

**The Greater Saint John Community
Foundation**

Financial Statements
October 31, 2011

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Auditor's Report to the Members of The Greater Saint John Community Foundation

I have audited the accompanying financial statements of **The Greater Saint John Community Foundation** which comprise the statement of financial position as at October 31, 2011, and the statement of revenue, expenditures and change in fund balances for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and 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 upon the auditor's 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 purposes of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the organization derives part of its revenue from donations and bequests, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amounts recorded in the records of the organization and I was not able to determine whether any adjustments might be necessary to revenues, excess of revenue over expenses, assets, and surplus.

Auditor's Report to the Members of The Greater Saint John Community Foundation (continued)

Qualified Opinion

In my opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of The Greater Saint John Community Foundation as at October 31, 2011, and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Peter Wilshaw, C.A.

Chartered Accountant

The Greater Saint John Community Foundation

Statement of Financial Position

As at October 31, 2011

	2011 \$	2010 \$
Assets		
Cash	50,963	68,083
Accounts receivable	12,315	8,404
Prepaid expenses	6,309	-
	<u>69,587</u>	<u>76,487</u>
Investments (note 4)	8,524,123	8,595,329
	<u>8,593,710</u>	<u>8,671,816</u>
Liabilities		
Accounts payable and accrued liabilities	16,211	58,132
Ovation net revenue received in advance	-	41,142
	<u>16,211</u>	<u>99,274</u>
General fund	5,683,060	5,737,620
Restricted funds	2,894,439	2,834,922
Total funds	<u>8,577,499</u>	<u>8,572,542</u>
	<u>8,593,710</u>	<u>8,671,816</u>

Approved by the Board of Directors



Director



Director

The Greater Saint John Community Foundation
Statement of Revenue, Expenditures and Changes in Fund Balances
For the year ended October 31, 2011

	<u>General Fund</u>		<u>Restricted Funds</u>		<u>Combined</u>	
	2011 \$	2010 \$	2011 \$	2010 \$	2011 \$	2010 \$
Revenue						
Donations	50,577	62,468	111,372	108,776	161,949	171,244
Grants	3,361	-	-	-	3,361	-
Fundraising	206,565	-	4,301	-	210,866	-
Realized capital gain (loss)	192,324	(8,385)	94,663	(4,095)	286,987	(12,480)
Investment income - net	185,990	93,825	91,545	45,820	277,535	139,645
Unrealized capital gain (loss)	(291,047)	475,263	(143,255)	232,102	(434,302)	707,365
	<u>347,770</u>	<u>623,171</u>	<u>158,626</u>	<u>382,603</u>	<u>506,396</u>	<u>1,005,774</u>
Expenditures						
Grants awarded	234,450	147,800	55,639	85,500	290,089	233,300
Fundraising expenses	55,875	-	-	-	55,875	-
Community events	1,595	1,401	-	-	1,595	1,401
Administrative expenses	110,410	101,015	43,470	36,609	153,880	137,624
	<u>402,330</u>	<u>250,216</u>	<u>99,109</u>	<u>122,109</u>	<u>501,439</u>	<u>372,325</u>
Excess revenue (expenditure) for the year	(54,560)	372,955	59,517	260,494	4,957	633,449
Fund balance – Beginning of year	5,737,620	5,364,665	2,834,922	2,574,428	8,572,542	7,939,093
Fund balance – End of year	<u>5,683,060</u>	<u>5,737,620</u>	<u>2,894,439</u>	<u>2,834,922</u>	<u>8,577,499</u>	<u>8,572,542</u>

The Greater Saint John Community Foundation

Notes to Financial Statements

October 31, 2011

1 Nature of organization

The Greater Saint John Community Foundation was established in 1976 by an Act of the New Brunswick legislature to serve as a trustee of the investments, which are held for charitable, educational and cultural purposes. The Greater Saint John Community Foundation is a registered charity under the Income Tax Act.

On December 20, 2000 the New Brunswick Legislature amended The Saint John Foundation Act to change the name of The Foundation to The Greater Saint John Community Foundation.

2 Accounting policies

Capital disclosures

Section 1535 – Capital Disclosures requires an entity to disclose information about its objectives, policies and procedures for managing capital, quantitative data about what the entity regards as capital, as well as its compliance with any externally imposed capital requirements. The Foundation has included the disclosures as recommended by the CICA in Note 6 to the financial statements.

Fund accounting

To observe limitations and restrictions placed on the use of resources, the accounts of The Greater Saint John Community Foundation are maintained in accordance with “fund accounting” principles. Under this procedure, the revenue and resources and their related expenditures for specific uses are summarized in a separate group of accounts. Accordingly, the financial statements are presented by fund category. Externally restricted contributions also include endowments.

Financial instruments

The Foundation’s financial instruments consist of cash, accounts receivable, investments, and accounts payable and accrued liabilities. As at October 31, 2011 the fair market value of the Foundation’s financial instruments approximates their carrying value due to the short term nature and/or payment terms of these instruments.

The unrealized gain or loss on investments is included in income for the year.

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.

Investment income is recognized as revenue of the appropriate fund when earned and is recorded net of investment management fees.

The Greater Saint John Community Foundation

Notes to Financial Statements

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2 Accounting policies (continued)

Contributed marketable securities, materials and services

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

Volunteers' time contributions are not recognized in the financial statements due to difficulty of determining their fair value.

Use of estimates

The preparation of financial statements in conformity with Canadian general accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses. Estimates are used for, but not limited to accrued liabilities. Actual results could vary from those estimates.

General fund

The general fund reports amounts, including donations 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. The following funds are included in the general fund:

- Common Fund
- C.N. Wilson Fund
- Jane Armstrong and Lawrence Earl Fund
- Children's Aid Fund (Lantalum Foundation)
- Paul Grannan Fund
- Anonymous Fund
- MacDonald Family Fund
- Anniversary Fund
- Judge John A. and Julia P. Barry Fund
- Thomas L. McGloan, Q.C. Fund
- Roland and Louise Black Fund
- James M. Crosby Fund
- Alan B. and Joyce E. McLean Fund
- Brian and Susan (Trafton) Moore Fund
- Dickson Family Fund
- Gail B. Kaye Fund

Restricted fund

The restricted fund reports amounts, including donations and investment income, to be used to support charitable grants and administration. Restricted funds include endowments. The donors have specified the charitable purposes for which the various funds' income is to be used. The restricted fund is comprised of the following funds:

- Old Ladies Home of Saint John Fund
- Dr. Malcolm M. Somerville Bursaries in Business Fund
- Marie Murphy Walsh Clock Fund

The Greater Saint John Community Foundation

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2 Accounting policies (continued)

Restricted fund (continued)

Jane and David Barry Administrative Fund
Jervis Bay – Ross Memorial Park Fund
Super Steel Band Fund
Margaret Willis Awards Fund
Cook Family Fund
Saint John Law Society Fund
Saint John Human Development Council Fund
Rita McCarthy Fund
Harbour Passage Fund
Jack, Lois and Cindy Kidd Bursaries Fund
Jack Kidd Family – Saint John Boys and Girls Fund
Professional Visual Artists Fund
Dr. J. P. and Anita McInerney Family Fund
Gladys and Samuel Davis Fund
Belleisle Valley Health Centre Fund
Saint John Country Music Week Legacy Fund
CFUW – Saint John Scholarship Fund
Brian Lund Memorial Fund
Garfield T. Meltzer – Jewish War Veterans Scholarship Fund
St. Barnabas Chapel of Ease Fund
Faye Somers Fund
Walter and Joan Flewelling Fund
Rachael Dawn Duffley Memorial Scholarship Fund
Constable Royce Isenor Memorial Scholarship Fund
D. Anne and John S. Mackeen Bursary Fund
Stompin' Tom Connors Fund
Ericka Low Fund
Board of Directors Fund
Suzanne Doyle-Yerxa Fund
Dr. Joseph and Renee Arditti Fund
Carleton Kirk Lodge Fund
Gregory J. Bangay Memorial Bursary Fund
Barbara and Don Ring Fund
Jewish Historical Museum Fund
Charles Starkey Scholarship Fund

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3 Financial Instruments and Risk Management

The Foundation has designated its cash and cash equivalents as held for trading. Accounts receivable have been classified as loans and receivables. Investments are classified as held for trading. Accounts payable and accrued liabilities have been classified as other liabilities.

Held for trading financial assets are measured at fair value as of the balance sheet date. Fair value fluctuations including interest earned, interest accrued, gains and losses realized on disposal and unrealized gains and losses are included in income.

Loans and receivables are accounted for at amortized cost using the effective interest method.

Other liabilities are recorded at amortized cost using the effective interest method.

The Foundations investments are exposed to a variety of financial risks as a result of its investment activities. These risks include:

- *Market risk* – the risk that the fair value or future cash flows of an investment will fluctuate due to changes in market prices.
- *Credit risk* – the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.
- *Currency risk* – the risk to the organization's earnings that arise from fluctuations in foreign exchange rates and the degree of volatility of these rates.
- *Concentration risk* – the risk that a portfolio will have a greater exposure due to a concentration in securities with similar characteristics or subject to similar environment or other conditions.
- *Liquidity risk* – the risk of being unable to generate sufficient cash flow to meet the spending requirements of the Foundation.

The Foundation has adopted investment policies, which are designed to avoid undue risk of loss, along with providing for a reasonable rate of return on the investments. The investment policy includes provisions to limit certain risks by providing limits on the amount of exposure on bond holdings, individual equity holdings and geographic holdings of the portfolio. The risk management practices are primarily carried out by the Foundation's Finance and Investment Committee. This includes adherence to the investment guidelines and the employment and oversight of a qualified professional portfolio advisor. The portfolio advisor actively manages the portfolio to offset these risks.

4 Investments

Investments consist of the following:

	2011	2010
	\$	\$
Fixed income	4,172,764	3,720,181
Canadian equity	2,182,681	2,242,853
Foreign equity	2,168,678	2,632,295
	<u>8,524,123</u>	<u>8,595,329</u>

The Foundation investments are in managed portfolios of pooled funds and are recorded at fair market value based on year-end quoted market prices.

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5 Cash flow statement

A cash flow statement has not been prepared because it would not provide any additional useful information in understanding the cash flows for the year.

6 Capital

The Foundation considers the capital of the organization to include both the restricted and unrestricted funds.

The Foundation's objectives in managing capital are to generate sufficient earnings to:

- Maximize charitable giving;
- Meet the disbursement quota requirement under the Income Tax Act of Canada;
- Ensure administrative costs supporting the role of the Foundation are covered; and
- Provide for sufficient growth and increase the net worth of the Foundation to ensure future ability to contribute to a wide range of charitable causes in the greater Saint John area, supporting the fundamental purpose of the Foundation.

The Foundation's Investment and Finance Committee recommends the appointment of investment counsel, monitors their performance and makes recommendations to the Board on the investment policy and performance objectives with the overall purpose of meeting the Foundation's objectives in managing capital.

Various agreements are in place that covers the usage and management of the restricted funds. The Foundation has complied with the requirements of these agreements.

7 Income taxes

The Foundation is registered as a public foundation under the Income Tax Act of Canada and, as such, is exempt from income taxes. As part of maintaining its registration, the Foundation must meet a disbursement quota as set by Canada Revenue Agency regulations. The Foundation has met this requirement in 2011.

8 Commitments

The Foundation entered into a three year lease agreement for office space which began on April 1, 2011 and expires on March 31, 2014. The estimated annual leases payments required under this lease are as follows:

2012	\$10,384
2013	\$10,384
2014	\$ 4,237

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9 Change in Accounting Framework

The Accounting Standards Board has given not-for-profit organizations the option to select from one of two available sets of accounting standards and to apply that set for annual statements relating to fiscal years beginning on or after January 1, 2012. The options are as follow:

- Part I - International Financial Reporting Standards (IFRS)
- Part III - Accounting Standards for Not-for-Profit Organizations

The organization is currently evaluating the implications of the adoption of these new standards.