

**The Greater Saint John Community
Foundation**

Financial Statements
October 31, 2010

Wilshaw & Associates Professional Corporation

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April 12, 2011

Auditor's Report

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

I have audited the statement of financial position of **The Greater Saint John Community Foundation** as at October 31, 2010 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. My responsibility is to express an opinion on these financial statements based on my audit.

Except as explained in the following paragraph, I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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, my verification of these revenues was limited to the amounts recorded in the records of the Foundation and I was not able to determine whether any adjustments might be necessary to revenues, excess revenue for the year, assets and fund balances.

In my opinion, except for the effect of adjustments, if any, which I might have determined to be necessary had I been able to satisfy myself 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, 2010 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountant

The Greater Saint John Community Foundation

Statement of Financial Position

As at October 31, 2010

	2010 \$	2009 \$
Assets		
Cash	68,083	10,514
Accounts receivable	8,404	3,343
	<hr/>	<hr/>
	76,487	13,857
Investments (note 4)	8,595,329	7,968,581
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	8,671,816	7,982,438
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Liabilities		
Accounts payable and accrued liabilities	58,132	43,345
Ovation net revenue received in advance	41,142	-
	<hr/>	<hr/>
	99,274	43,345
	<hr/>	<hr/>
General fund	5,737,620	5,364,665
Restricted funds	2,834,922	2,574,428
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Total funds	8,572,542	7,939,093
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	8,671,816	7,982,438
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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, 2010

	<u>General Fund</u>		<u>Restricted Funds</u>		<u>Combined</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
	\$	\$	\$	\$	\$	\$
Revenue						
Donations	62,468	53,339	108,776	161,929	171,244	215,268
Realized capital gain (loss)	(8,385)	(309,183)	(4,095)	(145,478)	(12,480)	(454,661)
Investment income - net	93,825	129,411	45,820	60,891	139,645	190,302
Unrealized capital gain	475,263	772,765	232,102	363,603	707,365	1,136,368
	623,171	646,332	382,603	440,945	1,005,774	1,087,277
Expenditures						
Grants awarded	147,800	122,826	85,500	52,940	233,300	175,766
Community events	1,401	1,085	-	-	1,401	1,085
Administrative expenses	101,015	101,643	36,609	36,294	137,624	137,937
	250,216	225,554	122,109	89,234	372,325	314,788
Excess revenue for the year	372,955	420,778	260,494	351,711	633,449	772,489
Fund balance – Beginning of year	5,364,665	4,943,887	2,574,428	2,222,717	7,939,093	7,166,604
Fund balance – End of year	5,737,620	5,364,665	2,834,922	2,574,428	8,572,542	7,939,093

The Greater Saint John Community Foundation

Notes to Financial Statements

October 31, 2010

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

Capital disclosures

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 6 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, 2010 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

October 31, 2010

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 due to the impracticality of determining fair value.

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

Use of estimates

The preparation of financial statements in conformity with Canadian 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 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
- Dickson Family 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

Notes to Financial Statements

October 31, 2010

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
Suzanne Doyle-Yerxa Fund
Dr. Joseph and Renee Arditti Fund
Carleton Kirk Lodge 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:

	2010	2009
	\$	\$
Fixed income	3,720,181	3,508,736
Canadian equity	2,242,853	2,042,245
Foreign equity	2,632,295	2,417,600
	<u>8,595,329</u>	<u>7,968,581</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 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.

6 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 Foundation's 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.

7 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 2010.

8 Commitments

Subsequent to the year end the Foundation entered into a lease agreement for office space. The lease term begins on April 1, 2011 and expires on March 31, 2014. The estimated annual leases payments required under this lease are as follows:

2011	\$5,687
2012	\$9,750
2013	\$9,750
2014	\$4,063