

THE GREATER SAINT JOHN COMMUNITY FOUNDATION

Financial Statements

Year Ended October 31, 2018

THE GREATER SAINT JOHN COMMUNITY FOUNDATION

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Year Ended October 31, 2018

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INDEPENDENT AUDITORS' REPORT

To the Members of The Greater Saint John Community Foundation

We have audited the accompanying financial statements of The Greater Saint John Community Foundation, which comprise the statement of financial position as at October 31, 2018 and the statements of revenues and expenditures, changes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we 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 on the auditors' 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 auditors 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 purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

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 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 of revenue over expenditures, and cash flows from operations for the year ended October 31, 2018, current assets and fund balances as at October 31, 2018.

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Independent Auditors' Report to the Members of The Greater Saint John Community Foundation *(continued)*

Qualified Opinion

In our opinion, except for the 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, 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 organizations.

Saint John, New Brunswick
January 31, 2019 .



CHARTERED PROFESSIONAL ACCOUNTANTS

THE GREATER SAINT JOHN COMMUNITY FOUNDATION

Statement of Financial Position

October 31, 2018

	2018	2017
ASSETS		
CURRENT		
Cash	\$ 49,342	\$ 298,838
Accounts receivable	88	1,302
HST rebate receivable	5,957	8,151
Prepaid administration fees - Social Innovation Fund	41,667	-
Term deposits	-	5,105
	<u>97,054</u>	<u>313,396</u>
INVESTMENTS (Note 4)	5,381,688	5,641,019
RESTRICTED CASH - SOCIAL INNOVATION FUND	904,134	-
INVESTMENTS - RESTRICTED FUND (Note 4)	151,419	966,360
INVESTMENTS - ENDOWMENT FUND (Note 4)	<u>10,092,223</u>	<u>8,315,192</u>
	<u>\$ 16,626,518</u>	<u>\$ 15,235,967</u>

LIABILITIES AND NET ASSETS


CURRENT		
Accounts payable and accrued liabilities	\$ 17,128	\$ 14,362
Government remittances payable	2,470	2,403
	<u>19,598</u>	<u>16,765</u>

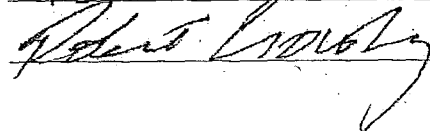
FUND BALANCES

General Fund	5,417,477	5,937,650
Restricted Funds	151,419	966,360
Social Innovation Fund	945,801	-
Endowment Funds	<u>10,092,223</u>	<u>8,315,192</u>
	<u>16,606,920</u>	<u>15,219,202</u>
	<u>\$ 16,626,518</u>	<u>\$ 15,235,967</u>

COMMITMENTS (Note 6)

ON BEHALF OF THE BOARD


 _____ Director


 _____ Director

THE GREATER SAINT JOHN COMMUNITY FOUNDATION

Statement of Changes in Fund Balances

Year Ended October 31, 2018

	General Fund	Restricted Funds	Social Innovation Fund	Endowment Funds	2018	2017
NET ASSETS - BEGINNING OF YEAR	\$ 5,937,650	\$ 966,360	\$ -	\$ 8,315,192	\$ 15,219,202	\$ 14,124,386
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(519,673)	(720,497)	945,801	1,682,087	1,387,718	1,094,816
INTER-FUND TRANSFERS (Note 7)	(500)	(94,444)	-	94,944	-	-
NET ASSETS - END OF YEAR	\$ 5,417,477	\$ 151,419	\$ 945,801	\$ 10,092,223	\$ 16,606,920	\$ 15,219,202

THE GREATER SAINT JOHN COMMUNITY FOUNDATION

Statement of Revenues and Expenditures

Year Ended October 31, 2018

	General Fund 2018	Restricted Fund 2018	Social Innovation Fund 2018	Endowment Funds 2018	Total 2018	Total 2017
REVENUE						
Donations	\$ 300,400	\$ -	\$ -	\$ 1,682,087	\$ 1,982,487	\$ 473,268
Grants	-	-	1,700,000	-	1,700,000	-
Realized gain on disposal of investments	110,924	74,272	-	-	185,196	99,536
Investment income	247,641	203,725	3,647	-	455,013	397,822
	<u>658,965</u>	<u>277,997</u>	<u>1,703,647</u>	<u>1,682,087</u>	<u>4,322,696</u>	<u>970,626</u>
EXPENDITURES						
Grants awarded	409,624	388,071	689,586	-	1,487,281	625,459
Community events	4,849	-	-	-	4,849	5,132
Investment management fees	40,834	33,700	-	-	74,534	72,477
General support expenses	132,124	113,861	68,260	-	314,245	266,250
	<u>587,431</u>	<u>535,632</u>	<u>757,846</u>	<u>-</u>	<u>1,880,909</u>	<u>969,318</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES BEFORE CHANGE IN MARKET VALUE OF INVESTMENTS	71,534	(257,635)	945,801	1,682,087	2,441,787	1,308
CHANGE IN MARKET VALUE OF INVESTMENTS	<u>(591,207)</u>	<u>(462,862)</u>	<u>-</u>	<u>-</u>	<u>(1,054,069)</u>	<u>1,093,508</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>\$ (519,673)</u>	<u>\$ (720,497)</u>	<u>\$ 945,801</u>	<u>\$ 1,682,087</u>	<u>\$ 1,387,718</u>	<u>\$ 1,094,816</u>

THE GREATER SAINT JOHN COMMUNITY FOUNDATION

**Statement of Cash Flows
Year Ended October 31, 2018**

	2018	2017
OPERATING ACTIVITIES		
Excess of revenue over expenditures	\$ 1,387,718	\$ 1,094,816
Items not affecting cash:		
Realized gain on disposal of investments	(185,196)	(99,536)
Change in market value of investments	1,054,069	(1,093,508)
	<u>2,256,591</u>	<u>(98,228)</u>
Changes in non-cash working capital:		
Accounts receivable	1,214	13,464
HST rebate receivable	2,194	(893)
Prepaid admin fees - Social Innovation Fund	(41,667)	-
Accounts payable and accrued liabilities	2,766	391
Government remittances payable	67	(587)
	<u>(35,426)</u>	<u>12,375</u>
Cash flow from operating activities	<u>2,221,165</u>	<u>(85,853)</u>
INVESTING ACTIVITIES		
Purchase of investments	(4,953,367)	(854,822)
Proceeds on disposal of investments	3,381,735	1,199,533
Proceeds on maturity of term deposits	5,105	-
	<u>(1,566,527)</u>	<u>344,711</u>
Cash flow from (used by) investing activities	<u>(1,566,527)</u>	<u>344,711</u>
INCREASE IN CASH FLOW	654,638	258,858
CASH - BEGINNING OF YEAR	298,838	39,979
CASH - END OF YEAR	953,476	298,837
CASH CONSISTS OF:		
Cash	\$ 49,342	\$ 298,838
Restricted Cash	904,134	-
	<u>\$ 953,476</u>	<u>\$ 298,838</u>

THE GREATER SAINT JOHN COMMUNITY FOUNDATION

Notes to Financial Statements

Year Ended October 31, 2018

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 (ASNFPO).

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

During the year, 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, 2018

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.

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 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.

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, 2018.

(continues)

THE GREATER SAINT JOHN COMMUNITY FOUNDATION

Notes to Financial Statements

Year Ended October 31, 2018

3. FINANCIAL INSTRUMENTS (continued)

(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 in United States dollar or other foreign currency. Consequently, some assets are exposed to foreign currency fluctuations. The Foundation will settle investments of \$5,104,306 (2017 - \$5,105,249) in foreign currency.

(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 its 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

	2018	2017
Cash and cash equivalents (cost - \$864,574; 2017 - \$311,538)	\$ 864,574	\$ 311,531
Fixed income (cost - \$5,060,122; 2017 - \$4,592,055)	4,933,761	4,585,293
Canadian equity (cost - \$4,400,925; 2017 - \$4,003,908)	4,722,689	4,920,498
U.S. Equity (cost - \$2,266,146; 2017 - \$2,206,917)	2,731,247	2,665,596
Foreign equity (cost - \$2,385,461; 2017 - \$2,105,939)	2,373,059	2,439,653
	<u>\$ 15,625,330</u>	<u>\$ 14,922,571</u>

5. 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 a disbursement quota as set by Canada Revenue Agency regulations.

THE GREATER SAINT JOHN COMMUNITY FOUNDATION

Notes to Financial Statements

Year Ended October 31, 2018

6. 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, 2019.

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, 2018, are as follows:

2019	\$	21,479
2020		839
2021		839
2022		70
		<hr/>
	\$	<u>23,227</u>

7. 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 \$94,444 (2017 - \$54,756) from the Restricted Funds to the Endowment Funds, and \$500 (2017 - \$3,331) from the General Fund to the Endowment Funds.