

Community Foundations of Canada
Financial Statements
For the year ended December 31, 2022

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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, 2022, 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, 2022, 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
May 8, 2023

Community Foundations of Canada Statement of Financial Position

December 31	2022	2021
Assets		
Current		
Cash	\$ 126,929,642	\$ 15,247,015
Investments (Note 3)	4,193,233	5,293,842
Accounts receivable	390,495	116,528
Prepaid expenses	72,581	52,269
	131,585,951	20,709,654
Investment in Raven Indigenous Impact Fund LLP (Note 2)	260,594	163,991
Investments (Note 3)	12,734,120	12,584,897
Tangible capital assets (Note 4)	959,314	1,044,783
Restricted cash (Note 3)	97,049	97,049
	\$ 145,637,028	\$ 34,600,374
Liabilities and Fund Balances		
Current		
Accounts payable and accrued liabilities	\$ 1,208,227	\$ 1,277,334
Queen Elizabeth II Diamond Jubilee Scholarships Program deferred contributions (Note 6)	1,743,581	3,183,421
Flourishing Leadership Trust deferred contributions (Note 6)	636,426	678,285
Other deferred contributions (Note 6)	128,197,682	15,754,217
Current portion of long-term debt (Note 7)	10,000	10,000
	131,795,916	20,903,257
Long-term debt (Note 7)	40,000	51,700
Leasehold inducement	233,025	264,225
	132,068,941	21,219,182
Contractual obligations (Note 8)		
Fund Balances		
Restricted for endowment purposes	12,724,592	12,579,592
Internally restricted	106,577	102,354
Unrestricted - operations	736,918	699,246
	13,568,087	13,381,192
	\$ 145,637,028	\$ 34,600,374

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	2022	2021
Balance, beginning of the year	\$ 699,246	\$ -	\$ 102,354	\$ 12,579,592	\$ 13,381,192	\$ 13,136,977
Excess (deficiency) of revenues over expenses	(90,401)	132,296	-	-	41,895	179,215
Endowment contributions	-	-	-	145,000	145,000	65,000
Interfund transfers (Note 9)	128,073	(132,296)	4,223	-	-	-
Balance, end of the year	\$ 736,918	\$ -	\$ 106,577	\$ 12,724,592	\$ 13,568,087	\$ 13,381,192

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	
	2022	2021	2022	2021	2022	2021
Revenues						
Donations, grants and sponsorships	\$ 2,662,803	\$ 1,201,810	\$ 51,101,804	\$ 43,997,860	\$ 53,764,607	\$ 45,199,670
Membership support	1,486,954	1,406,419	-	-	1,486,954	1,406,419
Interest and other revenue (loss)	395,934	137,620	(907,847)	1,197,590	(511,913)	1,335,210
Registration and fees	57,628	157,785	-	-	57,628	157,785
Sublease revenue	301,675	316,304	-	-	301,675	316,304
	<u>4,904,994</u>	<u>3,219,938</u>	<u>50,193,957</u>	<u>45,195,450</u>	<u>55,098,951</u>	<u>48,415,388</u>
Expenses						
Amortization of tangible capital assets	143,615	149,007	-	-	143,615	149,007
Board meetings	187,939	41,494	-	-	187,939	41,494
Communications	27,995	103,094	-	-	27,995	103,094
Consultants and professional fees	818,178	1,283,463	137,214	78,642	955,392	1,362,105
Office and administration	398,226	582,999	-	-	398,226	582,999
Professional development	239,460	81,520	-	-	239,460	81,520
Program costs	1,310,196	577,688	47,388,078	42,093,237	48,698,274	42,670,925
Salaries and benefits	1,615,425	737,320	2,536,369	2,449,014	4,151,794	3,186,334
Sponsorship development	10,000	34,518	-	-	10,000	34,518
Travel	244,361	24,177	-	-	244,361	24,177
	<u>4,995,395</u>	<u>3,615,280</u>	<u>50,061,661</u>	<u>44,620,893</u>	<u>55,057,056</u>	<u>48,236,173</u>
Excess (deficiency) of revenues over expenses	\$ (90,401)	\$ (395,342)	\$ 132,296	\$ 574,557	\$ 41,895	\$ 179,215

The notes are an integral part of these financial statements.

Community Foundations of Canada Statement of Cash Flows

For the year ended December 31	2022	2021
Cash flows from operating activities		
Excess of revenues over expenses	\$ 41,895	\$ 179,216
Items not affecting cash:		
Amortization of tangible capital assets	143,615	149,007
Amortization of leasehold inducement	(31,200)	(31,469)
	154,310	296,754
Changes in non-cash working capital:		
Accounts receivable	(273,965)	391,623
Prepaid expenses	(20,312)	(31,358)
Accounts payable and accrued liabilities	(69,108)	379,352
	(209,075)	1,036,371
Cash flows from investing activities		
Acquisition of investments	(96,603)	(1,321,781)
Proceeds on disposal of investments	951,385	-
Acquisition of tangible capital assets	(58,146)	(22,515)
	796,636	(1,344,296)
Cash flows from financing activities		
Repayment of long-term debt	(11,700)	(12,450)
Change in deferred contributions	110,961,766	(2,601,893)
Endowment contributions	145,000	65,000
	111,095,066	(2,549,343)
Net increase (decrease) in cash	111,682,627	(2,857,268)
Cash, beginning of the year	15,247,015	18,104,283
Cash, end of the year	\$ 126,929,642	\$ 15,247,015

Community Foundations of Canada

Notes to Financial Statements

December 31, 2022

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, 2022

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, conferences and summits 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, 2022

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, 2022

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 \$83,871 and paid investment fees of \$12,691. In 2021, the organization received a net capital distribution of \$76,009, included in this amount were investment fees paid of \$10,518.

	2022	2021
Raven Indigenous Impact Fund LLP - 1.10% ownership (2021 - 1.25%), 325,000 LP units	\$ 260,594	\$ 163,991
	<u>\$ 260,594</u>	<u>\$ 163,991</u>

3. Investments

	2022	2021
Cash, short-term deposits and money market fund	\$ 2,002,517	\$ 808,856
Canadian fixed income	1,001,598	1,019,696
Canadian equity	8,802,372	9,140,687
US equity	5,120,866	6,909,500
	<u>16,927,353</u>	<u>17,878,739</u>
Less restricted investments:		
Queen Elizabeth II Diamond Jubilee Scholarships Program Endowment	12,000,000	12,000,000
Other Endowments	627,543	482,543
Internally restricted	106,577	102,354
	<u>12,734,120</u>	<u>12,584,897</u>
	<u>\$ 4,193,233</u>	<u>\$ 5,293,842</u>

In addition, \$97,049 (2021 - \$97,049) of cash is restricted for the Betsy Martin Endowment fund.

Community Foundations of Canada
Notes to Financial Statements

December 31, 2022

4. Tangible Capital Assets

	2022		2021	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment	\$ 234,744	\$ 151,145	\$ 176,598	\$ 125,904
Furniture	271,818	189,133	271,818	170,656
Software	-	-	3,055	3,055
Leasehold improvements	1,329,166	536,136	1,329,166	436,239
	<u>\$ 1,835,728</u>	<u>\$ 876,414</u>	<u>\$ 1,780,637</u>	<u>\$ 735,854</u>
Net value		<u>\$ 959,314</u>		<u>\$ 1,044,783</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, 2022, the organization had undrawn credit capacity under this facility of \$250,000 (2021 - \$250,000).

Community Foundations of Canada
Notes to Financial Statements

December 31, 2022

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:

	2022	2021
Balance, beginning of the year	\$ 3,183,421	\$ 2,665,629
Plus: realized and unrealized investment income (losses)	(911,141)	1,634,674
Less: amounts recognized as revenue in the year	(528,699)	(1,116,882)
Balance, end of the year	\$ 1,743,581	\$ 3,183,421

b) Flourishing Leadership Trust deferred contributions:

	2022	2021
Balance, beginning of year	\$ 678,285	\$ 635,577
Plus: realized and unrealized investment income (losses)	(38,565)	42,708
Less: amounts recognized as revenue in the year	(3,294)	-
Balance, end of year	\$ 636,426	\$ 678,285

c) Other deferred contributions:

	2022	2021
Balance, beginning of the year	\$ 15,754,217	\$ 18,916,610
Plus: amounts received during the year	169,010,740	44,136,114
Less: amounts recognized as revenue in the year	(56,567,275)	(47,298,507)
Balance, end of the year	\$128,197,682	\$ 15,754,217

Community Foundations of Canada Notes to Financial Statements

December 31, 2022

7. Long-term Debt

	<u>2022</u>	<u>2021</u>
Loan, 3.5%, due May 1, 2027, payable by annual principal instalments of \$10,000 plus interest.	\$ 50,000	\$ 61,700
Less: principal portion due within one year	<u>10,000</u>	<u>10,000</u>
	<u>\$ 40,000</u>	<u>\$ 51,700</u>

The principal payments for the next five years amount to: 2023, 10,000; 2024, \$10,000; 2025, \$10,000; 2026, \$10,000; 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 five years:

2023	\$ 419,864
2024	\$ 421,414
2025	\$ 421,414
2026	\$ 421,414
2027	\$ 105,354

In addition, the organization has entered into multiple agreements for the 2023 conference. The expected payments related to these agreements amount to \$669,120.

9. Interfund Transfers

The Board of Directors has approved the transfer of the investment income from the Global Framework endowment and other endowments of \$4,223 (2021 - investment losses of \$1,135) 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 \$132,296 (2021 - \$574,557) in the Value Initiatives Fund was transferred to the Operations Fund.

Community Foundations of Canada Notes to Financial Statements

December 31, 2022

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 company 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 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.

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.
