

**The Greater Saint John Community  
Foundation**

Financial Statements  
**October 31, 2012**

*Wilshaw & Associates Professional Corporation*

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February 20, 2013

**Auditor's Report to the Board of Directors 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, 2012, and the statement of revenue, expenditures and change in fund balances and cash flows 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 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***

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 Foundation 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 foundation 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 Board of Directors of The Greater Saint John Community Foundation**  
(continued)

***Comparative Information***

Without modifying our opinion, we draw attention to note 2 to the financial statements which describes that the Foundation adopted Canadian Accounting Standards for Not-for-Profit Organizations (ASNFP) on November 1, 2011 with a transition date of November 1, 2010. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statements of financial position as at October 31, 2010 and November 1, 2011, and the statements of revenue, expenditures and changes in fund balances and change in cash flow for the year ended October 31, 2010 and related disclosures. We were not engaged to report on the restated comparative information and, as such it is unaudited.

***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, 2012, and the results of its operations for the year then ended in accordance with Canadian Accounting Standards for Not-For-Profit Organizations.

*Pete Wilshaw, C.A.*

**Chartered Accountant**

# The Greater Saint John Community Foundation

## Statement of Financial Position

As at October 31, 2012

|  | 2012<br>\$       | 2011<br>\$       | Opening<br>2011<br>\$ |
|--|------------------|------------------|-----------------------|
| <b>Assets</b>                            |                  |                  |                       |
| Cash and term deposits                   | 305,521          | 50,963           | 68,083                |
| Accounts receivable                      | 10,000           | 16               | 8,404                 |
| HST recoverable                          | 7,572            | 12,299           | -                     |
| Prepaid expenses                         | 2,130            | 6,309            | -                     |
|  | <u>325,223</u>   | <u>69,587</u>    | <u>76,487</u>         |
| Investments (note 4)                     | 9,068,175        | 8,524,123        | 8,595,329             |
|  | <u>9,393,398</u> | <u>8,593,710</u> | <u>8,671,816</u>      |
| <b>Liabilities</b>                       |                  |                  |                       |
| <b>Current liabilities</b>               |                  |                  |                       |
| Accounts payable and accrued liabilities | 33,027           | 16,211           | 58,132                |
| Ovation net revenue received in advance  | -                | -                | 41,142                |
|  | <u>33,027</u>    | <u>16,211</u>    | <u>99,274</u>         |
| <b>General fund</b>                      | 3,571,612        | 3,529,520        | 3,617,605             |
| <b>Restricted funds</b>                  | (87,643)         | (133,627)        | (77,500)              |
| <b>Endowment funds</b>                   | 5,876,402        | 5,181,606        | 5,032,437             |
|  | <u>9,360,371</u> | <u>8,577,499</u> | <u>8,572,542</u>      |
|  | <u>9,393,398</u> | <u>8,593,710</u> | <u>8,671,816</u>      |

Approved by the Board of Directors

\_\_\_\_\_  
Director

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Director

**The Greater Saint John Community Foundation**  
Statement of Revenue, Expenditures and Changes in Fund Balances  
For the year ended October 31, 2012

|  | General Fund |            | Restricted Funds |            | Endowment Funds |            | Combined   |            |
|--|--------------|------------|------------------|------------|-----------------|------------|------------|------------|
|  | 2012<br>\$   | 2011<br>\$ | 2012<br>\$       | 2011<br>\$ | 2012<br>\$      | 2011<br>\$ | 2012<br>\$ | 2011<br>\$ |
| <b>Revenue</b>                                       |              |            |                  |            |                 |            |            |            |
| Donations  | 57,362       | 17,081     | 3,578            | -          | 690,880         | 144,868    | 751,820    | 161,949    |
| Grants   | -            | 3,361      | 18,000           | -          | -               | -          | 18,000     | 3,361      |
| Fundraising  | -            | 206,565    | -                | -          | 16,650          | 4,301      | 16,650     | 210,866    |
| Realized capital gain (loss)                         | (592,530)    | 192,134    | (327,043)        | 94,853     | -               | -          | (919,573)  | 286,987    |
| Investment income - net                              | 275,819      | 185,805    | 152,236          | 91,730     | -               | -          | 428,055    | 277,535    |
| Unrealized capital gain (loss)                       | 621,957      | (290,759)  | 343,285          | (143,543)  | -               | -          | 965,242    | (434,302)  |
|  | 362,608      | 314,187    | 190,056          | 43,040     | 707,530         | 149,169    | 1,260,194  | 506,396    |
| <b>Expenditures</b>                                  |              |            |                  |            |                 |            |            |            |
| Grants awarded                                       | 208,715      | 234,450    | 84,083           | 55,639     | -               | -          | 292,798    | 290,089    |
| Fundraising expenses                                 | -            | 55,875     | -                | -          | 12,734          | -          | 12,734     | 55,875     |
| Community events                                     | 4,869        | 1,595      | 14,541           | -          | -               | -          | 19,410     | 1,595      |
| General support expenses                             | 213,584      | 291,920    | 98,624           | 55,639     | 12,734          | -          | 324,942    | 347,559    |
|  | 106,932      | 110,352    | 45,448           | 43,528     | -               | -          | 152,380    | 153,880    |
|  | 320,516      | 402,272    | 144,072          | 99,167     | 12,734          | -          | 477,322    | 501,439    |
| <b>Excess revenue (expenditure)<br/>for the year</b> | 42,092       | (88,085)   | 45,984           | (56,127)   | 694,796         | 149,169    | 782,872    | 4,957      |
| <b>Fund balance – Beginning of<br/>year</b>          | 3,529,520    | 3,617,605  | (133,627)        | (77,500)   | 5,181,606       | 5,032,437  | 8,577,499  | 8,572,542  |
| <b>Fund balance – End of year</b>                    | 3,571,612    | 3,529,520  | (87,643)         | (133,627)  | 5,876,402       | 5,181,606  | 9,360,371  | 8,577,499  |

# The Greater Saint John Community Foundation

## Statement in Cash flows

For the year ended October 31, 2012

|  | 2012<br>\$   | 2011<br>\$  |
|--|--------------|-------------|
| <b>Cash provided by (used in)</b>                    |              |             |
| <b>Operating activities</b>                          |              |             |
| Excess revenue for the year                          | 782,872      | 4,957       |
| Items not affecting cash                             |              |             |
| Realized capital (gain) loss                         | 919,573      | 286,987     |
| Unrealized capital (gain) loss                       | (965,242)    | (434,302)   |
|  | 737,203      | (142,358)   |
| Changes in non-cash working capital                  |              |             |
| Accounts receivable                                  | (9,984)      | (16)        |
| HST recoverable                                      | 4,727        | (3,895)     |
| Prepaid expenses                                     | 4,179        | (6,309)     |
| Accounts payable and accrued liabilities             | 16,816       | 41,921      |
| Ovation revenue received in advance                  | -            | 41,142      |
|  | 752,941      | (69,515)    |
| <b>Investing activities</b>                          |              |             |
| Purchase of investments                              | (11,082,837) | (3,498,658) |
| Proceed on disposal on investments                   | 10,584,454   | 3,551,053   |
|  | (498,383)    | 52,395      |
| <b>Increase (decrease) in cash and term deposits</b> | 254,558      | (17,120)    |
| <b>Cash and term deposits – Beginning of year</b>    | 50,963       | 68,083      |
| <b>Cash and term deposits – End of year</b>          | 305,521      | 50,963      |

# The Greater Saint John Community Foundation

Notes to Financial Statements

October 31, 2012

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## 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 Adoption of Canadian Accounting Standards for Not-for-Profit Organizations

Effective November 1, 2011 the Foundation adopted the requirements of the Canadian Institute of Chartered Accountants (CICA) Handbook – Accounting, electing to adopt the new accounting framework; Canadian Accounting Standards for Not-for-Profit Organizations. These are the Foundation's first financial statements prepared in accordance with these Canadian Accounting Standards for Not-for-Profit Organizations which have been applied retrospectively. The adoption of these accounting standards has resulted in the segregation of endowment funds which were previously included in the general fund or the restricted fund.

## 3 Accounting policies

### 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.

### Financial instruments

The Foundation's financial instruments consist of cash, accounts receivable, investments, and accounts payable and accrued liabilities. As at October 31, 2012 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.

### General support expenses

General support expenses are allocated between the General Fund and the various restricted funds based on the average monthly balance of each of the individual funds.

# The Greater Saint John Community Foundation

Notes to Financial Statements

October 31, 2012

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## 3 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 accounting standards for not-for-profit organizations 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
- Thomas and Joan Kennedy Arts and Culture Fund



# The Greater Saint John Community Foundation

Notes to Financial Statements

October 31, 2012

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## 3 Accounting policies (continued)

### Restricted fund

The restricted fund reports 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. 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  
Jane and David Barry Administrative Fund  
Jervis Bay – Ross Memorial Park Fund  
Super Steel Band Bursary Fund  
Margaret Willis Awards Fund  
Cook Family Fund  
Saint John Law Society Fund  
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 Scholarship 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 Award Fund  
Dr. Joseph and Renee Arditti Family Neurosciences Fund  
Carleton Kirk Lodge Fund  
Gregory J. Bangay Memorial Bursary Fund  
Barbara and Don Ring Memorial Bursary Fund  
Saint John Jewish Historical Museum Fund  
Charles F.W. Starkey Memorial Scholarship Fund  
John Kelly Recreation Bursary Fund  
Bill Gale Bursary Fund  
Doug Elliot H.O.P.E. Centre Fund

# The Greater Saint John Community Foundation

Notes to Financial Statements

October 31, 2012

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## 4 Investments

Investments consist of the following:

|                      | 2012             | 2011             |
|----------------------|------------------|------------------|
|                      | \$               | \$               |
| Cash and equivalents | 533,948          | -                |
| Fixed income         | 3,667,439        | 4,172,764        |
| Canadian equity      | 2,574,261        | 2,168,678        |
| US equity            | 862,599          | -                |
| Foreign equity       | 1,429,928        | 2,182,681        |
|                      | <u>9,068,175</u> | <u>8,524,123</u> |

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

## 5 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.

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 Greater Saint John Community Foundation

Notes to Financial Statements

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## 5 Financial Instruments and Risk Management (continued)

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.

## 6 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 2012.

## 7 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:

|      |          |
|------|----------|
| 2013 | \$10,384 |
| 2014 | \$ 4,237 |