

THE GREATER SAINT JOHN COMMUNITY FOUNDATION

Financial Statements

Year Ended December 31, 2023

THE GREATER SAINT JOHN COMMUNITY FOUNDATION

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Year Ended December 31, 2023

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INDEPENDENT AUDITORS' REPORT

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, 2023, and the statements of changes in net assets, revenues and expenditures and cash flows for the year 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, 2023, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Qualified Opinion

In common with many charitable organizations, the Foundation derives revenue from donations, 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 and we were not able to determine whether any adjustments might be necessary to donations, excess (deficiency) of revenues over expenditures, cash from operations for the year then ended December 31, 2023, current assets and fund balances as at December 31, 2023.

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 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 these 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 ASNPO, 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 related 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.



Saint John, New Brunswick
March 26, 2024

CHARTERED PROFESSIONAL ACCOUNTANTS

THE GREATER SAINT JOHN COMMUNITY FOUNDATION

Statement of Financial Position

December 31, 2023

	General Fund	Restricted Funds	Social Innovation Fund	2023	2022 <i>(Restated)</i>
ASSETS					
CURRENT					
Cash	\$ 116,844	\$ -	\$ -	\$ 116,844	\$ 842,536
Restricted cash	296,545	-	256,491	553,036	1,168,484
Accounts receivable	62,582	-	-	62,582	63,880
HST rebate receivable	4,815	-	-	4,815	9,794
Prepaid expenses	7,203	-	-	7,203	2,118
	487,989	-	256,491	744,480	2,086,812
RESTRICTED INVESTMENTS (Note 5)	7,222,222	18,552,396	-	25,774,618	18,238,942
	\$ 7,710,211	\$ 18,552,396	\$ 256,491	\$ 26,519,098	\$ 20,325,754
LIABILITIES					
CURRENT					
Accounts payable	\$ 125,019	\$ -	\$ 49,501	\$ 174,520	\$ 138,186
DEFERRED REVENUE (Note 6)	-	-	-	-	909,497
	125,019	-	49,501	174,520	1,047,683
NET ASSETS					
UNRESTRICTED	66,425	-	-	66,425	76,817
INTERNALLY RESTRICTED	3,550,103	-	-	3,550,103	3,512,874
EXTERNALLY RESTRICTED	-	64,331	206,990	271,321	1,447,982
ENDOWMENTS (Note 9)	3,968,664	18,488,065	-	22,456,729	14,240,398
	7,585,192	18,552,396	206,990	26,344,578	19,278,071
	\$ 7,710,211	\$ 18,552,396	\$ 256,491	\$ 26,519,098	\$ 20,325,754

COMMITMENTS (Note 7)

ON BEHALF OF THE BOARD

Heinz Schaefer
Director

Matthew Snelgrove
Director

THE GREATER SAINT JOHN COMMUNITY FOUNDATION
Statement of Changes in Net Assets
Year Ended December 31, 2023

	General Fund	Restricted Funds	Social Innovation Fund	2023	2022 <i>(Restated)</i>
NET ASSETS - BEGINNING OF YEAR	\$ 7,362,912	\$ 10,836,997	\$ 1,078,162	\$ 19,278,071	\$ 21,588,576
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	184,013	620,106	(871,172)	(67,053)	(3,761,782)
ENDOWMENT CONTRIBUTIONS RECEIVED DURING THE YEAR	43,267	7,090,293	-	7,133,560	1,451,277
INTERFUND TRANSFER <i>(Note 8)</i>	(5,000)	5,000	-	-	-
NET ASSETS - END OF YEAR	<u>\$ 7,585,192</u>	<u>\$ 18,552,396</u>	<u>\$ 206,990</u>	<u>\$ 26,344,578</u>	<u>\$ 19,278,071</u>

THE GREATER SAINT JOHN COMMUNITY FOUNDATION
Statement of Revenues and Expenditures
Year Ended December 31, 2023

	General Funds	Restricted Funds	Social Innovation Fund	2023	2022 <i>(Restated)</i>
REVENUES					
Donations	\$ 25,415	\$ -	\$ -	\$ 25,415	\$ -
Grants	1,172,240	-	-	1,172,240	1,944,242
Fund management fee	796,232	-	-	796,232	714,146
Investment income	208,982	376,464	40,379	625,825	369,673
Realized gain (loss) on disposal of investments	131,424	217,725	-	349,149	(207,453)
	<u>2,334,293</u>	<u>594,189</u>	<u>40,379</u>	<u>2,968,861</u>	<u>2,820,608</u>
EXPENDITURES					
Grants awarded	1,793,162	581,298	695,245	3,069,705	2,620,457
General support expenses	833,196	389,865	216,306	1,439,367	1,312,785
Investment management fees	19,562	31,794	-	51,356	42,777
	<u>2,645,920</u>	<u>1,002,957</u>	<u>911,551</u>	<u>4,560,428</u>	<u>3,976,019</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE CHANGE IN MARKET VALUE OF INVESTMENTS	(311,627)	(408,768)	(871,172)	(1,591,567)	(1,155,411)
CHANGE IN MARKET VALUE OF INVESTMENTS	495,640	1,028,874	-	1,524,514	(2,606,371)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 184,013</u>	<u>\$ 620,106</u>	<u>\$ (871,172)</u>	<u>\$ (67,053)</u>	<u>\$ (3,761,782)</u>

THE GREATER SAINT JOHN COMMUNITY FOUNDATION

Statement of Cash Flows

Year Ended December 31, 2023

	2023	2022 <i>(Restated)</i>
OPERATING ACTIVITIES		
Deficiency of revenues over expenditures	\$ (67,053)	\$ (3,761,782)
Items not affecting cash:		
Realized (gain) loss on disposal of investments	(349,149)	207,453
Change in market value of investments	<u>(1,524,514)</u>	<u>2,606,370</u>
	<u>(1,940,716)</u>	<u>(947,959)</u>
Changes in non-cash working capital:		
Accounts receivable	1,298	5,490
HST rebate receivable	4,979	4,853
Prepaid expenses	(5,085)	(24)
Accounts payable	36,334	3,321
Deferred revenue	<u>(909,497)</u>	<u>858,286</u>
	<u>(871,971)</u>	<u>871,926</u>
Cash flow used by operating activities	<u>(2,812,687)</u>	<u>(76,033)</u>
INVESTING ACTIVITIES		
Purchase of investments	(8,500,311)	(2,043,415)
Proceeds on disposal of investments	<u>2,838,298</u>	<u>1,234,842</u>
Cash flow used by investing activities	<u>(5,662,013)</u>	<u>(808,573)</u>
FINANCING ACTIVITY		
Endowment contributions received	<u>7,133,560</u>	<u>1,451,277</u>
Cash flow from financing activity	<u>7,133,560</u>	<u>1,451,277</u>
INCREASE (DECREASE) IN CASH	(1,341,140)	566,671
CASH - BEGINNING OF YEAR	<u>2,011,020</u>	<u>1,444,349</u>
CASH - END OF YEAR	\$ <u>669,880</u>	\$ <u>2,011,020</u>
CASH FLOWS SUPPLEMENTARY INFORMATION		
Interest received	<u>\$ 121,514</u>	<u>\$ 63,036</u>
CASH CONSISTS OF:		
Cash	\$ 116,844	\$ 842,536
Restricted cash	296,545	-
Restricted cash - Social Innovation Fund	<u>256,491</u>	<u>1,168,484</u>
	<u>\$ 669,880</u>	<u>\$ 2,011,020</u>

THE GREATER SAINT JOHN COMMUNITY FOUNDATION

Notes to Financial Statements

Year Ended December 31, 2023

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. CHANGE IN ACCOUNTING POLICY

During the year, the Foundation adopted the deferral method of accounting for endowment contributions as it provides a more transparent representation of endowed capital contributions and balances, and allows for the users of the financial statements to better understand the unrestricted and restricted components of net assets.

Under this method, endowment contributions are recognized as a direct increase in their respective fund's net assets and are disclosed as a separate component of net assets. This change has been applied retroactively with total endowments being split between the funds. Accordingly, the opening net assets for the General Fund have been increased by \$7,305,724, and for the Restricted Fund, \$9,987,114, while the opening assets for the Endowment fund have been decreased by \$17,292,838. The endowment contributions received in the prior year have been increased by \$1,451,277 and donation income was decreased by \$1,451,277.

3. 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 Foundation follows the deferral method of accounting for contributions.

General Fund

The General Fund reports fundraising and investment income earned on internally restricted net assets and unrestricted endowments, to be used to support charitable grants and administration. The donors have placed no restrictions on the use of income generated with these funds and consequently distribution of grants is determined by the Board of Directors.

The unrestricted endowments included in the General Fund consists of contributions designated by donors to remain in perpetuity.

Restricted Funds

The Restricted Funds reports investment income earned on restricted endowments, 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 endowments included in the Restricted Fund consist of contributions designated by donors to remain in perpetuity.

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THE GREATER SAINT JOHN COMMUNITY FOUNDATION

Notes to Financial Statements

Year Ended December 31, 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

Investments

Fair values of investments are determined using year end quoted market prices.

The investments of the Foundation are held in the custody of TD Waterhouse Canada Inc. 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. Restricted endowment contributions are recognized as direct increases in Restricted Fund net assets. Unrestricted endowment contributions are recognized as direct increases in General Fund net assets.

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.

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THE GREATER SAINT JOHN COMMUNITY FOUNDATION

Notes to Financial Statements

Year Ended December 31, 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

4. 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, 2023.

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 receivable, 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 were denominated in United States dollars or other foreign currencies. Consequently, some assets are exposed to foreign currency fluctuations. At year end, the Foundation held investments denominated in foreign currencies in the amount of \$6,996,219 (2022 - \$4,635,829).

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 other price risk through its investment in equity pooled investment.

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 investments.

THE GREATER SAINT JOHN COMMUNITY FOUNDATION

Notes to Financial Statements

Year Ended December 31, 2023

5. INVESTMENTS

	2023	2022
Cash and cash equivalents (cost - \$675,135; 2022 - \$1,151,894)	\$ 664,260	\$ 1,141,179
Fixed income (cost - \$2,574,380; 2022 - \$1,298,616)	2,556,567	1,210,933
Canadian equity (cost - \$16,474,179; 2022 - \$13,029,966)	15,557,572	11,251,001
U.S. Equity (cost - \$4,122,020; 2022 - \$3,065,177)	4,008,833	2,665,835
Foreign equity (cost - \$3,010,758; 2022 - \$2,299,657)	2,987,386	1,969,994
	<u>\$ 25,774,618</u>	<u>\$ 18,238,942</u>

6. DEFERRED REVENUE

	2023	2022
Community Foundations of Canada - Investment Readiness Program	\$ -	\$ 863,497
Community Foundations of Canada - Recovery Fund Honorarium	-	46,000
	<u>\$ -</u>	<u>\$ 909,497</u>

7. 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 at December 31, 2023 are \$19,888.

8. INTERFUND TRANSFER

During the year, the Board approved a transfer of \$5,000 from the General Fund to the Restricted Fund to correct the spendable balance of each fund for an allocation error in grants paid.

THE GREATER SAINT JOHN COMMUNITY FOUNDATION

Notes to Financial Statements

Year Ended December 31, 2023

9. RECONCILIATION OF ENDOWMENT BALANCES

The Endowment Funds consist of contributions designated by donors to remain in perpetuity. The income earned by the endowed funds principle is spendable according to any restrictions designated by the donor. The endowed funds and the spendable balances are tracked separately.

	<u>2023</u>	<u>2022</u>
<u>Unrestricted Endowments - Spendable</u>		
Opening balance	\$ 139,652	\$ 28,312
Current year income distribution	56,615	116,320
Internal transfers and donations (net)	(1,444)	110,060
Grants paid	<u>(192,841)</u>	<u>(115,040)</u>
Ending balance	<u>1,982</u>	<u>139,652</u>
<u>Unrestricted Endowments - Principal</u>		
Opening balance	4,024,750	3,280,349
Contributions received during year	20,620	744,401
Internal transfers and donations (net)	<u>121,918</u>	<u>-</u>
Ending balance	<u>4,167,288</u>	<u>4,024,750</u>
<u>Restricted Endowments - Spendable</u>		
Opening balance	369,820	77,420
Current year income distribution	308,058	393,620
Internal transfers and donations (net)	(32,249)	389,798
Grants paid	<u>(581,298)</u>	<u>(491,018)</u>
Ending balance	<u>64,331</u>	<u>369,820</u>
<u>Restricted Endowments - Principal</u>		
Opening balance	11,671,056	10,884,266
Contributions received during year	7,090,293	690,887
Internal transfers and donations (net)	300,856	95,903
Correct prior year error	<u>5,000</u>	<u>-</u>
Ending balance	<u>19,067,205</u>	<u>11,671,056</u>
Accumulated deficit	<u>(779,746)</u>	<u>(1,595,060)</u>
Grand total	<u>\$ 22,521,060</u>	<u>\$ 14,610,218</u>