

Audited Financial Statements of

THE GREATER SAINT JOHN COMMUNITY FOUNDATION

October 31, 2015

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, 2015 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, 2015 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.

Other Matters

The financial statements of Foundation for the year ended October 31, 2014 were audited by another chartered professional accountant who expressed a qualified opinion on those financial statements on February 26, 2015 for the reasons described in the Basis for Qualified Opinion paragraph.

Beers Neal LLP

Chartered Professional Accountants

February 18, 2016

THE GREATER SAINT JOHN COMMUNITY FOUNDATION
Statement of Financial Position
as at October 31, 2015

	<u>2015</u>	<u>2014</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 89,306	\$ 376,721
Receivables	9,548	15,527
Term deposits	11,007	33,400
	109,861	425,648
INVESTMENTS (Note 6)	13,380,027	11,815,435
	\$ 13,489,888	\$ 12,241,083
CURRENT LIABILITY		
Payables	\$ 11,915	\$ 89,154
FUND BALANCES		
General fund (Note 4)	5,654,699	4,520,133
Restricted funds (Note 5)	465,187	675,981
Endowment funds	7,358,087	6,955,815
	13,477,973	12,151,929
	\$ 13,489,888	\$ 12,241,083

Notes 8, 9 and 11

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, 2015

	General Fund		Restricted Funds		Endowment Funds		Total Funds	
	2015	2014	2015	2014	2015	2014	2015	2014
REVENUE								
Donations	\$ 1,254,312	\$ 212,306	\$ -	\$ 13,000	\$ 325,774	\$ 644,216	\$ 1,580,086	\$ 869,522
Other income	7,214	8,645	-	-	-	-	7,214	8,645
Realized gain on disposal of investments	95,708	645,520	58,903	434,301	-	-	154,611	1,079,821
Investment income - net	264,197	344,681	162,597	231,899	-	-	426,794	576,580
Unrealized loss on investments	(54,279)	(250,422)	(33,406)	(168,482)	-	-	(87,685)	(418,904)
	1,567,152	960,730	188,094	510,718	325,774	644,216	2,081,020	2,115,664
EXPENDITURES								
Grants awarded	289,412	222,290	249,527	179,097	-	-	538,939	401,387
Community events	4,266	19,986	-	-	-	-	4,266	19,986
	293,678	242,276	249,527	179,097	-	-	543,205	421,373
General support expenses	138,908	123,363	72,863	65,107	-	-	211,771	188,470
	432,586	365,639	322,390	244,204	-	-	754,976	609,843
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES FOR THE YEAR	1,134,566	595,091	(134,296)	266,514	325,774	644,216	1,326,044	1,505,821
FUND BALANCE - BEGINNING OF YEAR, as previously reported	4,490,022	3,923,362	675,981	381,036	6,985,926	6,341,710	12,151,929	10,646,108
Prior period adjustment (Note 9)	30,111	30,111	-	-	(30,111)	(30,111)	-	-
FUND BALANCE - BEGINNING OF YEAR, as restated	4,520,133	3,953,473	675,981	381,036	6,955,815	6,311,599	12,151,929	10,646,108
Inter-fund transfer (Note 10)	-	(28,431)	(76,498)	28,431	76,498	-	-	-
	4,520,133	3,925,042	599,483	409,467	7,032,313	6,311,599	12,151,929	10,646,108
FUND BALANCE - END OF YEAR	\$ 5,654,699	\$ 4,520,133	\$ 465,187	\$ 675,981	\$ 7,358,087	\$ 6,955,815	\$ 13,477,973	\$ 12,151,929

Note 7

THE GREATER SAINT JOHN COMMUNITY FOUNDATION

Statement of Cash Flows
year ended October 31, 2015

	<u>2015</u>	<u>2014</u>
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES		
OPERATING		
Excess of revenue over expenditures	\$ 1,326,044	\$ 1,505,821
Items not affecting cash:		
Realized gain on disposal of investments	(154,611)	(1,079,821)
Unrealized loss on investments	87,685	418,904
	<u>1,259,118</u>	<u>844,904</u>
Changes in non-cash operating working capital items:		
Receivables	5,979	(7,894)
Payables	(77,239)	42,873
	<u>1,187,858</u>	<u>879,883</u>
INVESTING		
Purchase of investments	(3,310,666)	(5,780,537)
Proceeds on disposal of investments	1,813,000	5,032,341
Proceeds on maturity of term deposit	22,393	9,300
	<u>(1,475,273)</u>	<u>(738,896)</u>
NET CASH (OUTFLOW) INFLOW	<u>(287,415)</u>	<u>140,987</u>
CASH POSITION, BEGINNING OF YEAR	<u>376,721</u>	<u>235,734</u>
CASH POSITION, END OF YEAR	<u>\$ 89,306</u>	<u>\$ 376,721</u>

THE GREATER SAINT JOHN COMMUNITY FOUNDATION

Notes to the Financial Statements
year ended October 31, 2015

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 consists of contributions for which donors have not designated a specific purpose as well as revenue generated through various fundraising. The use of these funds is at the discretion of the Foundation's Board of Directors.
- b) The Restricted Fund consists of contributions designated by donors for specific activities.
- 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, 2015

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.

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 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 are recorded at fair value where the value can be reasonably determined. Contributed services are not reflected in the financial statements as determining their fair value is not practicable.

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, allowance for doubtful accounts 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, 2015:

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, 2015

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 \$4,878,370 (2014 - \$4,152,060) in foreign currency.

4. 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. 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
- Gail B. Kaye Fund
- Nancy Fisher Estate
- McKean Family Foundation

THE GREATER SAINT JOHN COMMUNITY FOUNDATION

Notes to the Financial Statements

year ended October 31, 2015

5. 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 following funds are included in the Restricted Fund:

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 Elliott HOPE Centre Fund
Centenary Queen Square United Church Trust Fund
United Church Wesleyan Burial Ground Perpetual Care Fund
Daniel F. Johnson Memorial Scholarships in History Fund
Constable Doug Larche Memorial Bursary Fund
Robert Callander Wyse Trust Fund
Dickson Family Fund
Thomas and Joan Kennedy Arts and Culture Fund
Jim Connolly Bursary Fund
Joshua Porter Gunn Bursary Fund
Dr. Malcolm Somerville Supplementary Bursary Fund
Milton and Patricia Bassen Bursary Fund

THE GREATER SAINT JOHN COMMUNITY FOUNDATION

Notes to the Financial Statements
year ended October 31, 2015

6. INVESTMENTS

	<u>2015</u>	<u>2014</u>
Cash and cash equivalents	\$ 370,440	\$ 315,792
Fixed income	4,168,324	3,715,757
Canadian equity	3,962,893	3,631,826
U.S. equity	2,580,870	2,147,563
Foreign equity	2,297,500	2,004,497
	<u>\$ 13,380,027</u>	<u>\$ 11,815,435</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.

7. 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 2015.

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 lease payments required over the next four years are as follows:

	\$
2016	17,400
2017	18,000
2018	18,600
2019	19,200

At October 31, 2015, the Foundation has a three year operational grant commitment to Living SJ in the amount of \$15,000 per year.

9. PRIOR PERIOD ADJUSTMENT

During the year, management determined that a donation from the McKean Family Foundation was improperly classified in the Endowment Fund in 2013. The provisions of the fund agreement noted that the funds were unrestricted and should have been included in the General Fund. As a result, the opening fund balance of the Endowment Fund was decreased by \$30,111 and the opening balance of the General Fund was increased by \$30,111.

THE GREATER SAINT JOHN COMMUNITY FOUNDATION

Notes to the Financial Statements

year ended October 31, 2015

10. INTERFUND TRANSFERS

The Foundation transferred \$76,498 (2014 - \$0) from the Restricted Fund to the Endowment Fund, representing the net of investment income less current year granting to be added to the Endowment principal, in accordance with various fund agreements.

11. PRIOR YEAR FIGURES

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