

Community Foundations of Canada
Financial Statements
For the year ended December 31, 2019

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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, 2019, 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, 2019, 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 foundation 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.



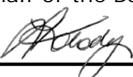
Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario
April 16, 2020

Community Foundations of Canada Statement of Financial Position

December 31	2019	2018
Assets		
Current		
Cash	\$ 16,592,735	\$ 6,260,016
Investments (Note 3)	3,106,021	1,402,930
Accounts receivable	686,339	396,259
Prepaid expenses	85,296	136,272
	20,470,391	8,195,477
Investment in Raven Indigenous Impact Fund LLP (Note 2)	280,683	-
Investments (Note 3)	12,451,246	12,435,364
Tangible capital assets (Note 4)	1,322,311	631,162
Restricted cash (Note 3)	97,049	94,741
	\$ 34,621,680	\$ 21,356,744
Liabilities and Fund Balances		
Current		
Accounts payable and accrued liabilities	\$ 385,617	\$ 183,934
Queen Elizabeth II Diamond Jubilee Scholarships Program deferred contributions (Note 7)	5,145,728	6,131,936
Flourishing Leadership Trust deferred contributions (Note 7)	627,577	528,935
Other deferred contributions (Note 7)	15,355,786	1,669,362
	21,514,708	8,514,167
Long-term debt (Note 8)	70,000	-
Leasehold inducement	334,441	186,935
	21,919,149	8,701,102
Contractual obligations (Note 9)		
Subsequent event (Note 10)		
Fund Balances		
Restricted for endowment purposes	12,464,592	12,461,309
Internally restricted	83,703	68,796
Unrestricted - operations	154,236	125,537
	12,702,531	12,655,642
	\$ 34,621,680	\$ 21,356,744

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	2019	2018
Balance, beginning of the year	\$ 125,537	\$ -	\$ 68,796	\$ 12,461,309	\$ 12,655,642	\$ 12,554,323
Excess (deficiency) of revenues over expenses	(375,693)	419,299	-	-	43,606	100,269
Endowment contributions	-	-	-	3,283	3,283	1,050
Interfund transfers (Note 11)	404,392	(419,299)	14,907	-	-	-
Balance, end of the year	\$ 154,236	\$ -	\$ 83,703	\$ 12,464,592	\$ 12,702,531	\$ 12,655,642

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	
	2019	2018	2019	2018	2019	2018
Revenues						
Donations, grants and sponsorships	\$ 1,109,875	\$ 424,141	\$ 9,382,887	\$ 10,499,030	\$ 10,492,762	\$ 10,923,171
Membership support	1,302,928	1,228,730	-	-	1,302,928	1,228,730
Interest and other revenue (expense)	223,103	84,113	1,602,218	(59,063)	1,825,321	25,050
Registration and fees	554,778	106,263	-	6,350	554,778	112,613
Sublease revenue	252,484	-	-	-	252,484	-
	<u>3,443,168</u>	<u>1,843,247</u>	<u>10,985,105</u>	<u>10,446,317</u>	<u>14,428,273</u>	<u>12,289,564</u>
Expenses						
Amortization of tangible capital assets	148,353	84,512	-	-	148,353	84,512
Board meetings	122,468	96,236	-	30,770	122,468	127,006
Consultants and professional fees	691,380	530,964	43,197	23,133	734,577	554,097
Foundation development	310,274	58,836	-	282	310,274	59,118
Fundraising	1,586	362	-	-	1,586	362
Office and administration	451,732	200,104	-	-	451,732	200,104
Professional development	41,286	61,053	-	-	41,286	61,053
Program costs	838,742	267,685	8,908,410	8,443,593	9,747,152	8,711,278
Public engagement	27,231	40,138	-	-	27,231	40,138
Salaries and benefits	1,015,978	876,084	1,614,199	1,377,663	2,630,177	2,253,747
Travel	169,831	97,880	-	-	169,831	97,880
	<u>3,818,861</u>	<u>2,313,854</u>	<u>10,565,806</u>	<u>9,875,441</u>	<u>14,384,667</u>	<u>12,189,295</u>
Excess (deficiency) of revenues over expenses	\$ (375,693)	\$ (470,607)	\$ 419,299	\$ 570,876	\$ 43,606	\$ 100,269

The notes are an integral part of these financial statements.

Community Foundations of Canada Statement of Cash Flows

For the year ended December 31	2019	2018
Cash flows from operating activities		
Excess of revenues over expenses	\$ 43,606	\$ 100,269
Items not affecting cash:		
Amortization of tangible capital assets	148,353	84,512
Amortization of leasehold inducement	(32,294)	(19,747)
	159,665	165,034
Changes in non-cash working capital:		
Accounts receivable	(290,080)	(17,028)
Prepaid expenses	50,976	(99,826)
Accounts payable and accrued liabilities	201,681	(2,939,085)
Deferred revenues	-	(26,637)
	122,242	(2,917,542)
Cash flows from investing activities		
Acquisition of investments	(1,999,656)	(529,813)
Proceeds on disposal of investments	-	177,161
Acquisition of tangible capital assets	(839,502)	(19,056)
Increase in restricted cash	(2,308)	-
	(2,841,466)	(371,708)
Cash flows from financing activities		
Proceeds from long-term debt	70,000	-
Change in deferred contributions	12,798,860	6,290,275
Endowment contributions	3,283	1,050
Leasehold inducement received	179,800	-
	13,051,943	6,291,325
Net increase in cash	10,332,719	3,002,075
Cash, beginning of the year	6,260,016	3,257,941
Cash, end of the year	\$ 16,592,735	\$ 6,260,016

Community Foundations of Canada

Notes to Financial Statements

December 31, 2019

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. The organization's purpose is to build stronger communities by enhancing the philanthropic leadership of community foundations. 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, 2019

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, 2019

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, 2019

2. Investment in Raven Indigenous Impact Fund LLP

During the year, the Organization invested in Raven Indigenous Impact Fund LLP and elected to account for the investment using the equity method.

	2019	2018
Raven Indigenous Impact Fund LLP - 21.33% ownership, 325,000 LP units	\$ 280,683	\$ -

3. Investments

	2019	2018
Cash, short-term deposits and money market fund	\$ 1,191,078	\$ 367,424
Canadian fixed income	644,042	4,218,133
Canadian equity	8,560,629	3,861,062
US equity	5,161,518	5,391,675
	15,557,267	13,838,294
Less restricted investments:		
Queen Elizabeth II Diamond Jubilee Scholarships Program Endowment	12,000,000	12,000,000
Other Endowments	367,543	366,568
Internally restricted	83,703	68,796
	12,451,246	12,435,364
	\$ 3,106,021	\$ 1,402,930

In addition, \$97,049 (2018 - \$94,741) of cash is restricted for the Betsy Martin Endowment fund.

Community Foundations of Canada
Notes to Financial Statements

December 31, 2019

4. Tangible Capital Assets

	2019		2018	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment	\$ 127,079	\$ 94,633	\$ 108,089	\$ 84,325
Furniture	271,818	120,393	198,767	90,333
Software	3,055	3,055	3,055	3,055
Leasehold improvements	1,340,287	201,847	592,826	93,862
	\$ 1,742,239	\$ 419,928	\$ 902,737	\$ 271,575
Net value		\$ 1,322,311		\$ 631,162

5. Due from / Due to Related Parties and Related Party Transactions

The organization exercised significant influence over the Rideau Hall Foundation due to the sharing of key management personnel up until June 2018. The organization provided managerial services for the Rideau Hall Foundation. During the year, the organization charged the Rideau Hall Foundation a total of \$nil (2018 - \$50,000) for managerial services. The organization received grants of \$2,000,000 (2018 - \$7,500,000) from the Rideau Hall Foundation.

Related party transactions in the normal course of operations are recorded at the exchange amount.

6. 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, 2019, the organization had undrawn credit capacity under this facility of \$250,000.

Community Foundations of Canada
Notes to Financial Statements

December 31, 2019

7. 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:

	2019	2018
Balance, beginning of the year	\$ 6,131,936	\$ 165,607
Plus: amounts received during the year	4,270,491	14,653,971
Less: amounts recognized as revenue in the year	(5,256,699)	(8,687,642)
Balance, end of the year	\$ 5,145,728	\$ 6,131,936

b) Flourishing Leadership Trust deferred contributions:

	2019	2018
Balance, beginning of year	\$ 528,935	\$ 600,000
Plus: amounts received during the year	117,861	-
Less: amounts recognized as revenue in the year	(19,219)	(71,065)
Balance, end of year	\$ 627,577	\$ 528,935

c) Other deferred contributions:

	2019	2018
Balance, beginning of the year	\$ 1,669,362	\$ 874,351
Plus: amounts received during the year	22,838,780	2,559,475
Less: amounts recognized as revenue in the year	(9,152,356)	(1,764,464)
Balance, end of the year	\$15,355,786	\$ 1,669,362

8. Long-term Debt

	2019	2018
Loan, 3.5%, due May 1, 2027, payable by annual principal instalments of \$10,000 beginning May 1, 2021, plus interest.	\$ 70,000	\$ -

The principal payments for the next five years amount to: 2020, nil; 2021, \$10,000; 2022, \$10,000; 2023, \$10,000; 2024, \$10,000.

Community Foundations of Canada Notes to Financial Statements

December 31, 2019

9. Contractual Obligations

The organization leases its premises under a lease expiring in March 2027. Future minimum payments for the lease and leasehold improvements total \$3,000,812 and include the following payments over the next five years:

2020	\$	391,805
2021	\$	405,882
2022	\$	413,664
2023	\$	419,864
2024	\$	421,414

10. Subsequent Event - 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. 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.

11. Interfund Transfers

The Board of Directors has approved the transfer of the revenue earned on the Global Framework endowment and other endowments of \$14,907 (2018 - \$9,103) 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 \$419,299 (2018 - \$570,876) in the Value Initiatives Fund was transferred to the Operations Fund.

Community Foundations of Canada Notes to Financial Statements

December 31, 2019

12. 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.

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.