

*Audited Financial Statements of*

**THE GREATER SAINT JOHN COMMUNITY FOUNDATION**

*October 31, 2016*

## **Independent Auditors' Report**

To the Directors of The Greater Saint John Community Foundation

We have audited the accompanying financial statements of The Greater Saint John Community Foundation (the "Foundation") which comprise of the statement of financial position as at October 31, 2016 and the statements of revenue, expenditures and 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.

### **Auditor's 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 whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence supporting the amounts and disclosures in the financial statements. The procedures selected depend on 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 of the financial statements in order to design the 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 assessing the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall financial statement presentation.

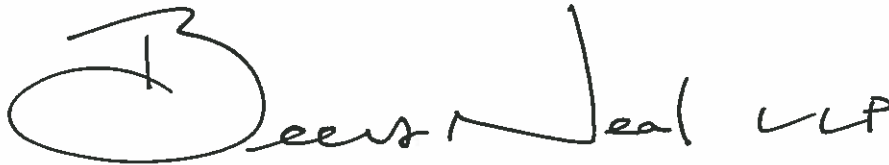
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

## Basis for Qualified Opinion

In common with many charitable organizations, the Foundation receives revenues from the general public in the form of donations and other fundraising projects, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenses, assets and net assets.

## Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of the The Greater Saint John Community Foundation as at October 31, 2016 and the statements of revenue, expenditures and changes in fund balances and cash flows for the year then ended, in accordance with Canadian accounting standards for not-for-profit organizations.

A handwritten signature in black ink that reads "Beers Neal LLP". The signature is written in a cursive style with a large, stylized initial "B" and "N".

Chartered Professional Accountants

January 27, 2017

# THE GREATER SAINT JOHN COMMUNITY FOUNDATION

## Statement of Financial Position as at October 31, 2016

	<u>2016</u>	<u>2015</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 39,979	\$ 89,306
Receivables	22,024	9,548
Term deposits	5,105	11,007
	<b>67,108</b>	<b>109,861</b>
<b>INVESTMENTS (Note 4)</b>	<b>14,074,238</b>	<b>13,380,027</b>
	<b>\$ 14,141,346</b>	<b>\$ 13,489,888</b>
<b>CURRENT LIABILITY</b>		
Payables	\$ 16,960	\$ 11,915
<b>FUND BALANCES</b>		
General fund	5,671,328	5,589,867
Restricted funds	640,425	535,847
Endowment funds	7,812,633	7,352,259
	<b>14,124,386</b>	<b>13,477,973</b>
	<b>\$ 14,141,346</b>	<b>\$ 13,489,888</b>

### Note 6

APPROVED ON BEHALF OF THE BOARD:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

**THE GREATER SAINT JOHN COMMUNITY FOUNDATION**  
**Statement of Revenue, Expenditures and Changes in Fund Balances**  
**year ended October 31, 2016**

	General Fund		Restricted Funds		Endowment Funds		Total Funds	
	2016	2015	2016	2015	2016	2015	2016	2015
<b>REVENUE</b>								
Donations	\$ 302,065	\$ 1,254,312	\$ 2,287	\$ -	\$ 434,629	\$ 325,774	\$ 738,981	\$ 1,580,086
Other income	75,169	7,214	-	-	-	-	75,169	7,214
Realized gain on disposal of investments	3,901	95,708	2,688	58,903	-	-	6,589	154,611
Investment income	567,194	301,369	390,906	193,064	-	-	958,100	494,433
Unrealized loss on investments	(112,033)	(54,279)	(77,226)	(33,406)	-	-	(189,279)	(87,685)
	<b>836,276</b>	<b>1,604,324</b>	<b>318,655</b>	<b>218,561</b>	<b>434,629</b>	<b>325,774</b>	<b>1,589,560</b>	<b>2,148,659</b>
<b>EXPENDITURES</b>								
Grants awarded	454,565	289,412	104,532	249,527	-	-	559,097	538,939
Community events	75,644	4,266	-	-	-	-	75,644	4,266
Investment management fees	40,083	42,030	27,625	25,609	-	-	67,708	67,639
General support expenses	570,292	335,708	132,157	275,136	-	-	702,449	610,844
	158,778	138,908	81,920	72,863	-	-	240,698	211,771
	<b>729,070</b>	<b>474,616</b>	<b>214,077</b>	<b>347,999</b>	<b>-</b>	<b>-</b>	<b>943,147</b>	<b>822,615</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES FOR THE YEAR</b>	<b>107,206</b>	<b>1,129,708</b>	<b>104,578</b>	<b>(129,438)</b>	<b>434,629</b>	<b>325,774</b>	<b>646,413</b>	<b>1,326,044</b>
<b>FUND BALANCE - BEGINNING OF YEAR,</b> as previously reported	5,654,699	4,520,133	465,187	675,981	7,358,087	6,955,815	13,477,973	12,151,929
Prior period adjustment (Note 7)	(64,832)	(59,974)	70,660	59,974	(5,828)	-	-	-
<b>FUND BALANCE - BEGINNING OF YEAR,</b> as restated	5,589,867	4,460,159	535,847	735,955	7,352,259	6,955,815	13,477,973	12,151,929
Inter-fund transfer (Note 8)	(25,745)	-	-	(70,670)	25,745	70,670	-	-
	<b>5,564,122</b>	<b>4,460,159</b>	<b>535,847</b>	<b>665,285</b>	<b>7,378,004</b>	<b>7,026,485</b>	<b>13,477,973</b>	<b>12,151,929</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 5,671,328</b>	<b>\$ 5,589,867</b>	<b>\$ 640,425</b>	<b>\$ 535,847</b>	<b>\$ 7,812,633</b>	<b>\$ 7,352,259</b>	<b>\$ 14,124,386</b>	<b>\$ 13,477,973</b>

Note 5

# THE GREATER SAINT JOHN COMMUNITY FOUNDATION

## Statement of Cash Flows

year ended October 31, 2016

	<u>2016</u>	<u>2015</u>
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES</b>		
<b>OPERATING</b>		
Excess of revenue over expenditures	\$ 646,413	\$ 1,326,044
Items not affecting cash:		
Realized gain on disposal of investments	(6,589)	(154,611)
Unrealized loss on investments	189,279	87,685
	<u>829,103</u>	<u>1,259,118</u>
Changes in non-cash operating working capital items:		
Receivables	(12,476)	5,979
Payables	5,045	(77,239)
	<u>821,672</u>	<u>1,187,858</u>
<b>INVESTING</b>		
Purchase of investments	(1,409,001)	(3,310,666)
Proceeds on disposal of investments	532,100	1,813,000
Proceeds on maturity of term deposit	5,902	22,393
	<u>(870,999)</u>	<u>(1,475,273)</u>
<b>NET CASH OUTFLOW</b>	<u>(49,327)</u>	<u>(287,415)</u>
<b>CASH POSITION, BEGINNING OF YEAR</b>	<u>89,306</u>	<u>376,721</u>
<b>CASH POSITION, END OF YEAR</b>	<u>\$ 39,979</u>	<u>\$ 89,306</u>

# THE GREATER SAINT JOHN COMMUNITY FOUNDATION

Notes to the Financial Statements  
year ended October 31, 2016

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## 1. DESCRIPTION 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 Foundation is a registered charity under the Income Tax Act.

## 2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian Accounting Standards for Not-For-Profit Organizations and include the following significant accounting policies:

### *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:

- a) 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.
- b) 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.
- c) The Endowment Fund consists of contributions designated by donors to remain in perpetuity.

### *Financial instruments*

The Foundation initially measures its financial assets and liabilities at fair value when the Foundation becomes a party to the contractual provisions of the financial instrument.

Financial assets including cash and cash equivalents, receivables and term deposits are measured at amortized cost which approximates fair value due to the short term nature of the assets.

Investments are measured at fair value using quoted market values. The unrealized gain or loss on investments is included in revenue for the year.

Financial liabilities, comprised of payables, are measured at amortized cost which approximates fair value due to the short-term nature of the liability.

# THE GREATER SAINT JOHN COMMUNITY FOUNDATION

Notes to the Financial Statements  
year ended October 31, 2016

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## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### *Cash and cash equivalents*

Cash and cash equivalents include balances with banks and short-term investments with original maturities of three months or less. Bank borrowings are considered to be financing activities. Cash and cash equivalents included in the investment listing (Note 4) are excluded from cash and form part of the investing activities of the Foundation.

### *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.

### *General support expenses*

General support expenses are allocated between the General Fund and the Restricted Fund. The Restricted Fund is 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. The total amount of donated services recognized in the financial statements is \$24,669 (2015 - \$0), which is included in other income. Services provided include promotions, decor, accounting and signage for a special event.

### *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 determination of fair values and accruals. Actual results could vary from those estimates.

## 3. FINANCIAL RISKS

The Foundation is exposed to various risks through its financial instruments, without being exposed to concentrations of risk. The following analysis provides a summation of the Foundation's risk exposure as at October 31, 2016:

### *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 its payables.



# THE GREATER SAINT JOHN COMMUNITY FOUNDATION

Notes to the Financial Statements  
year ended October 31, 2016

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## 3. FINANCIAL RISKS (continued)

### *Market risk*

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, 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 market risk through its investments for which the value fluctuates with the quoted market price.

### *Currency risk*

Currency risk is the risk that the fair value of 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 \$4,817,172 (2015 - \$4,878,370) in foreign currency.

## 4. INVESTMENTS

	<u>2016</u>	<u>2015</u>
Cash and cash equivalents	\$ 281,987	\$ 370,440
Fixed income	4,309,144	4,168,324
Canadian equity	4,665,935	3,962,893
U.S. equity	2,472,791	2,580,870
Foreign equity	2,344,381	2,297,500
	<u>\$ 14,074,238</u>	<u>\$ 13,380,027</u>

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

# THE GREATER SAINT JOHN COMMUNITY FOUNDATION

## Notes to the Financial Statements year ended October 31, 2016

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### 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 Foundation has met this requirement in 2016.

### 6. 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 lease payments required over the next three years are as follows:

	\$
2017	18,000
2018	18,600
2019	19,200

At October 31, 2016, the Foundation has two years remaining on a three year operational grant commitment to Living SJ in the amount of \$15,000 per year.

### 7. PRIOR PERIOD ADJUSTMENT

During the year, Management determined that income endowed to the Bill Gale Fund in 2015 was overstated, income earned on the Suzanne Doyle Yerxa Fund was not properly categorized in 2015 and income earned on the Children's Aid Fund and Lantalum Foundation Fund was not properly categorized for years up to and including 2015. As a result of the prior period adjustment, a decrease to the 2015 inter-fund transfer of \$5,828 between the Restricted Fund and the Endowment Fund, a decrease to the 2015 investment income of the General Fund of \$4,858, an increase to the 2015 investment income of the Restricted Fund of \$4,858, a decrease to the 2015 opening balance of the General Fund of \$59,974 and an increase in the 2015 opening balance of the Restricted Fund of \$59,974.

### 8. INTERFUND TRANSFER

The Foundation transferred \$25,745 from the General Fund to the Endowment Fund, representing the board's decision to establish a new endowment fund and to contribute to existing endowment funds.

### 9. PRIOR YEAR FIGURES

Certain prior year figures have been reclassified to conform to the presentation format adopted for the current year.