

**The Greater Saint John Community
Foundation**

Financial Statements
October 31, 2009

Wilshaw & Associates Professional Corporation

P.O. Box 519, Main Post Office
Saint John, N.B. E2L 3Z8
Telephone: (506) 849-3956
Fax: (506) 849-3966

December 30, 2009

Auditors' Report

**To the Board of Directors of
The Greater Saint John Community Foundation**

We have audited the statement of financial position of **The Greater Saint John Community Foundation** as at October 31, 2009 and the statement of revenue, expenditures and changes in fund balances for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, the Foundation derives revenue from donations and bequests, 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 revenues, excess revenue for the year, assets and fund balances.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of donations and bequests referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Foundation as at October 31, 2009 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Peter Wilshaw, C.A.

Chartered Accountants

The Greater Saint John Community Foundation

Statement of Financial Position

As at October 31, 2009

	2009 \$	2008 \$
Assets		
Cash	10,514	100,084
Accounts receivable	3,343	9,578
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	13,857	109,662
Investments (note 3)	7,968,581	7,099,397
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	7,982,438	7,209,059
Liabilities		
Accounts payable and accrued liabilities	43,345	42,455
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General fund	5,364,665	4,943,887
Restricted funds	2,574,428	2,222,717
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Total funds	7,939,093	7,166,604
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	7,982,438	7,209,059
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Approved by the Board of Directors

 Director

 Director

The Greater Saint John Community Foundation

Statement of Revenue, Expenditures and Changes in Fund Balances
For the year ended October 31, 2009

	General Fund		Restricted Fund		Combined	
	2009	2008	2009	2008	2009	2008
Revenue						
Donations	53,339	253,173	161,929	72,915	215,268	326,088
Realized capital gain (loss)	(309,183)	795,602	(145,478)	347,915	(454,661)	1,143,517
Investment income - net	129,411	316,759	60,891	138,518	190,302	455,277
Unrealized capital gain (loss)	772,765	(2,375,476)	363,603	(1,038,791)	1,136,368	(3,414,267)
	646,332	(1,009,942)	440,945	(479,443)	1,087,277	(1,489,385)
Expenditures						
Grants awarded	122,826	244,725	52,940	31,569	175,766	276,294
Community events	1,085	3,493	-	-	1,085	3,493
Administrative expenses	101,643	103,572	36,294	37,314	137,937	140,886
	225,554	351,790	89,234	68,883	314,788	420,673
Excess revenue (expenditures) for the year	420,778	(1,361,732)	351,711	(548,326)	772,489	(1,910,058)
Fund balance – Beginning of year	4,943,887	6,305,619	2,222,717	2,771,043	7,166,604	9,076,662
Fund balance – End of year	5,364,665	4,943,887	2,574,428	2,222,717	7,939,093	7,166,604

The Greater Saint John Community Foundation

Notes to Financial Statements

October 31, 2009

1 Nature 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 Greater Saint John Community Foundation is a registered charity under the Income Tax Act.

On December 20, 2000 the New Brunswick Legislature amended The Saint John Foundation Act to change the name of The Foundation to The Greater Saint John Community Foundation.

2 Accounting policies

Change in accounting policy

The Foundation has adopted the following Canadian Institute of Chartered Accountants (CICA) accounting standard effective November 1, 2008. The new standard relates to disclosure only and did not have an impact on financial results. *Section 1535 – Capital Disclosures* requires an entity to disclose information about its objectives, policies and procedures for managing capital, quantitative data about what the entity regards as capital, as well as its compliance with any externally imposed capital requirements. The Foundation has included the disclosures as recommended by the CICA in Note 7 to the financial statements.

Fund accounting

To observe limitations and restrictions placed on the use of resources, the accounts of The Greater Saint John Community Foundation are maintained in accordance with “fund accounting” principles. Under this procedure, the revenue and resources and their related expenditures for specific uses are summarized in a separate group of accounts. Accordingly, the financial statements are presented by fund category. Externally restricted contributions also include endowments.

Financial instruments

The foundation’s financial instruments consist of cash, accounts receivable, investments, and accounts payable and accrued liabilities. As at October 31, 2009 the fair market value of the foundation’s financial instruments approximates their carrying value due to the short term nature and/or payment terms of these instruments.

The unrealized gain or loss on investments is included in income for the year.

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.

The Greater Saint John Community Foundation

Notes to Financial Statements

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2 Accounting policies (continued)

Contributed capital assets, marketable securities, materials and services

From time to time, the Foundation receives capital assets, materials and services at no cost from various sources. Donations of these items and services are not recorded in the financial statements.

Marketable securities donated to the Foundation are recorded as donations when received.

Use of estimates

The preparation of financial statements in conformity with general accepted accounting principles 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 accrued liabilities. Actual results could vary from those estimates.

General fund

The general fund reports amounts, including donations 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
- 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

Restricted fund

The restricted fund reports amounts, including donations and investment income, to be used to support charitable grants and administration. Restricted funds include endowments. The donors have specified the charitable purposes for which the various funds' income is to be used. The restricted fund is comprised of the following funds:

- Old Ladies Home of Saint John Fund
- Dr. Malcolm M. Somerville Bursaries in Business Fund
- Marie Murphy Walsh Clock Fund

The Greater Saint John Community Foundation

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2 Accounting policies (continued)

Restricted fund (continued)

Jane and David Barry Administrative Fund
Jervis Bay – Ross Memorial Park Fund
Super Steel Band Fund
Margaret Willis Awards Fund
Cook Family Fund
Saint John Law Society Fund
Saint John 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 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

The Greater Saint John Community Foundation

Notes to Financial Statements

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3 Financial Instruments and Risk Management

The Foundation has designated its cash and cash equivalents as held for trading. Accounts receivable have been classified as loans and receivables. Investments are classified as held for trading. Accounts payable and accrued liabilities have been classified as other liabilities.

Held for trading financial assets are measured at fair value as of the balance sheet date. Fair value fluctuations including interest earned, interest accrued, gains and losses realized on disposal and unrealized gains and losses are included in income.

Loans and receivables are accounted for at amortized cost using the effective interest method.

Other liabilities are recorded at amortized cost using the effective interest method.

The Foundations investments are exposed to a variety of financial risks as a result of its investment activities. These risks include:

- *Market risk* – the risk that the fair value or future cash flows of an investment will fluctuate due to changes in market prices.
- *Credit risk* – the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.
- *Concentration risk* – the risk that a portfolio will have a greater exposure due to a concentration in securities with similar characteristics or subject to similar environment or other conditions.
- *Liquidity risk* – the risk of being unable to generate sufficient cash flow to meet the spending requirements of the Foundation.

The Foundation has adopted investment policies, which are designed to avoid undue risk of loss, along with providing for a reasonable rate of return on the investments. The investment policy includes provisions to limit certain risks by providing limits on the amount of exposure on bond holdings, individual equity holdings and geographic holdings of the portfolio. The risk management practices are primarily carried out by the Foundation's Finance and Investment Committee. This includes adherence to the investment guidelines and the employment and oversight of a qualified professional portfolio advisor. The portfolio advisor actively manages the portfolio to offset these risks.

4 Investments

Investments consist of the following:

	2009	2008
	\$	\$
Fixed income	3,508,736	2,858,150
Canadian equity	2,042,245	2,519,554
Foreign equity	2,417,600	1,721,693
	<u>7,968,581</u>	<u>7,099,397</u>

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

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5 Commitments

The lease for the office premises expires on September 30, 2010, with monthly rent payments of \$1,324.

6 Cash flow statement

A cash flow statement has not been prepared because it would not provide any additional useful information in understanding the cash flows for the year.

7 Capital

The Foundation considers the capital of the organization to include both the restricted and unrestricted funds.

The Foundation's objectives in managing capital are to generate sufficient earnings to:

- Maximize charitable giving;
- Meet the disbursement quota requirement under the Income Tax Act of Canada;
- Ensure administrative costs supporting the role of the Foundation are covered; and
- Provide for sufficient growth and increase the net worth of the Foundation to ensure future ability to contribute to a wide range of charitable causes in the greater Saint John area, supporting the fundamental purpose of the Foundation.

The Foundation's Investment and Finance Committee recommends the appointment of investment counsel, monitors their performance and makes recommendations to the Board on the investment policy and performance objectives with the overall purpose of meeting the Foundations objectives in managing capital.

Various agreements are in place that covers the usage and management of the restricted funds. The Foundation has complied with the requirements of these agreements.

8 Income taxes

The Foundation is registered as a public foundation under the Income Tax Act of Canada and, as such, 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 2009.