

Financial Statements of

**ABBOTSFORD COMMUNITY
FOUNDATION**

And Independent Auditor's Report thereon
Year ended December 31, 2023



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INDEPENDENT AUDITOR'S REPORT

To the members of the Abbotsford Community Foundation **Report on the Audit of Financial Statements *Opinion***

We have audited the accompanying financial statements of the Abbotsford Community Foundation (the "Foundation"), which comprise:

- the statement of financial position as at December 31, 2023
- the statement of revenue, expenses and fund balances for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2023, and its results of 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 auditors' 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 the 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 Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation'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 auditors' 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 the 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 Foundation'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 Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Foundation 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 matter that achieves fair presentation.
- 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.



Report on Other Legal and Regulatory Requirements

As required by the Societies Act (British Columbia), we report that, in our opinion, the accounting policies applied by the Foundation in preparing and presenting the financial statements in accordance with Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding period.

KPMG LLP

Chartered Professional Accountants
Abbotsford, Canada

June 20, 2024

ABBOTSFORD COMMUNITY FOUNDATION

Statement of Financial Position

December 31, 2023, with comparative information for 2022

	2023	2022
Assets		
Current assets:		
Cash	\$ 594,086	\$ 1,930,592
Accounts receivable	1,663	6,805
	<u>595,749</u>	<u>1,937,397</u>
Investments, measured at fair value (note 2)	19,047,628	16,016,811
Life insurance policies (note 3)	313,560	322,099
Capital assets (note 4)	1,522	1,559
	<u>\$ 19,958,459</u>	<u>\$ 18,277,866</u>

Liabilities and Fund Balances

Current Liabilities:		
Accounts payable and accrued liabilities (note 5)	\$ 34,186	\$ 30,013
Grants payable	78,500	221,150
	<u>112,686</u>	<u>251,163</u>

Fund Balances

General	(2,903)	(254,712)
Restricted:		
Endowments (note 7)	18,328,118	17,358,761
Other	1,520,558	922,654
	<u>19,845,773</u>	<u>18,026,703</u>

Commitments (note 9)

	<u>\$ 19,958,459</u>	<u>\$ 18,277,866</u>
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See accompanying notes to financial statements.

Approved on behalf of the Board:



Director



Director

ABBOTSFORD COMMUNITY FOUNDATION

Statement of Revenue, Expenses and Fund Balances

Year ended December 31, 2023 with comparative information for 2022

	General	Restricted			2023	2022
		Endowment	Other	Total		
Revenue						
Investment revenue						
Investment income	\$ 118,420	-	\$ 648,228	\$ 648,228	\$ 766,648	\$ 650,888
Gain (loss) on investments (note 2)	199,142	-	1,090,096	1,090,096	1,289,238	(2,739,625)
Decrease in value of life insurance policies	-	(8,539)	-	(8,539)	(8,539)	(8,033)
Investment management fees	(9,764)	-	(53,445)	(53,445)	(63,209)	(58,451)
	307,798	(8,539)	1,684,879	1,676,340	1,984,138	(2,155,221)
Contributions						
Designated funds	-	899,266	-	899,266	899,266	699,764
Flow through	-	-	719,616	719,616	719,616	1,246,175
Other	195	-	-	-	195	5,094
Gifts-in-kind (note 10)	-	4,833	-	4,833	4,833	981,307
	195	904,099	719,616	1,623,715	1,623,910	2,932,340
Administration fees						
Charged on restricted funds	368,299	-	(368,299)	(368,299)	-	-
Other	27,000	-	-	-	27,000	27,000
	395,299	-	(368,299)	(368,299)	27,000	27,000
Fundraising revenue						
Golf tournament	129,550	-	-	-	129,550	110,719
Luncheon	5,375	-	-	-	5,375	-
	134,925	-	-	-	134,925	110,719
Total revenue	838,217	895,560	2,036,196	2,931,756	3,769,973	914,838
Expenses						
Grants						
Grants	-	-	1,223,402	1,223,402	1,223,402	3,739,452
Scholarship and bursary awards	-	-	214,890	214,890	214,890	392,770
	-	-	1,438,292	1,438,292	1,438,292	4,132,222
Administrative expenses						
Amortization	1,428	-	-	-	1,428	2,959
Contract fees	45,809	-	-	-	45,809	36,947
Insurance	3,083	-	-	-	3,083	2,467
Office and miscellaneous	65,396	-	-	-	65,396	72,203
Professional fees	23,356	-	-	-	23,356	22,954
Public relations and communications	37,162	-	-	-	37,162	33,711
Rent	19,362	-	-	-	19,362	19,631
Salaries and wages (note 12)	242,558	-	-	-	242,558	255,770
Scholarship and bursary expenses	8,726	-	-	-	8,726	6,922
Telephone and utilities	3,585	-	-	-	3,585	4,327
	450,465	-	-	-	450,465	457,891
Fundraising expenses						
Golf tournament	57,366	-	-	-	57,366	43,920
Luncheon	4,780	-	-	-	4,780	-
PA breakfast	-	-	-	-	-	6,066
	62,146	-	-	-	62,146	49,986
Total expenses	512,611	-	1,438,292	1,438,292	1,950,903	4,640,099
Excess (deficiency) of revenue over expenses	325,606	895,560	597,904	1,493,464	1,819,070	(3,725,261)
Fund balances, beginning of year	(254,712)	17,358,761	922,654	18,281,415	18,026,703	21,751,964
Interfund transfers (note 6)	(73,797)	73,797	-	73,797	-	-
Fund balances, end of year	\$ (2,903)	\$ 18,328,118	\$ 1,520,558	\$ 19,848,676	\$ 19,845,773	\$ 18,026,703

See accompanying notes to financial statements.

ABBOTSFORD COMMUNITY FOUNDATION

Statement of Cash Flows

Year ended December 31, 2023 with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operating:		
Excess (deficiency) of revenue over expenses	\$ 1,819,070	\$ (3,725,261)
Items not involving cash:		
Amortization	1,428	2,959
Decrease in value of life insurance policies	8,539	8,033
Unrealized (gain) loss on investments	(1,281,918)	2,712,178
Realized (gain) loss on investments	(7,320)	27,447
Changes in non-cash operating working capital:		
Accounts receivable	5,142	(2,810)
Accounts payable and accrued liabilities	4,173	(307)
Grants payable	(142,650)	116,760
	406,464	(861,001)
Investing:		
Purchase of capital assets	(1,391)	(1,784)
Dividends and interest, less mgmt fees reinvested in investments	(641,579)	(554,972)
Net (additions) disposals to investments	(1,100,000)	-
	(1,742,970)	(556,756)
Increase (decrease) in cash	(1,336,506)	(1,417,757)
Cash, beginning of year	1,930,592	3,348,349
Cash, end of year	\$ 594,086	\$ 1,930,592

See accompanying notes to financial statements.

ABBOTSFORD COMMUNITY FOUNDATION

Notes to the Financial Statements

Year ended December 31, 2023

General:

Abbotsford Community Foundation (the "Foundation") was established for the purpose of funding various charitable, educational, recreational and cultural organizations primarily in the Abbotsford area.

The Foundation is incorporated under the Societies Act (British Columbia) as a not-for-profit organization and is a registered charity under the Income Tax Act (the "Act"), and as such is not subject to income taxes provided certain requirements of the Act are met, and is authorized to issue donation receipts for income tax purposes.

1. Significant accounting policies:

These financial statements are prepared by management in accordance with Canadian accounting standards for not-for-profit organizations. The Foundation's significant accounting policies are as follows:

(a) Basis of accounting and presentation:

The Foundation follows the restricted fund method of accounting for contributions, thereby recognizing contributions and investment income as revenue in the appropriate restricted funds as specified by donors. The fund classifications are:

(i) General

General - represents unrestricted contributions, unrestricted investment income, unrestricted fundraising proceeds, administrative fees charged to restricted funds, administrative expenses and community grants.

(ii) Restricted - Endowment

Restricted - Endowment represents funds that are permanently restricted either by the donor or internally by the Foundation; these funds must be maintained in perpetuity.

Administration fees are charged on the restricted funds in accordance with financial management policies of the Foundation.

(iii) Restricted - Other

Restricted - Other represent flow-through funds specifically designated by donors, as well as restricted investment income earned on the endowment funds.

Administration fees are charged on the restricted funds in accordance with financial management policies of the Foundation.

(b) Revenue recognition:

Contributions, including contributions of financial instruments and payments of insurance policy premiums, are recognized as revenue of the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income is recorded in the appropriate fund on the accrual basis.

Contributed services and materials are not recognized in the financial statements due to the difficulty in determining fair value.

ABBOTSFORD COMMUNITY FOUNDATION

Notes to the Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(c) Life insurance policies:

Life insurance policies are valued at their cash surrender value. Proceeds from insurance policies in excess of their cash surrender value are recognized as revenue of the appropriate fund when the insurance proceeds are received.

(d) Capital assets:

Capital assets are recorded at cost less accumulated amortization. Amortization is provided on a straight-line basis using the following annual rates:

Computer equipment and software	3 years
Office furniture and equipment	3 years

The Foundation reviews the carrying amount of capital assets for impairment whenever events or changes in circumstances indicate that the asset no longer contributes to the Foundation's ability to provide goods and services, or that the value of the future economic benefits or service potential associated with the asset is less than its carrying value. If such conditions exist, an impairment loss is measured and recorded in the statement of revenue, expenses and fund balances at the amount by which the carrying amount of the asset exceeds its fair value or replacement cost.

(e) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Foundation has elected to record its investments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Foundation determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Foundation expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(f) Measurement uncertainty:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Actual results could differ from those estimates.

ABBOTSFORD COMMUNITY FOUNDATION

Notes to the Financial Statements (continued)

Year ended December 31, 2023

2. Investments, measured at fair value:

	2023	2022
Fixed income	\$ 9,220,702	\$ 7,520,902
Global equity	6,006,641	4,933,157
Money market	426,362	487,867
Canadian equity	3,393,923	3,074,885
	\$ 19,047,628	\$ 16,016,811

Included in gain on investments are the following:

	2023	2022
Realized gains (losses)	\$ 7,320	\$ (27,447)
Unrealized gains (losses)	1,281,918	(2,712,178)
	\$ 1,289,238	\$ (2,739,625)

3. Life insurance policies:

	2023	2022
Cash surrender value of life insurance policies (note 7)	\$ 313,560	\$ 322,099

The Foundation is the beneficiary named under life insurance policies in the aggregate amount of \$1,250,000 (2022 - \$1,250,000).

4. Capital assets:

			2023	2022
	Cost	Amortization	Net book value	Net book value
Computer equipment and software	\$ 33,158	\$ 31,636	\$ 1,522	\$ 1,559

5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$nil (2022 - \$301), consisting of amounts payable for workers' compensation and payroll related taxes.

ABBOTSFORD COMMUNITY FOUNDATION

Notes to the Financial Statements (continued)

Year ended December 31, 2023

6. Interfund transfers:

The Foundation transferred \$38,407 (2022 - \$39,472) from the General to the Restricted - Endowment representing net proceeds from the golf tournament that were restricted to the Smart & Caring Fund. The Foundation transferred \$35,390 (2022 - \$29,119) from the General to the Restricted - Endowment, to move undistributed funds to endowment funds, as agreed to by fundholders, where applicable.

7. Restricted endowments:

	2023	2022
Administration Fund	\$ 871,899	\$ 871,899
Abbotsford Heat Hockey Team	60,000	60,000
Abbotsford Symphony Orchestra	22,874	22,874
Agricultural Enhancement Fund	3,917,279	3,126,679
Designated Funds (a)	5,953,129	5,945,033
Housing Fund	144,427	144,427
John Kroger Fund for Children	600,282	600,282
Scholarship and Bursary Funds	4,847,513	4,728,093
Smart & Caring Fund	1,910,715	1,859,474
	<u>\$ 18,328,118</u>	<u>\$ 17,358,761</u>

The restricted endowment balance is comprised of the following:

	2023	2022
Cash	\$ -	\$ 1,019,851
Investments (note 2)	18,014,558	16,016,811
Cash surrender value of life insurance policies	313,560	322,099
	<u>\$ 18,328,118</u>	<u>\$ 17,358,761</u>

(a) The life insurance policies held by the Foundation are restricted in designated funds.

8. Distributable funds:

On an annual basis the Board approves the amount of funds that are available for grants and student awards as per the Foundation's spending policy. The funds approved by the Board for grants and student awards are based on investment returns earned on Endowment fund balances, net of administration fees. Accordingly, as at December 31, 2023, \$528,997 (2022 - \$465,387) has been approved, but not yet distributed, for grants and student awards.

ABBOTSFORD COMMUNITY FOUNDATION

Notes to the Financial Statements (continued)

Year ended December 31, 2023

9. Commitments:

The Foundation has a commitment related to a lease of office premises accounted for as an operating lease with minimum lease payments as follows:

2024	\$	16,902
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10. Gifts-in-kind:

During the year, the Foundation received \$4,833 (2022 - \$981,307) of gifts-in-kind. Gifts-in-kind are recorded under contributions and represent gifts of investment securities and insurance policy premiums.

11. Financial risks:

The Foundation manages its investment portfolio to earn investment income and invests according to an investment policy approved by the Board. The Foundation is not involved in any hedging relationships through its operations and does not hold or use any derivative financial instruments for trading purposes.

The Foundation manages interest-rate, market, credit and cash flow risk from its financial instruments by investing in a diversified portfolio.

Additionally, the Foundation believes it is not exposed to significant liquidity risk as all investments are held in instruments that are highly liquid and can be disposed of to settle commitments.

12. Remuneration:

For the fiscal year ending December 31, 2023, the Foundation had one employee with total annual remuneration greater than \$75,000 (2022 - one employee) who was paid \$112,000 (2022 - \$112,000).

No amounts were paid to any members of the Board of Directors.