

**Community Foundations of Canada
Financial Statements
For the year ended December 31, 2023**

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Independent Auditor's Report

To the members of
Community Foundations of Canada

Opinion

We have audited the accompanying financial statements of Community Foundations of Canada, which comprise the statement of financial position as at December 31, 2023, and the statements of operations, changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Community Foundations of Canada as at December 31, 2023, 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.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the organization 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 these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the organization'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 organization or to cease operations, or has no realistic alternative but to do so.

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

Auditor's 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 auditor's 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 organization'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 organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the organization 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.



Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario
April 25, 2024

Community Foundations of Canada Statement of Financial Position

<u>December 31</u>	<u>2023</u>	<u>2022</u>
Assets		
Current		
Cash	\$ 15,050,983	\$ 126,929,642
Investments (Note 3)	4,940,950	4,193,233
Accounts receivable	430,170	390,495
Prepaid expenses	<u>97,021</u>	<u>72,581</u>
	20,519,124	131,585,951
Investment in Raven Indigenous Impact Fund LLP (Note 2)	297,942	260,594
Investments (Note 3)	12,627,543	12,734,120
Tangible capital assets (Note 4)	835,253	959,314
Restricted cash (Note 3)	97,049	97,049
	<u>\$ 34,376,911</u>	<u>\$ 145,637,028</u>
Liabilities and Fund Balances		
Current		
Accounts payable and accrued liabilities	\$ 717,217	\$ 1,208,227
Queen Elizabeth II Diamond Jubilee Scholarships Program deferred contributions (Note 6)	1,559,658	1,743,581
Flourishing Leadership Trust deferred contributions (Note 6)	56,168	636,426
Other deferred contributions (Note 6)	<u>17,422,745</u>	<u>128,197,682</u>
Current portion of long-term debt (Note 7)	<u>10,000</u>	<u>10,000</u>
	19,765,788	131,795,916
Long-term debt (Note 7)	30,000	40,000
Leasehold inducement	205,509	233,025
	<u>20,001,297</u>	<u>132,068,941</u>
Contractual obligations (Note 8)		
Fund Balances		
Restricted for endowment purposes	12,724,592	12,724,592
Internally restricted	136,420	106,577
Unrestricted - operations	<u>1,514,602</u>	<u>736,918</u>
	14,375,614	13,568,087
	<u>\$ 34,376,911</u>	<u>\$ 145,637,028</u>

On behalf of the Board:

Lisa Kalady Director Vick Gachotan Director

Community Foundations of Canada
Statement of Changes in Fund Balances

For the year ended December 31	Unrestricted - operations	Value initiatives	Internally restricted	Restricted for endowment purposes	2023	2022
Balance, beginning of the year	\$ 736,918	\$ -	\$ 106,577	\$ 12,724,592	\$ 13,568,087	\$ 13,381,192
Excess of revenues over expenses	345,194	462,333	-	-	807,527	41,895
Endowment contributions	-	-	-	-	-	145,000
Interfund transfers (Note 9)	432,490	(462,333)	29,843	-	-	-
Balance, end of the year	<u>\$ 1,514,602</u>	<u>\$ -</u>	<u>\$ 136,420</u>	<u>\$ 12,724,592</u>	<u>\$ 14,375,614</u>	<u>\$ 13,568,087</u>

**Community Foundations of Canada
Statement of Operations**

For the year ended December 31	Operations		Value Initiatives		Total	
	2023	2022	2023	2022	2023	2022
Revenues						
Donations, grants and sponsorships	\$ 5,185,972	\$ 2,662,803	\$ 119,783,833	\$ 51,101,804	\$ 124,969,805	\$ 53,764,607
Membership support	1,479,868	1,486,954	-	-	1,479,868	1,486,954
Interest and other revenue (loss)	226,470	395,934	965,280	(907,847)	1,191,750	(511,913)
Registration and fees	534,935	57,628	-	-	534,935	57,628
Sublease revenue	308,119	301,675	-	-	308,119	301,675
Foreign exchange gain	123,377	-	-	-	123,377	-
	7,858,741	4,904,994	120,749,113	50,193,957	128,607,854	55,098,951
Expenses						
Amortization of tangible capital assets	128,632	143,615	-	-	128,632	143,615
Bad debt	41,494	-	-	-	41,494	-
Board meetings	131,529	187,939	7,677	-	139,206	187,939
Communications	19,696	27,995	9,443	-	29,139	27,995
Consultants and professional fees	787,614	818,178	82,252	137,214	869,866	955,392
Office and administration	311,037	398,226	160,784	-	471,821	398,226
Professional development	92,998	239,460	59,242	-	152,240	239,460
Program costs	4,550,911	1,310,196	116,202,910	47,388,078	120,753,821	48,698,274
Salaries and benefits	1,158,094	1,615,425	3,764,472	2,536,369	4,922,566	4,151,794
Sponsorship development	25,000	10,000	-	-	25,000	10,000
Travel	266,542	244,361	-	-	266,542	244,361
	7,513,547	4,995,395	120,286,780	50,061,661	127,800,327	55,057,056
Excess (deficiency) of revenues over expenses	\$ 345,194	\$ (90,401)	\$ 462,333	\$ 132,296	\$ 807,527	\$ 41,895

Community Foundations of Canada Statement of Cash Flows

For the year ended December 31 2023 2022

Cash flows from operating activities		
Excess of revenues over expenses	\$ 807,527	\$ 41,895
Items not affecting cash:		
Amortization of tangible capital assets	128,632	143,615
Amortization of leasehold inducement	(27,516)	(31,200)
	<hr/>	<hr/>
	908,643	154,310
Changes in non-cash working capital:		
Accounts receivable	(39,675)	(273,965)
Prepaid expenses	(24,441)	(20,312)
Accounts payable and accrued liabilities	(491,010)	(69,108)
	<hr/>	<hr/>
	353,517	(209,075)
Cash flows from investing activities		
Acquisition of investments	(37,348)	(96,603)
Proceeds on disposal of investments	(641,140)	951,385
Acquisition of tangible capital assets	(4,571)	(58,146)
	<hr/>	<hr/>
	(683,059)	796,636
Cash flows from financing activities		
Repayment of long-term debt	(10,000)	(11,700)
Change in deferred contributions	(111,539,117)	110,961,766
Endowment contributions	-	145,000
	<hr/>	<hr/>
	(111,549,117)	111,095,066
Net (decrease) increase in cash	(111,878,659)	111,682,627
Cash, beginning of the year	<hr/>	<hr/>
	127,026,691	15,344,064
Cash, end of the year	<hr/>	<hr/>
	\$ 15,148,032	\$ 127,026,691
Represented by:		
Cash	\$ 15,050,983	\$ 126,929,642
Restricted cash	97,049	97,049
	<hr/>	<hr/>
	\$ 15,148,032	\$ 127,026,691

Community Foundations of Canada

Notes to Financial Statements

December 31, 2023

1. Accounting Policies

Purpose of Organization	Community Foundations of Canada is a not-for-profit organization incorporated without share capital under the Canada Not-for-profit Corporations Act. Community Foundations of Canada is the national leadership organization for Canada's 205 local community foundations. Together with 205 community foundations across the country, we help drive local solutions for national change on the issues that matter most to Canadians. We're building a movement that connects community foundations, Canadians, and partners to create a just, sustainable future. The organization is a registered charity under the Income Tax Act and, as such, is exempt from income taxes and may issue income tax receipts to donors.
Basis of Accounting	The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.
Use of Estimates	The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses for the year covered. The main estimates relate to fair value of investments and useful lives of tangible capital assets.
Fund Accounting	<p>The Operations Fund includes the revenues and expenses of the core operations.</p> <p>The Value Initiatives Fund includes the revenues and expenses of separately funded programs.</p> <p>The Endowment Fund reports resources contributed for the Betsy Martin endowment, Queen Elizabeth II Diamond Jubilee Scholarships Program endowment and other endowments. Investment income earned on resources of the Queen Elizabeth II Diamond Jubilee Scholarships Program endowment is reported in the Value Initiatives Fund as it is restricted for bursaries based on the endowment agreement. Investment income earned on resources of the Betsy Martin endowment and other endowments is reported in the Operations Fund.</p> <p>The Internally Restricted Fund includes investment income (losses) restricted by the Board of Directors motion.</p>

Community Foundations of Canada

Notes to Financial Statements

December 31, 2023

1. Accounting Policies (Continued)

Revenue Recognition	<p>The organization follows the deferral method of accounting for contributions including donations and sponsorships. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.</p> <p>Endowment contributions are recognized as direct increases in the Endowment Fund.</p> <p>Registration and fees are recognized as revenue when the seminars, conferences and summits are held.</p> <p>Membership dues are recognized as revenue proportionately over the year to which they relate.</p> <p>Sublease revenue is recognized as revenue over the sublease term.</p>
Financial Instruments	<p>Arm's length financial instruments are recorded at fair value at initial recognition.</p> <p>Related party financial instruments are recorded at cost at initial recognition.</p> <p>In subsequent periods, equities traded in an active market are reported at fair value, with any change in fair value reported in income. All other financial instruments are reported at cost or amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.</p> <p>Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in net income.</p>

Community Foundations of Canada Notes to Financial Statements

December 31, 2023

1. Accounting Policies (Continued)

Investment in LLP	The organization is able to exercise significant influence over the Raven Indigenous Impact Fund LLP and has elected to account for its investment using the equity method. The investment is initially recorded at cost and is adjusted thereafter to include the organization's pro rata share of the income (loss) of the investee.	
Tangible Capital Assets	Tangible capital assets are stated at cost less accumulated amortization. Amortization is provided on the basis of their useful lives using the following methods and annual rates:	
	Computer equipment	33% diminishing balance basis
	Furniture	20% diminishing balance basis
	Leasehold improvements	Straight-line over the term of the lease
Impairment of Tangible Capital Assets	When a tangible capital asset no longer has any long-term service potential to the organization, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations.	
Contributed Materials and Services	Contributed materials and services which are used in the normal course of the organization's operations and would otherwise have been purchased are recorded at their fair value at the date of contribution if fair value can be reasonably estimated.	
Conference and Summit Expenses	Conference and summit expenses are recognized as expenses in the year the services or goods are received by the organization. As such, timing of revenues and expenses might not be in the same year.	

Community Foundations of Canada Notes to Financial Statements

December 31, 2023

2. Investment in Raven Indigenous Impact Fund LLP

The organization has an investment in Raven Indigenous Impact Fund LLP and elected to account for the investment using the equity method. During the year, the organization made an additional capital contribution of \$24,209 and paid investment fees of \$13,995. In 2022, the organization made an additional capital contribution of \$83,871 and paid investment fees of \$12,691.

	2023	2022
Raven Indigenous Impact Fund LLP - 1.2% ownership (2022 - 1.1%), 325,000 LP units	<u>\$ 297,942</u>	<u>\$ 260,594</u>

3. Investments

	2023	2022
Cash, short-term deposits and money market fund	\$ 1,499,943	\$ 2,002,517
Canadian fixed income	696,931	1,001,593
Canadian equity	10,223,461	8,802,375
US equity	5,148,158	5,120,866
	<hr/> <u>17,568,493</u>	<hr/> <u>16,927,351</u>
Less restricted investments:		
Queen Elizabeth II Diamond Jubilee Scholarships		
Program Endowment	12,000,000	12,000,000
Other Endowments	627,543	627,543
Internally restricted	-	106,577
	<hr/> <u>12,627,543</u>	<hr/> <u>12,734,120</u>
	<hr/> <u>\$ 4,940,950</u>	<hr/> <u>\$ 4,193,231</u>

In addition, \$97,049 (2022 - \$97,049) of cash is restricted for the Betsy Martin Endowment fund.

Community Foundations of Canada Notes to Financial Statements

December 31, 2023

4. Tangible Capital Assets

	2023		2022	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment	\$ 239,315	\$ 176,045	\$ 234,744	\$ 151,145
Furniture	271,818	204,235	271,818	189,133
Leasehold improvements	<u>1,329,166</u>	<u>624,766</u>	<u>1,329,166</u>	<u>536,136</u>
	<u>\$ 1,840,299</u>	<u>\$ 1,005,046</u>	<u>\$ 1,835,728</u>	<u>\$ 876,414</u>
Net value		<u>\$ 835,253</u>		<u>\$ 959,314</u>

5. Line of Credit

The organization has an authorized operating line of credit of \$250,000 that is due on demand and bears interest at the bank's prime rate plus 2%, calculated and payable monthly. It is secured by a general security agreement covering all assets. At December 31, 2023, the organization had undrawn credit capacity under this facility of \$250,000 (2022 - \$250,000).

Community Foundations of Canada Notes to Financial Statements

December 31, 2023

6. Deferred Contributions

Deferred contributions represent funds received in the current year to cover operating expenses in the subsequent year. The variations in the balance of deferred contributions is as follows:

a) Queen Elizabeth II Diamond Jubilee Scholarships Program deferred contributions:

	2023	2022
Balance, beginning of the year	\$ 1,743,581	\$ 3,183,421
Plus: realized and unrealized investment income (losses)	1,210,957	(911,141)
Less: amounts recognized as revenue in the year	<u>(1,394,880)</u>	<u>(528,699)</u>
 Balance, end of the year	 <u>\$ 1,559,658</u>	 <u>\$ 1,743,581</u>

b) Flourishing Leadership Trust deferred contributions:

	2023	2022
Balance, beginning of year	\$ 636,426	\$ 678,285
Plus: realized and unrealized investment income (losses)	5,567	(38,565)
Less: amounts recognized as revenue in the year	<u>(585,825)</u>	<u>(3,294)</u>
 Balance, end of year	 <u>\$ 56,168</u>	 <u>\$ 636,426</u>

c) Other deferred contributions:

	2023	2022
Balance, beginning of the year	\$ 128,197,682	\$ 15,754,217
Plus: amounts received during the year	12,214,163	165,676,079
Less: amounts recognized as revenue in the year	<u>(122,989,100)</u>	<u>(53,232,614)</u>
 Balance, end of the year	 <u>\$ 17,422,745</u>	 <u>\$ 128,197,682</u>

Community Foundations of Canada Notes to Financial Statements

December 31, 2023

7. Long-term Debt

	2023	2022
Loan, 3.5%, due May 1, 2027, payable by annual principal instalments of \$10,000 plus interest.	\$ 40,000	\$ 50,000
Less: principal portion due within one year	<u>10,000</u>	<u>10,000</u>
	<u><u>\$ 30,000</u></u>	<u><u>\$ 40,000</u></u>

The principal payments for the next four years amount to: 2024, 10,000; 2025, \$10,000; 2026, \$10,000; and 2027, \$10,000.

8. Contractual Obligations

The organization leases its premises under a lease expiring in March 2027. Future minimum payments for the lease and leasehold improvements total \$1,789,460 and include the following payments over the next four years:

2024	\$ 421,414
2025	\$ 421,414
2026	\$ 421,414
2027	\$ 105,354

9. Interfund Transfers

The Board of Directors has approved the transfer of the investment income from the Global Framework endowment and other endowments of \$29,843 (2022 - \$4,223) to the Internally Restricted Fund. These restricted amounts are not available for any other purpose without approval of the Board of directors.

The excess of revenues over expenses of \$462,333 (2022 - \$574,557) in the Value Initiatives Fund was transferred to the Operations Fund.

Community Foundations of Canada Notes to Financial Statements

December 31, 2023

10. Financial Instruments

Credit risk

The organization is exposed to credit risk with respect to accounts receivable. On a continuous basis, the organization assesses its accounts receivable and will set up an appropriate allowance for doubtful accounts when needed.

The organization is exposed to credit risk arising from all of its bank accounts being held at one financial institution.

Interest rate risk

The organization is exposed to interest rate risk on its fixed rate financial instruments. Fixed interest instruments subject the organization to a fair value risk, since fair value fluctuates inversely to changes in market interest rates. Variable rate instruments subject the organization to a related cash flow risk.

Other price risk

The organization is exposed to other price risk through its investments in listed shares for which the value fluctuates with the quoted market price.

Change in risk exposures

There have been changes to the risk exposures in the year given the increases in market interest rates. This has resulted in fluctuations in the quoted market prices of investments in equities and fixed income securities held by the organization.

11. Comparative Figures

Certain figures for the previous year have been reclassified to conform to the presentation adopted in the current year.