medjuck Fund	11,321	11,922
Estate of Ottis Logue Fund	654,095	688,844
Mrs. Pearl Colwell Fund	11,117	11,705
Alden R. Clark – Home Plate Fund	15,335	16,146
T. Washburn Memorial Scholarship	420,151	438,771
John A.G. Page Fund	21,391	22,525
Estate of Frank F. Creighton Fund	494,850	520,936
Duffie – Crowell Tapestry Fund	316,293	332,009
Crowell Medically Disabled Fund	92,764	97,691
McKnight Memorial Fund	11,118	11,707
Fredericton SPCA Fund	114,214	120,227
Brigadier A.C. Ross Trust Fund	25,053	26,380
IODE A.R. Clark Scholarships Fund	55,513	58,458
John and Ethlewyn McKnight Fund	11,117	11,705
W. Hedley Wilson Estate Fund	27,773	29,248
Friends of Transition House Fund	56,633	59,484
Marianne Limpert Scholarship Fund	26,738	27,692
Bill McCauley Memorial Music Scholarship Fund	43,588	45,902
Reg Wheaton Memorial Fund	62,312	65,602
M.A. Crowell Nursing Scholarship Fund	44,806	47,184
Timmy Munn Scholarship Fund	49,136	52,693
Timmy Munn Minor Hockey Fund	49,057	50,255
Fredericton Playhouse Endowment Fund	53,281	56,110
Canadian Diabetes Association Fund	53,323	56,110
M.A. Crowell Children's Education Fund	79,623	83,850
Meighen Administration Fund	189,432	199,495
Philip O'Leary Trust Fund	30,589	32,209
George and Ellen MacGillivray Trust Fund	155,736	164,008
Council of the Arts Fredericton Fund	11,525	16,647
Provincial Artisans Bursary Fund	505,242	532,138
Nancy Gwen Hicks Memorial Fund	60,974	64,192
Peter Adams Fund	32,217	33,885
Chamber of Commerce Scholarship Fund	54,060	53,777
Bliss McDade Fund	<u>39,544</u>	<u>40,600</u>
<i>Subtotal</i>	<u>3,939,191</u>	<u>4,142,155</u>

**THE FREDERICTON COMMUNITY FOUNDATION INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2020**

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

	<b><u>2020</u></b>	<b><u>2019</u></b>
<i>Balance forward</i>	\$ 3,939,191	\$ 4,142,155
Joslin Scholarship Fund	162,512	171,230
Susan Watson Fredericton SPCA Fund	54,204	57,083
Brian Jones Fund	11,272	11,868
WAP-MAP Fund	149,502	137,358
Emerging Khushaim Fund	1,976	2,010
Nashwaak Bridge Community Cemetery Fund	58,992	-
Kids Having Fun Fund	15,968	14,235
CT Simmons Youth Athletic Fund	10,290	10,446
Rosemary's SPCA Fund	290,120	305,531
Rosemary's Bursary Fund	342,321	359,945
Rosemary's Place Fund	201,364	212,058
Fonds Communautaire Sainte Anne Community Fund	10,370	10,911
Listuguj Community Fund	-	26,793
K & F Machin Fund for Animals	523,996	551,828
Emerging George & Helen Colter Fund	7,848	5,530
Robert Morimanno Scholarship Fund	10,385	-
FCF Administration Fund	298,801	314,064
Beairsto Family Fund	14,693	15,469
Isabel Adams Courant Scholarship Fund	92,408	84,860
Fredericton Botanic Garden Fund	67,607	60,461
Florence & Helen Hughes Fund	28,620	30,100
NB Filmmakers Cooperative Limited	56,872	59,812
Musical Ventures Inc.	66,359	69,786
Connection Artists	31,342	32,963
Fredericton Trails Coalition Trail Fund	96,243	101,221
Tara Savage Memorial Trail Fund	96,291	101,269
Emerging York Care Foundation Fund	796	810
Gerald and Catherine Sutherland Fund	9,621	-
Northrup Frye Int'l Literacy Festival	355,495	361,643
Brian Glenn Memorial Bursary Fund	10,000	-
James Andow Scholarship Fund	10,091	10,266
Brendon Oreto Foundation Bursary Funds	35,146	35,206
New Brunswick Foundation for the Arts	181,642	184,783
Dr. Gerald & Leta Clayden Fund	<u>99,091</u>	<u>100,804</u>
<i>Subtotal</i>	<u>7,341,429</u>	<u>7,582,498</u>

**THE FREDERICTON COMMUNITY FOUNDATION INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2020**

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

	<b><u>2020</u></b>	<b><u>2019</u></b>
<i>Balance forward</i>	\$ 7,341,429	\$ 7,582,498
<b>Donor Advised Funds:</b>		
Housing First Fund	837,664	690,192
MacPherson Family Fund	102,227	108,163
Jackson Wright Youth Fund	62,603	65,635
Hatheway Family Fund	42,306	62,730
Mais Reynolds Fund	54,777	57,784
Mike Fitzgerald Memorial Fund	114,538	116,730
Fred & Gladys Memorial Fund	107,732	59,440
Ralph and Janet Shears Humanitarian Fund	354,263	371,731
Sara Burns Police Memorial Fund	601,911	488,484
Cst. Robb Costello Memorial Fund	59,231	42,358
<b>Field of Interest Funds:</b>		
Isaac's Way Children in the Arts Fund	14,700	11,587
Jim & Beth Clark Fund	581,897	560,899
McDougall Family Fund	10,931	10,479
Rosemary's Youth Fund	281,272	296,265
Rosemary's Legacy Fund	467,267	492,962
Simmonds Family Fund	12,908	12,525
Lillian E. Covey Music Fund	502,958	530,172
Blanchard Family Poverty Reduction Fund	61,239	54,140
Creed Beattie Fund	129,099	135,945
Jeff McGuigan Memorial Fund for Mental Health	125,839	127,001
Rosemary's Pantry	488,139	514,262
Fredkid Fund	<u>10,607</u>	<u>11,187</u>
	<b><u>\$12,365,537</u></b>	<b><u>\$12,403,169</u></b>

**9. Grants made from Funds:**

	<b><u>Amount</u></b>
<b>Grants from Community Funds:</b>	
Ability New Brunswick	\$ 214
Alzheimer Society of New Brunswick	50
Autism Connections Fredericton	6,610
Beaverbrook Art Gallery	3,635
Big Brothers Big Sisters	2,190
Chalmers Hospital Foundation	50
Chimo Helpline	2,005
CNIB	20,200
Ducks Unlimited Canada	7,000
Fredericton Botanic Garden Association	3,000
Fredericton Homeless Shelter	4,000
Fredericton Playhouse	<u>2,840</u>
<i>Subtotal</i>	<u>51,794</u>



**THE FREDERICTON COMMUNITY FOUNDATION INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2020**

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

	<b><u>Amount</u></b>
<b>Grants from Community Funds (continued):</b>	
<i>Balance forward</i>	\$ 51,794
Fredericton Residential Youth Services	2,362
Fredericton Society of Saint Andrew Pipe Band	480
Fredericton Trails Coalition Inc.	4,000
Grand Chapter of New Brunswick	50
Greater Fredericton Social Innovation	1,100
Habitat for Humanity	4,000
Jobs Unlimited Inc.	4,000
L'Arche Fredericton Inc.	4,000
Learning Disabilities Association of New Brunswick	3,000
Minister of Finance - Ecole Sainte Anne	100
Minister of Finance - Fredericton High School	100
Minister of Finance - Leo Hayes High School	100
New Brunswick Community College Foundation	4,000
New Brunswick Heart and Stroke Foundation	50
Nashwaak Villa Inc.	2,000
Opal III - Fredericton Respite Services	10,000
Partners for Youth Inc.	4,000
Roots of Empathy	2,585
Solo Chicken Productions	4,000
St. Thomas University	5,500
The John Howard Society	2,951
TREC Charitable Foundation (Relay Education)	4,000
University of New Brunswick	4,000
Women in Transition House	10,000
YMCA of Fredericton	3,000
Youth in Transition - Chrysalis House	<u>500</u>
	<u>131,672</u>
<b>Flow Through Grants:</b>	
Elementary Literacy	4,920
Fredericton Community Kitchen	5,000
Let's Talk Science	1,648
Minister of Finance - Sunbury West School	525
Theatre New Brunswick	2,710
Stan Cassidy Foundation	<u>5,000</u>
	<u>19,803</u>
<b>Total Grants from Community Funds</b>	151,475
<b>Total Grants from Designated Funds</b>	<u>404,940</u>
<b>Total Grants from Community and Designated Funds</b>	<u>\$ 556,415</u>



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**NOTES TO THE FINANCIAL STATEMENTS**

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**10. Community Foundations of Canada:**

The Foundation received contributions from the Community Foundations of Canada under three different programs during the year and disbursed grants following the guidelines under each agreement. The total amounts received and disbursed are as follows:

**Contributions received:**

Emergency Community Support	\$ 363,720
Gender Equality Pilot Fund	45,000
RBC Future Launch Community Challenge	<u>40,000</u>

448,720

**Grants issued to qualifying organizations:**

Adult Literacy/Laubach Literacy Fredericton	2,200
AIDS New Brunswick	62,623
Autism Connections	1,200
Beaverbrook Art Gallery	12,000
Fredericton Arts & Learning	8,000
Fredericton Food Bank	41,777
Jobs Unlimited	10,000
Liberty Lane	8,000
Minister of Finance - Chipman Forest Avenue School	12,500
Minister of Finance - Oromocto Education Center	5,000
Partners for Youth Inc.	13,000
Pine Grove Foundation	28,717
Portage Atlantic	10,000
Sexual Violence New Brunswick Inc.	32,400
Solo Chicken Productions Inc.	8,500
Theatre New Brunswick	11,500
Village of Doaktown	<u>48,165</u>

315,582

**Contribution balance as at June 30, 2020** **\$ 133,138**

The remaining contribution balance of \$133,138 represents the amounts not yet disbursed relating to the Emergency Community Support Grant. These amounts were fully distributed prior to July 31, 2020 as required by the agreement.

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**NOTES TO THE FINANCIAL STATEMENTS**

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**11. Other income:**

	<b><u>2020</u></b>	<b><u>2019</u></b>
Changes in cash surrender value of life insurance	\$ 9,380	\$ 665
Other revenue	<u>1,569</u>	<u>1,125</u>
	<u>10,949</u>	<u>1,790</u>
<b>Philanthropy in Action dinner:</b>		
Revenues	-	89,987
Expenses	<u>-</u>	<u>33,513</u>
	<u>-</u>	<u>56,474</u>
	<u>\$ 10,949</u>	<u>\$ 58,264</u>

**12. Administrative expense recoveries:**

During the year, the Foundation received amounts with the intention that they defray annual administrative expenses relating to specific projects or the cost of normal operations. Administrative expense recoveries consist of the following:

	<b><u>2020</u></b>	<b><u>2019</u></b>
Community Foundations of Canada Grants:		
Emergency Community Support	\$ 30,916	\$ -
Gender Equality	2,000	-
RBC Launch Community Challenge	1,000	-
Grants from designated funds:		
FCF Admin Fund	10,450	10,230
Meighan Administration Fund	7,025	7,319
Philanthropy in Action dinner	-	10,000
Kindness week sponsorships	4,000	-
Administrative fee recoveries, managed funds	19,945	18,992
Wage subsidies and recoveries	<u>22,183</u>	<u>9,514</u>
	<u>\$ 97,519</u>	<u>\$ 56,055</u>

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**NOTES TO THE FINANCIAL STATEMENTS**

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**13. Expenses:**

	<b><u>2020</u></b>	<b><u>2019</u></b>
Advertising and promotion	\$ 4,453	\$ 5,478
Education and training	167	27
Interest and service charges	1,462	6,364
Liability and office insurance	3,250	3,098
Life insurance premiums	24,210	15,920
Membership dues	5,586	5,331
Miscellaneous	1,924	1,773
National and local meetings	2,548	7,654
Office expenses	33,552	42,935
Other special events	4,437	4,019
Planned giving	820	1,946
Professional fees	10,696	10,696
Rent	22,934	16,206
Salaries and benefits - operations	191,447	184,969
Salaries and benefits - funded project positions	<u>14,925</u>	<u>-</u>
	<b><u>\$ 322,411</u></b>	<b><u>\$ 306,416</u></b>

Expenses are allocated net of administrative expense recoveries to individual funds

See note 12 for details of administrative expense recoveries that serve to offset a portion of the administrative expenses that are allocated against the Foundation's funds.

**14. 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 target allocation ranges among asset classes. The portfolio is also diversified geographically.



**THE FREDERICTON COMMUNITY FOUNDATION INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2020**

**14. Financial instruments (continued):**

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, 2020:

	<b><u>2020</u></b>	<b><u>2019</u></b>
Cash and near cash	\$ 500,588	\$ 320,715
Fixed income - interest bearing securities, and near cash investments	7,547,030	7,524,696
Accounts receivable	<u>11,483</u>	<u>17,424</u>
	<b><u>\$ 8,059,101</u></b>	<b><u>\$ 7,862,835</u></b>

**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.



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**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2020**

**14. Financial instruments (continued):**

**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, 2020 the following assets are either held in or are affected directly by changes in foreign currencies:

	<b><u>2020</u></b>	<b><u>2019</u></b>
Cash in investments	\$ 39,433	\$ 39,789
Fixed income	-	85,066
US equities	3,226,062	2,543,148
International equities	<u>1,879,961</u>	<u>2,229,832</u>
	<b><u>\$ 5,145,456</u></b>	<b><u>\$ 4,897,835</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, bonds and preferred shares. As at June 30, 2020 the Foundation is exposed to interest rate risk on the following assets:

	<b><u>2020</u></b>	<b><u>2019</u></b>
Cash and near cash	\$ 846,490	\$ 1,157,732
Fixed income - Interest bearing securities	7,201,128	6,687,679
Fixed income - Preferred shares	<u>2,037,365</u>	<u>2,116,442</u>
	<b><u>\$ 10,084,983</u></b>	<b><u>\$ 9,961,853</u></b>

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.

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**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2020**

**15. Subsequent event:**

A worldwide health pandemic, that began affecting Canada early in 2020, has caused multiple jurisdictions around the world (including the Province of New Brunswick) to declare states of emergency and impose various restrictions and measures. Potential impacts include disruptions and/or restrictions on employees' ability to work, restructuring of Foundation activities, financial impact on Foundation donors reducing donation revenue, increased market volatility with potential significant effects on investments, and changes to the daily operating environment. The Foundation has continued daily operations by following their Covid-19 Operational Plan. The future effects of this pandemic are unknown and may be material.

**16. Comparative figures:**

Certain 2019 figures presented for comparative purposes have been reclassified in order to conform with the presentation adopted for the 2020 fiscal year.