

Financial Statements of
Sussex Area Community Foundation Incorporated
(Unaudited)
Year ended July 31, 2018

Chris Miller CGA
Professional Corporation

Sussex Area Community Foundation Incorporated

Year ended July 31, 2018

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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Board of Directors of
Sussex Area Community Foundation Incorporated

I have reviewed the accompanying financial statements of Sussex Area Community Foundation Incorporated that comprise of the statement of financial position as at July 31, 2018 and the statements of operations, changes in net asset and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Managements 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 enterprises, 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.

Practitioner's Responsibility

My responsibility is to express a conclusion on the accompanying financial statements based on my review. I conducted my review in accordance with Canadian generally accepted standards for review engagements, which require me to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and very in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, I do not express an audit opinion on the financial statements

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the financial statements do not present fairly, in all material respects, the financial position of Sussex Area Community Foundation Incorporated as at July 31, 2018 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not for profit enterprises.



Sussex, New Brunswick
November 15, 2018

Chris Miller CPA Professional Corporation
Chartered Professional Accountant

Sussex Area Community Foundation Incorporated

Statement of Financial Position

(Unaudited)

July 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Current Assets		
Cash	\$ 27,636	\$ 66,438
Accounts receivable	5,677	1,129
Prepaid expenses	<u>1,015</u>	<u>1,097</u>
	34,328	68,664
Investments at Market Value (Note 3)	2,224,180	2,047,880
Capital Assets (Note 4)	<u>-</u>	<u>209</u>
	<u>\$ 2,258,508</u>	<u>\$ 2,116,752</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable and accrued liabilities	\$ 3,766	\$ 3,616
Scholarships and Grants payable (Note 5)	<u>37,604</u>	<u>33,112</u>
	<u>41,370</u>	<u>36,728</u>
Net Assets		
Distributable income fund	20,610	13,697
EJ Cunningham Scholarship Fund	66,065	63,124
Community fund	1,894,092	1,727,000
PotashCorp Fund	<u>236,371</u>	<u>276,204</u>
	<u>2,217,138</u>	<u>2,080,024</u>
	<u>\$ 2,258,508</u>	<u>\$ 2,116,752</u>

Commitment (Note 8)

See accompanying notes to financial statements

Approved by the Board:

_____ Chair

_____ Treasurer

Chris Miller CGA
Professional Corporation

Sussex Area Community Foundation Incorporated

Statement of Operations and Changes in Net Assets

(Unaudited)

Years ended July 31, 2018 and 2017

	Distributable Income Fund	Community Fund *	Cunningham Fund	PotashCorp Fund	Total 2018	Total 2017
Revenue						
Donations and bequests	\$ 13,834	\$ 13,419	\$ 25	\$ -	\$ 27,278	\$ 60,872
Donations -Sussex High Alumni Fund	-	4,001	-	-	4,001	3,597
Friars Family Scholarship	-	57,200	-	-	57,200	-
Matthew Palmer Scholarship	-	-	-	-	-	7,725
Fundraising	16,396	-	-	-	16,396	16,340
Interest and dividends	61,445	-	2,331	9,941	73,717	59,949
Realized gain (loss) - sale of investments	-	26,146	1,000	1,248	28,394	8,709
	<u>91,675</u>	<u>100,766</u>	<u>3,356</u>	<u>11,189</u>	<u>206,986</u>	<u>157,192</u>
Expenses						
Investment management fees (Note 6)	-	21,160	726	2,882	24,768	24,164
Rent	3,511	-	-	-	3,511	2,556
Telephone	1,470	-	-	-	1,470	1,593
Website	220	-	-	-	220	219
Office supplies and postage	1,495	-	-	-	1,495	1,800
Audit and legal	1,046	-	-	-	1,046	1,024
Insurance	878	-	-	-	878	608
Electricity	600	-	-	-	600	-
Membership dues	805	-	-	-	805	738
Conference, travel, and meeting	-	-	-	-	-	1,155
Fundraising	6,815	-	-	-	6,815	8,697
Wages and employee benefits	18,101	-	-	-	18,101	17,641
Fund Administration Fee	(9,954)	896	1,024	8,034	-	-
Amortization	209	-	-	-	209	313
	<u>25,196</u>	<u>22,056</u>	<u>1,750</u>	<u>10,916</u>	<u>59,918</u>	<u>60,508</u>
Excess (Deficiency) revenue over expenses before other items	66,479	78,710	1,606	273	147,068	96,684
Grant distributions (Note 7)	<u>59,566</u>	<u>400</u>	<u>2,000</u>	<u>42,823</u>	<u>104,789</u>	<u>89,627</u>
Excess (Deficiency) revenue over expenses before unrealized gain (loss) - investments	6,913	78,310	(394)	(42,550)	42,279	7,057
Unrealized gain (loss) on investments	<u>-</u>	<u>88,782</u>	<u>3,335</u>	<u>2,717</u>	<u>94,834</u>	<u>79,311</u>
Excess (Deficiency) revenue over expenses	6,913	167,092	2,941	(39,833)	137,113	86,368
Net Assets, beginning of year	<u>13,697</u>	<u>1,727,000</u>	<u>63,124</u>	<u>276,204</u>	<u>2,080,025</u>	<u>1,993,656</u>
Net Assets, End of Year	<u>\$ 20,610</u>	<u>\$ 1,894,092</u>	<u>\$ 66,065</u>	<u>\$ 236,371</u>	<u>\$ 2,217,138</u>	<u>\$ 2,080,024</u>

* Includes Sussex High Alumni Fund balance of \$12,323

See accompanying notes to financial statements

Chris Miller CGA
Professional Corporation

Sussex Area Community Foundation Incorporated

Statement of Cash Flows

(Unaudited)

Years ended July 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Operating Activities		
Revenue over Expenses	\$ 137,113	\$ 86,368
Adjustment for :		
Amortization	<u>209</u>	<u>313</u>
	137,322	86,681
Changes in Non-Cash Working Capital Items		
Accounts Receivable	(4,548)	494
Prepaid Expense	82	(346)
Accounts Payable	<u>4,643</u>	<u>(21,286)</u>
	<u>137,499</u>	<u>65,542</u>
Investing Activities		
Change in Investments	<u>(176,301)</u>	<u>(47,984)</u>
Increases (Decrease) in Cash	(38,802)	17,559
Cash, Beginning Balance	<u>66,438</u>	<u>48,879</u>
Cash, Ending Balance	<u>\$ 27,636</u>	<u>\$ 66,438</u>

See accompanying notes to financial statements

Sussex Area Community Foundation Incorporated

Notes to the Financial Statements
(Unaudited)
Years ended July 31, 2018 and 2017

1. Operations

Sussex Area Community Foundation Incorporated (the "Foundation") was incorporated under the Province of New Brunswick Companies Act on August 1, 2003.

The Foundation is registered with the Charities Division, Canada Revenue Agency, and is classified as a public foundation. As such, it is exempt from income taxes and can issue charitable donation receipts.

The Foundation is a philanthropic organization focused on building permanent endowments in order to tackle long-term community challenges as well as meeting immediate needs. The Foundation serves the people of Sussex and the surrounding area by providing grants for projects that will positively affect our communities.

2. Accounting Policies

The following accounting policies used by the Foundation are stated below to assist in understanding the financial statements.

General

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

Fund Accounting

The accounts of the Foundation are maintained in accordance with the principles of "fund accounting". Under these principles, resources are classified for accounting and reporting purposes into funds that are in accordance with specified activities or objectives.

Distributable Income Fund

The Distributable Income Fund reports all revenue, expenses and net assets of the Foundation which are available for distribution within the guidelines of the Foundation. Net expenditures of this fund are financed primarily by donor contributions directed to general operations and from investment income earned on the Community Fund contributions on which the donor placed no restrictions.

Designated Fund

The Designated Fund reports amounts, including investment income earned on restricted Community Fund contributions, that are available to be used for purposes specified by donors. Donors may specify the charitable organization(s) to receive the grants or may identify the particular area of interest to be supported. The EJ Cunningham Scholarship Fund was established in 2008 within the Designated Fund and the Friars Family Scholarships Fund was transferred into the Designated Fund in 2018. The purpose of both these funds is to grant scholarships to graduates of area high schools.

Community Fund

The Community Fund reports amounts that are required to be maintained by the Foundation on a permanent basis.

PotashCorp Fund

The Potash Corporation of Saskatchewan provided a gift of \$375,000 in 2016 to establish the PotashCorp Fund and requested the Sussex Area Community Foundation administer the fund. Five scholarships of \$2,500 each, will be awarded annually for four years, 2016 through 2019. The remainder of the fund has been invested and provides annual grants to qualified local donees. The fund is to be fully distributed 10 years from the date it was established.

Chris Miller CGA
Professional Corporation

Sussex Area Community Foundation Incorporated

Notes to the Financial Statements
(Unaudited)
Years ended July 31, 2018 and 2017

2. Accounting Policies - continued

Investments

Investments are recorded at market value. Changes in market value of investments are reflected in the fund balances. Realized and unrealized gains and losses are recorded in the year they occur.

The Board exercises discretionary control over the investment of these assets through external investment fund managers within guidelines established by the Board of Directors.

Financial Instruments

Financial instruments consist of cash, accounts receivable, investments and accounts payable and accrued liabilities. Unless otherwise noted it is management's opinion that the Foundation is not exposed to significant interest, currency or credit risk.

Property, plant and equipment

Property, plant and equipment are recorded at cost. The Foundation provides for amortization using the straight-line method at rates designed to amortize the cost of the property, plant and equipment over their estimated useful lives. The amortization rate is as follows:

Computer Equipment	20%
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Revenue Recognition

The Foundation follows the restricted fund method of accounting for contributions. Contributions are recognized only as received, or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Expenses

Expenses are recorded using the accrual basis.

Contributed Services

During the year, a number of volunteers contribute a significant amount of their time to the Foundation. Because of the difficulty in determining the fair value, contributed services are not recorded in the financial statements.

Use of Estimates

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Sussex Area Community Foundation Incorporated

Notes to the Financial Statements
(Unaudited)
Years ended July 31, 2018 and 2017

3. Investments at Market Value

	<u>2018</u>		<u>2017</u>	
		<u>%</u>		
Short Term	\$ 157,625	7.1	\$ 102,658	5.0
Fixed Income	679,743	30.6	638,164	31.2
Equities				
Canada	572,038	25.7	550,179	26.9
United States	536,123	24.1	501,063	24.5
International	273,602	12.3	252,328	12.3
Interest Receivable	5,049	0.2	3,488	0.2
	<u>\$ 2,224,180</u>	<u>100</u>	<u>\$ 2,047,880</u>	<u>100</u>

4. Property, plant and equipment

	<u>2018</u>		<u>2017</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>	<u>Net</u>
Computer Equipment	\$ <u>2,704</u>	\$ <u>2,704</u>	\$ <u>-</u>	\$ <u>209</u>

5. Scholarships and Grants Payable

	<u>2018</u>	<u>2017</u>
SACFI Scholarships	\$ 12,875	\$ 12,825
Earl J. Cunningham Scholarships	2,000	2,000
Matthew Palmer Scholarships	1,000	2,000
Sussex High Alumni Fund	400	-
PotashCorp Scholarships	12,500	12,500
Simpson Scholarships	6,829	3,787
Friars Family Scholarships	<u>2,000</u>	<u>0</u>
	<u>\$ 37,604</u>	<u>\$ 33,112</u>

6. Investment Management Fees

Quarterly investment management fees are allocated proportionately to the Community Fund, the Designated Fund and the PotashCorp Fund based on market value of investments.

Sussex Area Community Foundation Incorporated

Notes to the Financial Statements
(Unaudited)
Years ended July 31, 2018 and 2017

7. Grant Distributions

	<u>2018</u>	<u>2017</u>
Distributable Income Fund:		
Agricultural Museum of New Brunswick Inc.	\$ 960	\$ -
Anglican Parish Waterford & Saint Mark's	1,880	200
Apohaqui Elementary School	-	100
Belleisle Regional High School	150	5,600
Cambridge Narrows Home & School Assoc	2,000	-
Cambridge Narrows School	150	100
Canadian Cancer Society New Brunswick	1,000	1,000
Crosswinds Occupational Activity Center	150	100
Family & Child Education Anglophone South	-	500
Hospice of Sussex Inc.	-	2,500
Junior Achievement	1,500	1,500
Kidstuff Theatre	2,000	-
Kingswood University	150	100
Kiwanis Nursing Home	-	5,000
MS Society of Canada, Atlantic Division	1,882	-
NB Association for Community Living Inc.	-	3,000
NB Federation of Music Festivals Inc	-	750
Norton Elementary School	-	-
Partners in Alternative Learning - Sussex	150	100
Pascobac Centre 1979 Inc	2,500	-
Roots of Empathy	2,650	1,500
Saint Mark's Anglican Church	-	1,500
Snider Mountain Adventures Inc.	5,000	-
Sussex & Area Seniors' Centre Inc.	5,000	-
Sussex Adult Learning	-	100
Sussex Christian School	1,406	100
Sussex Corner Elementary School	150	100
Sussex Elementary School	150	100
Sussex Middle School	150	1,229
Sussex Regional High School	150	100
Sussex Regional Library	-	275
The Little Jackie Fund	5,000	-
The Saint John Theatre Company	2,500	-
Town of Sussex - Communities in Bloom	-	2,500
Village of Sussex Corner	2,971	2,500
Grants to Organizations	<u>39,599</u>	<u>30,554</u>
SACFI Scholarships	12,875	12,875
Matthew Palmer Scholarships	1,000	2,000
Fran Simpson Memorial Scholarships	4,092	2,034
Friars Family Scholarships	2,000	0
Sussex High Alumni Scholarship	400	-
	<u>\$ 59,966</u>	<u>\$ 47,463</u>
E.J. Cunningham Scholarship Fund	<u>\$ 2,000</u>	<u>\$ 2,000</u>

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Professional Corporation

Sussex Area Community Foundation Incorporated

Notes to the Financial Statements
(Unaudited)
Years ended July 31, 2018 and 2017

7. Grant Distributions - continued

	<u>2018</u>	<u>2017</u>
PotashCorp Fund		
PotashCorp Fund Scholarships	\$ 12,500	\$ 12,500
Agricultural Museum of New Brunswick Inc.	-	2,124
Arts and Cultural Centre of Sussex Inc	5,000	-
Belleisle Regional High School	8,600	-
Community Forests International	-	3,000
Crosswinds Occupational Activity Center	-	6,492
Fog Lit Festival Inc.	-	870
Fundy Civic Centre Inc.	6,963	-
Greater Fundy Ground Search and Rescue	3,500	3,707
Kings County Family Resource Centre Inc.	-	1,000
NB Federation of Music Festivals Inc	1,200	-
Portage Atlantic	-	2,500
Saint Mark's Anglican Church	3,000	-
Sussex Elementary School	-	1,200
Sussex Figure Skating Club	-	2,500
Sussex Middle School	2,060	3,268
Sussex Regional Library	-	1,004
	<u>\$ 42,823</u>	<u>\$ 40,164</u>

8. Commitments

The Foundation received a gift from the Estate of Leo Forbes in 2004. The Board of Directors made a commitment to annually award not less than five scholarships of not less than \$2,500 each at the annual Sussex Regional High School commencement ceremonies.

In June 2018, the Foundation awarded Sussex Area Community Foundation Inc. Scholarships of \$2,575 each to five Sussex Regional High School graduates, totaling \$12,875. Payment of these scholarships is conditional on the graduate enrolling in an accredited educational institution.

Five scholarships of \$2,500 each were awarded in June 2018 by the PotashCorp Fund to students from the Sussex area totaling \$12,500. Payment of these scholarships is conditional on the graduate enrolling at an accredited post-secondary institution in New Brunswick.

In 2015 the Sussex High Alumni Fund was established to provide future scholarships to graduates of Sussex Regional High School. One scholarship for \$400 was awarded from this fund in June.

Four scholarships of \$500 each were awarded in June 2018 by the Friars Family Scholarship Fund to graduates of local schools.