

THE GREATER SAINT JOHN COMMUNITY FOUNDATION

Financial Statements

Year Ended October 31, 2020

THE GREATER SAINT JOHN COMMUNITY FOUNDATION

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Year Ended October 31, 2020

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INDEPENDENT AUDITORS' REPORT

To the Members of The Greater Saint John Community Foundation

Qualified Opinion

We have audited the financial statements of The Greater Saint John Community Foundation (the Foundation), which comprise the statement of financial position as at October 31, 2020, and the statements of changes in fund balances, revenues and expenditures and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at October 31, 2020, 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 organizations.

Basis for Qualified Opinion

In common with many charitable organizations, the Foundation derives revenue from donations and other fundraising projects, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Foundation. Therefore we were not able to determine whether any adjustments might be necessary to donations and fundraising revenue, excess (deficiency) of revenue over expenditures, cash from operations for the year then ended October 31, 2020, current assets and fund balances as at October 31, 2020.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' 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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit 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 relating 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.

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Auditors' 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 auditors' 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 auditors' 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.

Teed Saunders Doyle

Saint John, New Brunswick
January 28, 2021

CHARTERED PROFESSIONAL ACCOUNTANTS

THE GREATER SAINT JOHN COMMUNITY FOUNDATION

Statement of Financial Position

October 31, 2020

	2020	2019
ASSETS		
CURRENT		
Cash	\$ 346,951	\$ 69,377
Accounts receivable	499,873	16,088
Accounts receivable - Social Innovation Fund	855,225	-
HST rebate receivable	4,916	10,222
Prepaid administration fees - Social Innovation Fund	-	49,333
	1,706,965	145,020
RESTRICTED CASH - SOCIAL INNOVATION FUND	449,992	979,875
INVESTMENTS (Note 4)	83,287	-
INVESTMENTS - RESTRICTED FUNDS (Note 4)	168,614	320,136
INVESTMENTS - ENDOWMENT FUNDS (Note 4)	16,711,865	17,190,507
	\$ 19,120,723	\$ 18,635,538
LIABILITIES		
CURRENT		
Accounts payable	\$ 161,430	\$ 39,978
Accounts payable - Social Innovation Fund	18,824	-
Government remittances payable	-	2,564
	180,254	42,542
LONG TERM DEBT (Note 5)	30,000	-
DEFERRED REVENUE	513,545	-
	723,799	42,542
NET ASSETS		
GENERAL FUND	230,052	53,145
RESTRICTED FUNDS	168,614	320,136
SOCIAL INNOVATION FUND	1,286,393	1,029,208
ENDOWMENT FUNDS	16,711,865	17,190,507
	18,396,924	18,592,996
	\$ 19,120,723	\$ 18,635,538

ON BEHALF OF THE BOARD


 _____ Director


 _____ Director

THE GREATER SAINT JOHN COMMUNITY FOUNDATION
Statement of Changes in Fund Balances
Year Ended October 31, 2020

	General Fund	Restricted Funds	Social Innovation Fund	Endowment Funds	2020	2019
NET ASSETS - BEGINNING OF YEAR	\$ 53,145	\$ 320,136	\$ 1,029,208	\$ 17,190,507	\$ 18,592,996	\$ 16,606,920
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>176,907</u>	<u>(151,522)</u>	<u>257,185</u>	<u>(478,642)</u>	<u>(196,072)</u>	<u>1,986,076</u>
NET ASSETS - END OF YEAR	<u>\$ 230,052</u>	<u>\$ 168,614</u>	<u>\$ 1,286,393</u>	<u>\$ 16,711,865</u>	<u>\$ 18,396,924</u>	<u>\$ 18,592,996</u>

THE GREATER SAINT JOHN COMMUNITY FOUNDATION
Statement of Revenues and Expenditures
Year Ended October 31, 2020

	General Fund 2020	Restricted Funds 2020	Social Innovation Fund 2020	Endowment Funds 2020	Total 2020	Total 2019
REVENUE						
Grants	\$ 698,276	\$ -	\$ 1,700,000	\$ -	\$ 2,398,276	\$ 1,700,000
Investment income	439,582	279,744	5,943	-	725,269	843,469
Donations	-	-	-	208,686	208,686	1,192,151
Realized gain on disposal of investments	66,481	89,831	-	-	156,312	115,859
Fund management fee	70,094	-	17,000	-	87,094	8,500
COVID-19 wage subsidies	37,670	-	-	-	37,670	-
Forgivable portion of CEBA loan	10,000	-	-	-	10,000	-
Project management fee	-	-	7,375	-	7,375	2,020
Other revenue	-	-	-	-	-	11,719
	<u>1,322,103</u>	<u>369,575</u>	<u>1,730,318</u>	<u>208,686</u>	<u>3,630,682</u>	<u>3,873,718</u>
EXPENDITURES						
Grants awarded	847,683	276,980	1,303,133	-	2,427,796	2,021,811
General support expenses	242,216	204,071	170,000	-	616,287	406,892
Investment management fees	52,030	33,111	-	-	85,141	82,985
Community events	3,267	-	-	-	3,267	7,639
	<u>1,145,196</u>	<u>514,162</u>	<u>1,473,133</u>	<u>-</u>	<u>3,132,491</u>	<u>2,519,327</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES BEFORE CHANGE IN MARKET VALUE OF INVESTMENTS	176,907	(144,587)	257,185	208,686	498,191	1,354,391
CHANGE IN MARKET VALUE OF INVESTMENTS	-	(6,935)	-	(687,328)	(694,263)	631,685
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	\$ 176,907	\$ (151,522)	\$ 257,185	\$ (478,642)	\$ (196,072)	\$ 1,986,076

THE GREATER SAINT JOHN COMMUNITY FOUNDATION

Statement of Cash Flows

Year Ended October 31, 2020

	2020	2019
OPERATING ACTIVITIES		
Excess of revenue over expenditures	\$ (196,072)	\$ 1,986,076
Items not affecting cash:		
Forgiveable portion of CEBA loan	(10,000)	-
Realized gain on disposal of investments	(156,312)	(115,859)
Change in market value of investments	694,263	(631,685)
	<u>331,879</u>	<u>1,238,532</u>
Changes in non-cash working capital:		
Accounts receivable	(483,785)	(16,000)
Accounts receivable - Social Innovation Fund	(855,225)	-
HST rebate receivable	5,306	(4,265)
Prepaid admin fees - Social Innovation Fund	49,333	(7,666)
Accounts payable and accrued liabilities	121,452	22,852
Accounts payable - Social Innovation Fund	18,824	-
Government remittances payable	(2,564)	94
Deferred revenue - Third party funds	513,545	-
	<u>(633,114)</u>	<u>(4,985)</u>
Cash from (used by) operating activities	<u>(301,235)</u>	<u>1,233,547</u>
INVESTING ACTIVITIES		
Purchase of investments	(1,928,227)	(2,606,525)
Proceeds on disposal of investments	1,937,153	1,468,754
Cash from (used by) investing activities	<u>8,926</u>	<u>(1,137,771)</u>
FINANCING ACTIVITY		
Proceeds from long term debt	40,000	-
Cash from financing activities	<u>40,000</u>	<u>-</u>
INCREASE (DECREASE) IN CASH	(252,309)	95,776
CASH - BEGINNING OF YEAR	1,049,252	953,476
CASH - END OF YEAR	796,943	1,049,252
CASH CONSISTS OF:		
Cash	\$ 346,951	\$ 69,377
Restricted cash	449,992	979,875
	<u>\$ 796,943</u>	<u>\$ 1,049,252</u>

THE GREATER SAINT JOHN COMMUNITY FOUNDATION

Notes to Financial Statements

Year Ended October 31, 2020

1. PURPOSE OF THE FOUNDATION

The Greater Saint John Community Foundation (The "Foundation") is incorporated as a corporation without share capital under the laws of the Province of New Brunswick. It was established in 1976 to serve as a trustee of the investments, which are held for charitable, educational and cultural purposes.

The Foundation is registered as a charitable organization under the Income Tax Act (Canada) and, as such, is exempt from income taxes and is able to issue donation receipts for income tax purposes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNFP").

Fund Accounting

The accounts of the Foundation are maintained in accordance with the principles of restricted fund accounting for contributions. For financial reporting purposes, the accounts have been classified into the following funds:

General Fund

The General Fund reports amounts, including donations, fundraising and investment income, to be used to support charitable grants and administration. The donors have placed no restrictions on the use of the funds. The distribution of grants is determined by the Board of Directors.

Restricted Funds

The Restricted Funds report amounts, including donations and investment income, to be used to support charitable grants and administration. The donors have specified the charitable purposes for which the various funds' income is to be used.

Endowment Funds

The Endowment Funds consist of contributions designated by donors to remain in perpetuity.

Social Innovation Funds

Starting in 2018, the Foundation entered into an agreement with the Regional Development Corporation (RDC) to administer the Social Innovation Fund (SIF). The SIF program was formed to help end generational poverty in the City of Saint John and is comprised of \$8.5 million to be allocated over a five year period. Under the agreement, the Foundation, in consultation with Living SJ, is responsible for the development, implementation and oversight of the SIF program and the operations of the fund. The fund is to be maintained in a separate bank account and its operations, including allowable administration expenses, are specified in the agreement.

Cash and Cash Equivalents

The Foundation considers cash on hand, short-term deposits and balances with banks, net of overdrafts as cash or cash equivalents. Cash and cash investments included in the investment listing (Note 4) are excluded from cash and form part of the investing activities of the Foundation.

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THE GREATER SAINT JOHN COMMUNITY FOUNDATION

Notes to Financial Statements

Year Ended October 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments

Fair values of investments are determined using year end quoted market prices.

The investments of the Foundation are held in the custody of Louisbourg Investments and consist of liquid fixed income and equity portfolios of pooled funds.

Revenue Recognition

Donations are recognized as revenue of the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured, since pledges are not legally enforceable claims.

Grants are recognized as revenue of the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income, which consists of interest, dividends, income distributions from pooled funds, and realized and unrealized gains and losses, is recognized as revenue of the appropriate fund when earned.

General Support Expenses

General support expenses are allocated between the General Fund and the Restricted Funds. The Restricted Funds are charged between 0.75% and 1.50% of the average monthly balance per annum with the remainder of the expenses charged to the General Fund.

Contributed Marketable Securities, Materials, and Services

Marketable securities donated to the Foundation are recorded as donation income when received. Donated materials and contributed services are recorded at fair value where the value can be reasonably determined.

Volunteers contribute a significant amount of their time each year. Because of the difficulty in determining their fair value, these contributed services are not recognized in the financial statements.

Financial Instruments Policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in excess (deficiency) of revenue over expenditures. All other financial instruments are reported at amortized cost, and tested for impairment, at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Measurement Uncertainty

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenditures during the period. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the period in which they become known. Actual results could differ from these estimates. An example of a significant estimate is the recoverability of investments.

THE GREATER SAINT JOHN COMMUNITY FOUNDATION

Notes to Financial Statements

Year Ended October 31, 2020

3. FINANCIAL INSTRUMENTS

The Foundation is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Foundation's risk exposure and concentration as of October 31, 2020.

(a) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Foundation is exposed to this risk mainly in respect of accounts payable, government remittances payable and other obligations.

(b) Currency risk

Currency risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. Certain of the Foundation's investments are denominated in United States dollars or other foreign currencies. Consequently, some assets are exposed to foreign currency fluctuations. The Foundation will settle investments of \$4,997,225 (2019 - \$5,498,518) in foreign currencies.

(c) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Foundation manages exposure through its normal operating and financing activities. The Foundation is exposed to interest rate risk primarily through the bond component of its investment portfolio.

(d) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Foundation is exposed to other price risk through its investment in equity pooled funds.

4. INVESTMENTS

	2020	2019
Cash and cash equivalents (cost - \$1,581,294; 2019 - \$1,261,166)	\$ 1,581,294	\$ 1,261,166
Fixed income (cost - \$5,323,993; 2019 - \$5,361,144)	5,486,985	5,443,921
Canadian equity (cost - \$5,149,592; 2019 - \$4,945,434)	4,898,262	5,307,038
U.S. Equity (cost- \$1,953,797; 2019 - \$2,227,554)	2,589,246	2,783,181
Foreign equity (cost - \$2,369,706; 2019 - \$2,435,652)	2,407,979	2,715,337
	<u>\$ 16,963,766</u>	<u>\$ 17,510,643</u>

THE GREATER SAINT JOHN COMMUNITY FOUNDATION

Notes to Financial Statements

Year Ended October 31, 2020

5. LONG TERM DEBT

Canadian Emergency Business Account non interest bearing loan. The loan matures on December 31, 2022 and if repaid, \$10,000 of the \$40,000 loan is forgivable. If the loan is not repaid on or before December 31, 2022, it is extended to a three year loan bearing interest at 5%.

Amounts payable within one year

	2020	2019
	\$ 30,000	\$ -
	-	-
	<u>\$ 30,000</u>	<u>\$ -</u>

6. INCOME TAXES

The Foundation is registered as a public foundation under the Income Tax Act of Canada and is exempt from income taxes. As part of maintaining its registration, the Foundation must meet specific criteria as set by Canada Revenue Agency regulations.

7. COMMITMENTS

The Foundation leases office premises in Saint John, NB. The lease, which is being accounted for as an operating lease, is for a term of five years expiring October 31, 2024.

The Foundation leases photocopier equipment. The lease, which is being accounted for as an operating lease, is for a term of five years expiring November 30, 2021.

The future minimum lease payments as at October 31, 2020, are as follows:

2021	\$ 22,769
2022	22,640
2023	23,220
2024	23,865
	<u>\$ 92,494</u>

8. INTERFUND TRANSFER

The Foundation maintains a policy of ensuring endowment funds are protected and continue to support and enrich the community in perpetuity. Accordingly, the Foundation may be required to transfer income to the endowment fund to ensure this policy is met. Under this policy, the Foundation transferred \$nil (2019 - \$6,399) from the Restricted Funds to the Endowment Funds, and \$nil (2019 - \$41,482) from the General Fund to the Endowment Funds.

9. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.