

**THE GREATER SAINT JOHN COMMUNITY FOUNDATION**

**Financial Statements**

**Two Month Period Ended December 31, 2020**

**THE GREATER SAINT JOHN COMMUNITY FOUNDATION**

**Index to Financial Statements**

**Two Month Period Ended December 31, 2020**

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	Page
<b>INDEPENDENT AUDITORS' REPORT</b>	1 - 2
<b>FINANCIAL STATEMENTS</b>	
Statement of Financial Position	3
Statement of Changes in Fund Balances	4
Statement of Revenues and Expenditures	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 11

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## INDEPENDENT AUDITORS' REPORT

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To the Members of The Greater Saint John Community Foundation

### *Qualified Opinion*

We have audited the financial statements of The Greater Saint John Community Foundation (the Foundation), which comprise the statement of financial position as at December 31, 2020, and the statements of changes in fund balances, revenues and expenditures and cash flows for the two month period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2020, and the results of its operations and its cash flows for the period then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### *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, our 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 (deficiency) of revenue over expenditures, cash from operations for the two month period then ended December 31, 2020, current assets and fund balances as at December 31, 2020.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

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*Auditors' Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Teed Saunders Doyle*

Saint John, New Brunswick  
January 27, 2022

CHARTERED PROFESSIONAL ACCOUNTANTS

## THE GREATER SAINT JOHN COMMUNITY FOUNDATION

## Statement of Financial Position

December 31, 2020

	2020	2020 <i>(October 31, 2020)</i>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 448,769	\$ 346,951
Accounts receivable	459,103	499,873
Accounts receivable - Social Innovation Fund	5,225	855,225
HST rebate receivable	1,104	4,916
Prepaid expenses	1,865	-
	<u>916,066</u>	1,706,965
<b>RESTRICTED CASH - SOCIAL INNOVATION FUND</b>	<b>999,756</b>	<b>449,992</b>
<b>INVESTMENTS (Note 4)</b>	<b>-</b>	<b>83,287</b>
<b>INVESTMENTS - RESTRICTED FUNDS (Note 4)</b>	<b>882,211</b>	<b>168,614</b>
<b>INVESTMENTS - ENDOWMENT FUNDS (Note 4)</b>	<b>17,662,945</b>	<b>16,711,865</b>
	<u>\$ 20,460,978</u>	<u>\$ 19,120,723</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable	\$ 205,249	\$ 155,638
Accounts payable - Social Innovation Fund	18,211	18,824
	<u>223,460</u>	174,462
<b>LONG TERM DEBT (Note 5)</b>	<b>30,000</b>	<b>30,000</b>
<b>DEFERRED REVENUE (Note 6)</b>	<b>315,305</b>	<b>508,205</b>
	<u>568,765</u>	712,667
<b>NET ASSETS</b>		
<b>GENERAL FUND</b>	<b>360,286</b>	<b>241,184</b>
<b>RESTRICTED FUNDS</b>	<b>882,211</b>	<b>168,614</b>
<b>SOCIAL INNOVATION FUND</b>	<b>986,771</b>	<b>1,286,393</b>
<b>ENDOWMENT FUNDS</b>	<b>17,662,945</b>	<b>16,711,865</b>
	<u>19,892,213</u>	18,408,056
	<u>\$ 20,460,978</u>	<u>\$ 19,120,723</u>

## ON BEHALF OF THE BOARD

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Michael Simon \_\_\_\_\_ Director

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Heinz Schaefer \_\_\_\_\_ Director

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**THE GREATER SAINT JOHN COMMUNITY FOUNDATION**

**Statement of Changes in Fund Balances**

**Two Month Period Ended December 31, 2020**

	General Fund	Restricted Funds	Social Innovation Fund	Endowment Funds	2020	2020 <i>(October 31, 2020)</i>
<b>NET ASSETS - BEGINNING OF PERIOD</b>						
As previously reported	\$ 230,052	\$ 168,614	\$ 1,286,393	\$ 16,711,865	\$ 18,396,924	\$ 18,592,996
Prior period adjustment <i>(Note 11)</i>	11,132	-	-	-	11,132	-
As restated	241,184	168,614	1,286,393	16,711,865	18,408,056	18,592,996
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>						
	119,102	713,597	(299,622)	951,080	1,484,157	(184,940)
<b>NET ASSETS - END OF PERIOD</b>	<b>\$ 360,286</b>	<b>\$ 882,211</b>	<b>\$ 986,771</b>	<b>\$ 17,662,945</b>	<b>\$ 19,892,213</b>	<b>\$ 18,408,056</b>

**THE GREATER SAINT JOHN COMMUNITY FOUNDATION**

**Statement of Revenues and Expenditures**

**Two Month Period Ended December 31, 2020**

	General Fund 2020	Restricted Funds 2020	Social Innovation Fund 2020	Endowment Funds 2020	Total 2020	Total 2020 <i>(October 31, 2020)</i>
<b>REVENUE</b>						
Grants	\$ 152,740	\$ -	\$ -	\$ -	\$ 152,740	\$ 2,398,276
Investment income	144,630	214,436	227	-	359,293	725,269
Donations	-	-	-	595,399	595,399	208,686
Realized gain on disposal of investments	23,885	31,798	-	-	55,683	156,312
Fund management fee	109,148	-	-	-	109,148	92,434
COVID-19 wage subsidies	-	-	-	-	-	37,670
Forgivable portion of CEBA loan	-	-	-	-	-	10,000
Project management fee	-	-	-	-	-	7,375
	<u>430,403</u>	<u>246,234</u>	<u>227</u>	<u>595,399</u>	<u>1,272,263</u>	<u>3,636,022</u>
<b>EXPENDITURES</b>						
Grants awarded	153,240	9,154	299,846	-	462,240	2,427,796
General support expenses	151,960	44,679	3	-	196,642	610,496
Investment management fees	6,101	9,046	-	-	15,147	85,141
Community events	-	-	-	-	-	3,267
	<u>311,301</u>	<u>62,879</u>	<u>299,849</u>	<u>-</u>	<u>674,029</u>	<u>3,126,700</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES BEFORE CHANGE IN MARKET VALUE OF INVESTMENTS</b>	119,102	183,355	(299,622)	595,399	598,234	509,322
<b>CHANGE IN MARKET VALUE OF INVESTMENTS</b>	-	530,242	-	355,681	885,923	(694,263)
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	\$ 119,102	\$ 713,597	\$ (299,622)	\$ 951,080	\$ 1,484,157	\$ (184,941)

**THE GREATER SAINT JOHN COMMUNITY FOUNDATION**

**Statement of Cash Flows**

**Two Month Period Ended December 31, 2020**

	2020	2020
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenditures	\$ 1,484,157	\$ (184,941)
Items not affecting cash:		
Forgiveable portion of CEBA loan	-	(10,000)
Realized gain on disposal of investments	(55,683)	(156,312)
Change in market value of investments	(885,923)	694,263
	<u>542,551</u>	<u>343,010</u>
Changes in non-cash working capital:		
Accounts receivable	40,770	(483,873)
Accounts receivable - Social Innovation Fund	850,000	(855,225)
HST rebate receivable	3,812	5,306
Prepaid expenses	(1,865)	49,421
Accounts payable and accrued liabilities	49,611	115,661
Accounts payable - Social Innovation Fund	(613)	18,824
Government remittances payable	-	(2,564)
Deferred revenue	(192,900)	508,205
	<u>748,815</u>	<u>(644,245)</u>
Cash from (used by) operating activities	<u>1,291,366</u>	<u>(301,235)</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of investments	(930,784)	(1,928,227)
Proceeds on disposal of investments	291,000	1,937,153
Cash from (used by) investing activities	<u>(639,784)</u>	<u>8,926</u>
<b>FINANCING ACTIVITY</b>		
Proceeds from long term debt	-	40,000
Cash from financing activities	<u>-</u>	<u>40,000</u>
<b>INCREASE (DECREASE) IN CASH</b>	<b>651,582</b>	<b>(252,309)</b>
<b>CASH - BEGINNING OF PERIOD</b>	<b>796,943</b>	<b>1,049,252</b>
<b>CASH - END OF PERIOD</b>	<b><u>1,448,525</u></b>	<b><u>796,943</u></b>
<b>CASH CONSISTS OF:</b>		
Cash	\$ 448,769	\$ 346,951
Restricted cash - Social Innovation Fund	999,756	449,992
	<u>\$ 1,448,525</u>	<u>\$ 796,943</u>



# THE GREATER SAINT JOHN COMMUNITY FOUNDATION

## Notes to Financial Statements

Two Month Period Ended December 31, 2020

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### 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

Starting in 2018, 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

Two Month Period Ended December 31, 2020

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### 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.

Grants 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, 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 either 0.75% or 2% 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 (deficiency) 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.

# THE GREATER SAINT JOHN COMMUNITY FOUNDATION

## Notes to Financial Statements

Two Month Period Ended December 31, 2020

### 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 December 31, 2020.

#### *(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 denominated in United States dollars or other foreign currencies. Consequently, some assets are exposed to foreign currency fluctuations. The Foundation will settle investments of \$5,432,731 (2020 - \$4,997,225) in foreign currencies.

#### *(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 the 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

	<i>December 31</i> <b>2020</b>	<i>October 31</i> <b>2020</b>
Cash and cash equivalents (cost - \$2,100,668; 2020 - \$1,581,294)	<b>\$ 2,100,668</b>	\$ 1,581,294
Fixed income (cost - \$5,403,399; 2020 - \$5,323,993)	<b>5,612,201</b>	5,486,985
Canadian equity (cost - \$5,018,027; 2020 - \$5,149,592)	<b>5,399,556</b>	4,898,262
U.S. Equity (cost - \$2,124,304; 2020 - \$1,953,797)	<b>2,693,900</b>	2,589,246
Foreign equity (cost - \$2,427,450; 2020 - \$2,369,706)	<b>2,738,831</b>	2,407,979
	<b><u>\$ 18,545,156</u></b>	<b><u>\$ 16,963,766</u></b>

**THE GREATER SAINT JOHN COMMUNITY FOUNDATION**

**Notes to Financial Statements**

**Two Month Period Ended December 31, 2020**

**5. LONG TERM DEBT**

Canadian Emergency Business Account non interest bearing loan. The loan matures on December 31, 2023 and if repaid, \$10,000 of the \$40,000 loan is forgivable. If the loan is not repaid on or before December 31, 2023, it is extended to a three year loan bearing interest at 5%.

Amounts payable within one year

	<i>December 31</i> <b>2020</b>	<i>October 31</i> <b>2020</b>
	\$ 30,000	\$ 30,000
	-	-
	<b>\$ 30,000</b>	<b>\$ 30,000</b>

**6. DEFERRED REVENUE**

Community Foundations of Canada - Communities for Gender Equality grant  
 Community Foundations of Canada - Communities for Gender Equality administrative revenue  
 Business Community Anti-Poverty Initiative - Building Impact Measurement & Evaluation Capacity in the Five Priority Neighbourhoods grant  
 Business Community Anti-Poverty Initiative - Building Impact Measurement & Evaluation Capacity in the Five Priority Neighbourhoods administrative revenue  
 Community Foundations of Canada - Emergency Community Support grant  
 Community Foundations of Canada - Emergency Community Support administrative revenue  
 Evaluating your Impact - Course fee received in advance  
 Vital conversation revenue received in advance

	<i>December 31</i> <b>2020</b>	<i>October 31</i> <b>2020</b>
	\$ 255,000	\$ 255,000
	6,055	6,867
	25,000	50,000
	25,000	37,500
	-	152,740
	-	6,098
	3,750	-
	500	-
	<b>\$ 315,305</b>	<b>\$ 508,205</b>

**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 specific criteria as set by Canada Revenue Agency regulations.

**THE GREATER SAINT JOHN COMMUNITY FOUNDATION**

**Notes to Financial Statements**

**Two Month Period Ended December 31, 2020**

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**8. 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, 2024.

The future minimum lease payments as at December 31, 2020, are as follows:

2021	\$	22,038
2022		22,683
2023		23,328
2024		19,888
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	\$	<u>87,937</u>

**9. 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.

**10. COMPARATIVE FIGURES**

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

**11. PRIOR PERIOD ADJUSTMENT**

The opening balance of net assets has been adjusted for third party administrative revenue for the Building Impact Measurement and Evaluation Capacity in the Five Priority Neighbourhoods project which was deferred as at October 31, 2020 in error, and to adjust employee benefits payable and expenses to actual as at October 31, 2020.