

Community Foundations of Canada
Financial Statements
For the year ended December 31, 2021

Contents

Independent Auditor's Report	2 - 3
Financial Statements	
Statement of Financial Position	4
Statement of Changes in Fund Balances	5
Statement of Operations	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 15



Tél./Tel: 613-237-9331
Télec./Fax: 613-237-9779
www.bdo.ca

BDO Canada s.r.l./S.E.N.C.R.L./LLP
180 Kent Street
Suite 1700
Ottawa ON K1P 0B6 Canada

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, 2021, 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, 2021, 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.

BDO Canada LLP


Chartered Professional Accountants, Licensed Public Accountants


Ottawa, Ontario
April 25, 2022

Community Foundations of Canada Statement of Financial Position

December 31	2021	2020
Assets		
Current		
Cash	\$ 15,024,442	\$ 18,104,283
Investments (Note 3)	5,293,842	4,115,167
Accounts receivable	339,101	508,152
Prepaid expenses	52,269	20,911
	20,709,654	22,748,513
Investment in Raven Indigenous Impact Fund LLP (Note 2)	163,991	84,748
Investments (Note 3)	12,584,897	12,521,032
Tangible capital assets (Note 4)	1,044,783	1,171,275
Restricted cash (Note 3)	97,049	97,049
	\$ 34,600,374	\$ 36,622,617
Liabilities and Fund Balances		
Current		
Accounts payable and accrued liabilities	\$ 1,277,334	\$ 897,980
Queen Elizabeth II Diamond Jubilee Scholarships Program deferred contributions (Note 6)	3,183,421	2,665,629
Flourishing Leadership Trust deferred contributions (Note 6)	678,285	635,577
Other deferred contributions (Note 6)	15,754,217	18,916,610
Current portion of long-term debt (Note 7)	10,000	10,000
	20,903,257	23,125,796
Long-term debt (Note 7)	51,700	64,150
Leasehold inducement	264,225	295,694
	21,219,182	23,485,640
Contractual obligations (Note 8)		
Fund Balances		
Restricted for endowment purposes	12,579,592	12,514,592
Internally restricted	102,354	103,489
Unrestricted - operations	699,246	518,896
	13,381,192	13,136,977
	\$ 34,600,374	\$ 36,622,617

On behalf of the Board:

 Director

 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	2021	2020
Balance, beginning of the year	\$ 518,896	\$ -	\$ 103,489	\$ 12,514,592	\$ 13,136,977	\$ 12,702,531
Excess (deficiency) of revenues over expenses	(395,342)	574,557	-	-	179,215	384,446
Endowment contributions	-	-	-	65,000	65,000	50,000
Interfund transfers (Note 10)	575,692	(574,557)	(1,135)	-	-	-
Balance, end of the year	\$ 699,246	\$ -	\$ 102,354	\$ 12,579,592	\$ 13,381,192	\$ 13,136,977

The notes are an integral part of these financial statements.

Community Foundations of Canada
Statement of Operations

For the year ended December 31	Operations		Value Initiatives		Total	
	2021	2020	2021	2020	2021	2020
Revenues						
Donations, grants and sponsorships	\$ 1,201,810	\$ 607,969	\$ 43,997,860	\$ 130,995,221	\$ 45,199,670	\$ 131,603,190
Membership support	1,406,419	1,328,291	-	-	1,406,419	1,328,291
Interest and other revenue	137,620	195,942	1,197,590	1,020,114	1,335,210	1,216,056
Registration and fees	157,785	8,675	-	-	157,785	8,675
Sublease revenue	316,304	332,595	-	-	316,304	332,595
	3,219,938	2,473,472	45,195,450	132,015,335	48,415,388	134,488,807
Expenses						
Amortization of tangible capital assets	149,007	166,919	-	-	149,007	166,919
Bad debt	-	1,350	-	-	-	1,350
Board meetings	41,494	29,565	-	-	41,494	29,565
Consultants and professional fees	1,283,463	799,069	78,642	57,731	1,362,105	856,800
Foundation development	8,418	52,315	-	-	8,418	52,315
Fundraising	26,100	24,457	-	-	26,100	24,457
Office and administration	582,999	393,102	-	-	582,999	393,102
Professional development	81,520	27,521	-	-	81,520	27,521
Program costs	577,688	445,393	42,093,237	129,068,516	42,670,925	129,513,909
Public engagement	103,094	18,047	-	-	103,094	18,047
Salaries and benefits	737,320	665,700	2,449,014	2,331,520	3,186,334	2,997,220
Travel	24,177	23,156	-	-	24,177	23,156
	3,615,280	2,646,594	44,620,893	131,457,767	48,236,173	134,104,361
Excess (deficiency) of revenues over expenses	\$ (395,342)	\$ (173,122)	\$ 574,557	\$ 557,568	\$ 179,215	\$ 384,446

The notes are an integral part of these financial statements.

Community Foundations of Canada Statement of Cash Flows

For the year ended December 31	2021	2020
Cash flows from operating activities		
Excess of revenues over expenses	\$ 179,215	\$ 384,446
Items not affecting cash:		
Amortization of tangible capital assets	149,007	166,919
Amortization of leasehold inducement	(31,469)	(38,747)
	296,753	512,618
Changes in non-cash working capital:		
Accounts receivable	169,051	178,186
Prepaid expenses	(31,358)	64,384
Accounts payable and accrued liabilities	379,352	512,365
	813,798	1,267,553
Cash flows from investing activities		
Acquisition of investments	(1,321,781)	(1,094,341)
Proceeds on disposal of investments	-	211,341
Acquisition of tangible capital assets	(22,515)	(15,883)
	(1,344,296)	(898,883)
Cash flows from financing activities		
Repayment of long-term debt	(12,450)	-
Proceeds from long-term debt	-	4,150
Change in deferred contributions	(2,601,893)	1,088,728
Endowment contributions	65,000	50,000
	(2,549,343)	1,142,878
Net (decrease) increase in cash	(3,079,841)	1,511,548
Cash, beginning of the year	18,104,283	16,592,735
Cash, end of the year	\$ 15,024,442	\$ 18,104,283

Community Foundations of Canada

Notes to Financial Statements

December 31, 2021

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 191 local community foundations. Together with 191 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 restricted by the Board of Directors motion.</p>

Community Foundations of Canada

Notes to Financial Statements

December 31, 2021

1. Accounting Policies (Continued)

Revenue Recognition 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.

Endowment contributions are recognized as direct increases in the Endowment Fund.

Registration and fees are recognized as revenue when the seminars and conferences are held.

Membership support is recognized as revenue proportionately over the year to which they relate.

Sublease revenue is recognized as revenue over the sublease term.

Financial Instruments

Initial and subsequent measurement

The organization initially measures its financial assets and liabilities at fair value. The organization subsequently measures all its financial assets and liabilities at amortized cost, except for cash and investments, which are measured at fair value. Changes in fair value of these financial instruments are recognized in the statement of operations.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment.

Transaction costs

The organization recognizes its transaction costs in the statement of operations in the year incurred for financial instruments measured at fair value. Financial instruments that are subsequently measured at amortized cost are adjusted by the transaction costs in the initial measurement of the asset or liability.

Community Foundations of Canada Notes to Financial Statements

December 31, 2021

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	<p>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:</p> <table><tr><td>Computer equipment</td><td>33% diminishing balance basis</td></tr><tr><td>Furniture</td><td>20% diminishing balance basis</td></tr><tr><td>Software</td><td>50% diminishing balance basis</td></tr><tr><td>Leasehold improvements</td><td>Straight-line over the term of the lease</td></tr></table>	Computer equipment	33% diminishing balance basis	Furniture	20% diminishing balance basis	Software	50% diminishing balance basis	Leasehold improvements	Straight-line over the term of the lease
Computer equipment	33% diminishing balance basis								
Furniture	20% diminishing balance basis								
Software	50% 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, 2021

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 \$76,009 and paid investment fees of \$10,518. In 2020, the Organization received a net capital distribution of \$195,935, included in this amount were investment fees paid of \$21,409.

	2021	2020
Raven Indigenous Impact Fund LLP - 1.25% ownership, 325,000 LP units	\$ 163,991	\$ 84,748

3. Investments

	2021	2020
Cash, short-term deposits and money market fund	\$ 808,856	\$ 290,934
Canadian fixed income	1,019,696	996,182
Canadian equity	9,140,687	8,497,501
US equity	6,909,500	6,851,582
	17,878,739	16,636,199
Less restricted investments:		
Queen Elizabeth II Diamond Jubilee Scholarships Program Endowment	12,000,000	12,000,000
Other Endowments	482,543	417,543
Internally restricted	102,354	103,489
	12,584,897	12,521,032
	\$ 5,293,842	\$ 4,115,167

In addition, \$97,049 (2020 - \$97,049) of cash is restricted for the Betsy Martin Endowment fund.

Community Foundations of Canada
Notes to Financial Statements

December 31, 2021

4. Tangible Capital Assets

	2021		2020	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment	\$ 176,598	\$ 125,904	\$ 154,082	\$ 108,202
Furniture	271,818	170,656	271,818	148,050
Software	3,055	3,055	3,055	3,055
Leasehold improvements	1,329,166	436,239	1,329,166	327,539
	<u>\$ 1,780,637</u>	<u>\$ 735,854</u>	<u>\$ 1,758,121</u>	<u>\$ 586,846</u>
Net value		<u>\$ 1,044,783</u>		<u>\$ 1,171,275</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, 2021, the organization had undrawn credit capacity under this facility of \$250,000.

Community Foundations of Canada
Notes to Financial Statements

December 31, 2021

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:

	2021	2020
Balance, beginning of the year	\$ 2,665,629	\$ 5,145,728
Plus: amounts received during the year	1,634,674	50,319
Less: amounts recognized as revenue in the year	(1,116,882)	(2,530,418)
Balance, end of the year	\$ 3,183,421	\$ 2,665,629

b) Flourishing Leadership Trust deferred contributions:

	2021	2020
Balance, beginning of year	\$ 635,577	\$ 627,577
Plus: amounts received during the year	42,708	45,754
Less: amounts recognized as revenue in the year	-	(37,754)
Balance, end of year	\$ 678,285	\$ 635,577

c) Other deferred contributions:

	2021	2020
Balance, beginning of the year	\$ 18,916,610	\$ 15,355,786
Plus: amounts received during the year	44,136,114	132,595,842
Less: amounts recognized as revenue in the year	(47,298,507)	(129,035,018)
Balance, end of the year	\$15,754,217	\$ 18,916,610

Community Foundations of Canada Notes to Financial Statements

December 31, 2021

7. Long-term Debt

	2021	2020
Loan, 3.5%, due May 1, 2027, payable by annual principal instalments of \$10,000 plus interest.	\$ 61,700	\$ 74,150
Less: principal portion due within one year	10,000	10,000
	<u>\$ 51,700</u>	<u>\$ 64,150</u>

The principal payments for the next five years amount to: 2022, 10,000; 2023, \$10,000; 2024, \$10,000; 2025, \$10,000; 2026, \$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 \$2,609,007 and include the following payments over the next five years:

2022	\$ 413,664
2023	\$ 419,864
2024	\$ 421,414
2025	\$ 421,414
2026	\$ 421,414

9. Uncertainty due to COVID-19

On January 30, 2020, the World Health Organization ('WHO') announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the 'COVID-19 outbreak') and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the organization's financial condition, liquidity, and future results of operations. Since the start of COVID-19, the organization has seen an increase in grants it received from both the government and corporate donors. Also, all employees have been working from home since the start of the pandemic. Management is actively monitoring the global situation on its financial condition, liquidity, operations, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the organization is not able to estimate the effects of the COVID-19 outbreak on this results of operations, financial condition, or liquidity at this time.

Community Foundations of Canada Notes to Financial Statements

December 31, 2021

10. Interfund Transfers

The Board of Directors has approved the transfer of the revenue earned on the Global Framework endowment and other endowments of \$(1,135) (loss on investments) (2020 - \$19,786) 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 \$574,557 (2020 - \$557,568) in the Value Initiatives Fund was transferred to the Operations Fund.

11. 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 company is exposed to credit risk arising from all of its bank accounts being held at one financial institution and deposits are only insured up to \$100,000

Interest rate risk

The organization is exposed to interest rate risk on its fixed and variable interest 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.