

THE GREATER SAINT JOHN COMMUNITY FOUNDATION

FINANCIAL STATEMENTS

OCTOBER 31, 2017

THE GREATER SAINT JOHN COMMUNITY FOUNDATION

OCTOBER 31, 2017

CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Changes in Fund Balances	4
Statement of Revenue and Expenditures	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 10

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, which comprise the statement of financial position as at October 31, 2017 and the statements of changes in fund balances, revenue and expenditures, 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 consider 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 in our audit 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 revenues from donations and other fundraising projects, the completeness of which is not susceptible to 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, 2017, current assets and fund balances as at October 31, 2017.

Independent Auditors' Report to the Directors of The Greater Saint John Community Foundation (*cont'd*)

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, 2017 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.

Other Matter

The financial statements for the year ended October 31, 2016 were audited by another accounting firm and are presented for comparative purposes only.


CHARTERED PROFESSIONAL ACCOUNTANTS

Saint John, New Brunswick
January 25, 2018

THE GREATER SAINT JOHN COMMUNITY FOUNDATION

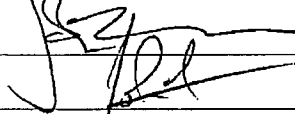

STATEMENT OF FINANCIAL POSITION

AS AT OCTOBER 31, 2017

	<u>2017</u>	<u>2016</u>
ASSETS		
CURRENT		
Cash	\$ 298,838	\$ 39,979
Accounts receivable	1,302	14,766
HST rebate receivable	8,151	7,258
Term deposits	<u>5,105</u>	<u>5,105</u>
	313,396	67,108
INVESTMENTS (Note 4)	<u>14,922,571</u>	<u>14,074,238</u>
	<u>\$15,235,967</u>	<u>\$14,141,346</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 14,362	\$ 13,970
Government remittances payable	<u>2,403</u>	<u>2,990</u>
	<u>16,765</u>	<u>16,960</u>
FUND BALANCES		
GENERAL FUND	5,937,650	5,671,328
RESTRICTED FUNDS	966,360	640,425
ENDOWMENT FUNDS	<u>8,315,192</u>	<u>7,812,633</u>
	<u>15,219,202</u>	<u>14,124,386</u>
	<u>\$15,235,967</u>	<u>\$14,141,346</u>

COMMITMENTS (Note 6)

APPROVED ON BEHALF OF THE BOARD:

 _____ Director
 _____ Director

THE GREATER SAINT JOHN COMMUNITY FOUNDATION

STATEMENT OF CHANGES IN FUND BALANCES

FOR THE YEAR ENDED OCTOBER 31, 2017

	General Fund		Restricted Funds		Endowment Funds		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
FUND BALANCES AT BEGINNING OF YEAR	\$ 5,671,328	\$ 5,589,867	\$ 640,425	\$ 535,847	\$ 7,812,633	\$ 7,352,259	\$14,124,386	\$13,477,973
EXCESS OF REVENUE OVER EXPENDITURES	269,653	107,206	380,691	104,578	444,472	434,629	1,094,816	646,413
INTER-FUND TRANSFERS (Note 7)	<u>(3,331)</u>	<u>(25,745)</u>	<u>(54,756)</u>	<u>-</u>	<u>58,087</u>	<u>25,745</u>	<u>-</u>	<u>-</u>
FUND BALANCES AT END OF YEAR	<u>\$ 5,937,650</u>	<u>\$ 5,671,328</u>	<u>\$ 966,360</u>	<u>\$ 640,425</u>	<u>\$ 8,315,192</u>	<u>\$ 7,812,633</u>	<u>\$15,219,202</u>	<u>\$14,124,386</u>

THE GREATER SAINT JOHN COMMUNITY FOUNDATION

STATEMENT OF REVENUE AND EXPENDITURES

FOR THE YEAR ENDED OCTOBER 31, 2017

	General Fund		Restricted Funds		Endowment Funds		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
REVENUE								
Donations	\$ 75	\$ 302,065	\$ 1,146	\$ 2,287	\$ 472,047	\$ 434,629	\$ 473,268	\$ 738,981
Other income	-	75,169	-	-	-	-	-	75,169
Realized gain on disposal of investments	63,751	3,901	35,785	2,688	-	-	99,536	6,589
Investment income	<u>226,111</u>	<u>567,194</u>	<u>171,711</u>	<u>390,906</u>	<u>-</u>	<u>-</u>	<u>397,822</u>	<u>958,100</u>
	<u>289,937</u>	<u>948,329</u>	<u>208,642</u>	<u>395,881</u>	<u>472,047</u>	<u>434,629</u>	<u>970,626</u>	<u>1,778,839</u>
EXPENDITURES								
Grants awarded	437,773	454,565	187,686	104,532	-	-	625,459	559,097
Community events	5,132	75,644	-	-	-	-	5,132	75,644
Investment management fees	41,176	40,083	31,301	27,625	-	-	72,477	67,708
General support expenses	<u>150,406</u>	<u>158,778</u>	<u>88,269</u>	<u>81,920</u>	<u>27,575</u>	<u>-</u>	<u>266,250</u>	<u>240,698</u>
	<u>634,487</u>	<u>729,070</u>	<u>307,256</u>	<u>214,077</u>	<u>27,575</u>	<u>-</u>	<u>969,318</u>	<u>943,147</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES BEFORE CHANGE IN MARKET VALUE OF INVESTMENTS	(344,550)	219,259	(98,614)	181,804	444,472	434,629	1,308	835,692
CHANGE IN MARKET VALUE OF INVESTMENTS	<u>614,203</u>	<u>(112,053)</u>	<u>479,305</u>	<u>(77,226)</u>	<u>-</u>	<u>-</u>	<u>1,093,508</u>	<u>(189,279)</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>\$ 269,653</u>	<u>\$ 107,206</u>	<u>\$ 380,691</u>	<u>\$ 104,578</u>	<u>\$ 444,472</u>	<u>\$ 434,629</u>	<u>\$ 1,094,816</u>	<u>\$ 646,413</u>

THE GREATER SAINT JOHN COMMUNITY FOUNDATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED OCTOBER 31, 2017

	<u>2017</u>	<u>2016</u>
CASH PROVIDED BY (USED IN)		
Operating activities		
Excess of revenue over expenditures	\$ 1,094,816	\$ 646,413
Items not involving cash		
Realized gain on disposal of investments	(99,536)	(6,589)
Change in market value of investments	<u>(1,093,508)</u>	<u>189,279</u>
	(98,228)	829,103
Changes in non-cash working capital balances		
Accounts receivable	13,464	(12,476)
HST rebate receivable	(893)	-
Accounts payable and accrued liabilities	392	5,045
Government remittances payable	<u>(587)</u>	<u>-</u>
	<u>(85,852)</u>	<u>821,672</u>
Investing activities		
Purchase of investments	(854,822)	(1,409,001)
Proceeds on disposal of investments	1,199,533	532,100
Proceeds on maturity of term deposits	<u>-</u>	<u>5,902</u>
	<u>344,711</u>	<u>(870,999)</u>
INCREASE (DECREASE) IN CASH	258,859	(49,327)
CASH AT BEGINNING OF YEAR	<u>39,979</u>	<u>89,306</u>
CASH AT END OF YEAR	<u>\$ 298,838</u>	<u>\$ 39,979</u>

THE GREATER SAINT JOHN COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

OCTOBER 31, 2017

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.

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.

THE GREATER SAINT JOHN COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

OCTOBER 31, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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. There was no amount of donated services (2016 - \$24,669) recognized as other income in the financial statements. Services provided included promotions, decor, accounting and signage for a special event.

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.

THE GREATER SAINT JOHN COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

OCTOBER 31, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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, 2017.

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, and other obligations.

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 \$5,105,249 (2016 - \$4,817,172) in foreign currency.

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 the bond component of its investment portfolio.

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.

THE GREATER SAINT JOHN COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

OCTOBER 31, 2017

4. INVESTMENTS

	<u>2017</u>	<u>2016</u>
Cash and cash equivalents (cost - \$311,538; 2016 - \$281,987)	\$ 311,531	\$ 281,987
Fixed income (cost - \$4,592,055; 2016 - \$4,212,284)	4,585,293	4,309,144
Canadian equity (cost - \$4,003,908; 2016 - \$4,136,009)	4,920,498	4,665,935
U.S. Equity (cost - \$2,206,917; 2016 - \$2,343,582)	2,665,596	2,472,791
Foreign equity (cost - \$2,105,939; 2016 - \$2,491,670)	<u>2,439,653</u>	<u>2,344,381</u>
	<u>\$14,922,571</u>	<u>\$14,074,238</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 Foundation has met this requirement in 2017.

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, 2017, are as follows:

2018	\$ 19,380
2019	19,980
2020	780
2021	780
2022	<u>65</u>
	<u>\$ 40,985</u>

At October 31, 2017, the Foundation had one year remaining on a three year operational grant commitment to Living SJ in the amount of \$15,000 per year.

7. INTERFUND TRANSFER

During the year, the Foundation transferred \$54,756 (2016 - \$nil) from the Restricted Funds to the Endowment Funds, and \$3,331 (2016 - \$25,745) from the General Fund to the Endowment Funds, which represents the board's decision to contribute to existing endowment funds.

8. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.