

**The Greater Saint John Community
Foundation**

Financial Statements
October 31, 2014

Wilshaw & Associates Professional Corporation

P.O. Box 519, Main Post Office

Saint John, N.B. E2L 3Z8

Telephone: (506) 849-3956

Fax: (506) 849-3966

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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, 2014, 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.

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

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 expenditures, assets, and surplus.

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, 2014, and the results of its operations for the year then ended in accordance with Canadian Accounting Standards for Not-For-Profit Organizations.

Chartered Accountant

The Greater Saint John Community Foundation

Statement of Financial Position

As at October 31, 2014

	2014 \$	2013 \$
Assets		
Cash	376,721	235,734
Term deposits	33,400	42,700
Accounts receivable	-	410
HST recoverable	15,527	7,223
	<hr/>	<hr/>
	425,648	286,067
Investments (note 5)	<hr/>	<hr/>
	11,815,435	10,406,322
	<hr/>	<hr/>
	12,241,083	10,692,389
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	<hr/>	<hr/>
	89,154	46,281
General fund		
	4,490,022	3,923,362
Restricted funds		
	675,981	381,036
Endowment funds		
	<hr/>	<hr/>
	6,985,926	6,341,710
	<hr/>	<hr/>
	12,151,929	10,646,108
	<hr/>	<hr/>
	12,241,083	10,692,389

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, 2014

	General Fund		Restricted Funds		Endowment Funds		Combined	
	2014 \$	2013 \$	2014 \$	2013 \$	2014 \$	2013 \$	2014 \$	2013 \$
Revenue								
Donations	212,306	30,200	13,000	2,500	644,216	292,700	869,522	325,400
Other Income	8,645	6,091	-	-	-	-	8,645	6,091
Realized capital gain	645,520	10,956	434,301	7,809	-	-	1,079,821	18,765
Investment income - net	344,681	225,899	231,899	161,020	-	-	576,580	386,919
Unrealized capital gain (loss)	(250,422)	598,364	(168,482)	426,511	-	-	(418,904)	1,024,875
	960,730	871,510	510,718	597,840	644,216	292,700	2,115,664	1,762,050
Expenditures								
Grants awarded	222,290	179,452	179,097	113,164	-	-	401,387	292,616
Community events	19,986	12,690	-	-	-	-	19,986	12,690
	242,276	192,142	179,097	113,164	-	-	421,373	305,306
General support expenses	123,363	111,962	65,107	59,045	-	-	188,470	171,007
	365,639	304,104	244,204	172,209	-	-	609,843	476,313
Excess revenue for the year	595,091	567,406	266,514	425,631	644,216	292,700	1,505,821	1,285,737
Fund balance – Beginning of year	3,923,362	3,355,956	381,036	(44,595)	6,341,710	6,049,010	10,646,108	9,360,371
Inter-fund transfer	(28,431)	-	28,431	-	-	-	-	-
Fund balance – End of year	4,490,022	3,923,362	675,981	381,036	6,985,926	6,341,710	12,151,929	10,646,108

The Greater Saint John Community Foundation

Statement of Cash flows

For the year ended October 31, 2014

	2014 \$	2013 \$
Cash provided by (used in)		
Operating activities		
Excess revenue for the year	1,505,821	1,285,737
Items not affecting cash		
Realized capital (gain) loss	(1,079,821)	(18,765)
Unrealized capital (gain) loss	418,904	(1,024,875)
	844,904	242,097
Changes in non-cash working capital		
Accounts receivable	410	9,590
HST recoverable	(8,304)	349
Prepaid expenses	-	2,130
Accounts payable and accrued liabilities	42,873	13,254
	879,883	267,420
Investing activities		
Purchase of investments	(5,780,537)	(2,105,445)
Proceeds on disposal on investments	5,032,341	1,810,938
Proceeds on maturity of term deposit	9,300	11,000
	(738,896)	(283,507)
Increase (decrease) in cash	140,987	(16,087)
Cash – Beginning of year	235,734	251,821
Cash – End of year	376,721	235,734

The Greater Saint John Community Foundation

Notes to Financial Statements

October 31, 2014

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 Summary of significant accounting policies

The Foundation prepares its financial statements in accordance with Canadian Accounting Standards for Not-For-Profit Organizations.

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, term deposits, HST recoverable, investments, and accounts payable and accrued liabilities. As at October 31, 2014 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, 2014

2 Summary of significant 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.

3 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

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4 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
Centenary Queen Square United Church Trust Fund
United Church Wesleyan Burial Ground Perpetual Care Fund
Daniel F Johnson Memorial Scholarships in History
Constable Doug Larche Memorial Bursary Fund
Robert Callandar Wyse Trust Fund.
Milton & Patricia Bassen Bursary Fund

The Greater Saint John Community Foundation

Notes to Financial Statements

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5 Investments

Investments consist of the following:

	2014	2013
	\$	\$
Cash and equivalents	315,792	91,196
Fixed income	3,715,757	3,102,440
Canadian equity	3,631,826	3,524,369
US equity	2,147,563	1,436,558
Foreign equity	2,004,497	2,251,759
	<u>11,815,435</u>	<u>10,406,322</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.

6 Financial Instruments and Risk Management

The Foundation has designated its cash and cash equivalents as held for trading. HST recoverable has 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 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.

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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 2014.

8 Commitments

The Foundation has entered into a five year lease agreement for office space which began on November 1, 2014, and expires on October 31, 2019. The estimated annual leases payments required under this lease are as follows:

2015	\$17,892
2016	\$18,531
2017	\$19,170
2018	\$19,809
2019	\$20,448