

**Community Foundation Grey Bruce
Financial Statements
For the year ended December 31, 2023**

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Financial Statements
For the year ended December 31, 2023

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Independent Auditor's Report

**To the Board of Directors of the
Community Foundation Grey Bruce**

Opinion

We have audited the financial statements of Community Foundation Grey Bruce (the Foundation), 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 notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying 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 cash flows for the year then ended in accordance with 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 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 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 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 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 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 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


Owen Sound, Ontario
June 6, 2024

Community Foundation Grey Bruce
Statement of Financial Position

December 31	2023	2022
Assets		
Current		
Cash	\$ 265,185	\$ 329,946
Investments (Note 2)	20,792,225	18,259,134
Cash surrender value of life insurance (Note 3)	1,126	3,464
Accounts receivable (Note 4)	51,206	34,422
Prepaid expenses	3,036	1,243
	<u>\$21,112,778</u>	<u>\$ 18,628,209</u>
Liabilities and Fund Balances		
Current		
Accounts payable (Note 5)	\$ 15,005	\$ 17,911
Fund balances		
Externally restricted (Note 6)		
Endowments	17,691,651	17,202,191
Donor restricted	2,704,862	978,292
Operating	701,260	429,815
	<u>21,097,773</u>	<u>18,610,298</u>
	<u>\$21,112,778</u>	<u>\$ 18,628,209</u>

Approved on behalf of the Board:

 Director

 Director

Community Foundation Grey Bruce
Statement of Operations and Changes in Fund Balances

For the year ended December 31

	<u>Operating Fund</u>		<u>Restricted Fund</u>		<u>Endowment Fund</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenues								
Donations and event revenue	\$ 108,422	\$ 4,460	\$ 59,310	\$ 47,500	\$ 485,451	\$ 415,781	\$ 653,183	\$ 467,741
Project funds	-	-	279,170	12,000	-	-	279,170	12,000
Investment income (loss) (Note 7)	346,272	(43,028)	2,520,816	(1,974,637)	-	-	2,867,088	(2,017,665)
	454,694	(38,568)	2,859,296	(1,915,137)	485,451	415,781	3,799,441	(1,537,924)
Expenses								
Administrative expenses (Schedule 1)	443,584	385,323	26,574	5,341	-	-	470,158	390,664
Insurance premium	-	-	2,338	4,290	-	-	2,338	4,290
Grants (Note 8)	-	-	839,470	879,480	-	-	839,470	879,480
	443,584	385,323	868,382	889,111	-	-	1,311,966	1,274,434
Excess (deficiency) of revenues over expenses before transfers	11,110	(423,891)	1,990,914	(2,804,248)	485,451	415,781	2,487,475	(2,812,358)
Interfund transfers (Note 9)	260,335	271,519	(264,344)	(261,519)	4,009	(10,000)	-	-
Excess (deficiency) of revenues over expenses for the year	271,445	(152,372)	1,726,570	(3,065,767)	489,460	405,781	2,487,475	(2,812,358)
Fund balances, beginning of year	429,815	582,187	978,292	4,044,059	17,202,191	16,796,410	18,610,298	21,422,656
Fund balances, end of year	\$ 701,260	\$ 429,815	\$ 2,704,862	\$ 978,292	\$ 17,691,651	\$ 17,202,191	\$ 21,097,773	\$ 18,610,298

The accompanying notes are an integral part of these financial statements.

Community Foundation Grey Bruce Statement of Cash Flows

For the year ended December 31	2023	2022
Cash flows from (used in)		
Operating activities		
Excess (deficiency) of revenue over expenses for the year	\$ 2,487,475	\$(2,812,358)
Items not involving cash		
Change in unrealized gain on investments	(1,727,399)	3,015,179
Donation of securities	(76,679)	(43,669)
	<u>683,397</u>	<u>159,152</u>
Changes in non-cash working capital balances		
Accounts receivable	(16,784)	(15,165)
Prepaid expenses	(1,793)	-
Accounts payable	(2,906)	4,381
	<u>661,914</u>	<u>148,368</u>
Investing activities		
Increase in investments	(729,013)	(24,723)
Change in cash surrender value of life insurance	2,338	4,290
	<u>(726,675)</u>	<u>(20,433)</u>
Increase (decrease) in cash during the year	(64,761)	127,935
Cash position, beginning of the year	329,946	202,011
Cash position, end of the year	\$ 265,185	\$ 329,946

The accompanying notes are an integral part of these financial statements.

Community Foundation Grey Bruce

Notes to Financial Statements

December 31, 2023

1. Summary of Significant Accounting Policies

Nature and Purpose of Organization

Community Foundation Grey Bruce is incorporated without share capital by letters patent under the laws of the Canada Corporations Act. The Community Foundation Grey Bruce encourages endowment building and the net investment income earned from endowments is disbursed to not-for-profit organizations, charities, and educational and cultural organizations in Grey and Bruce Counties.

The Community Foundation Grey Bruce is a registered charity and, as such, is exempt from income tax and may issue income tax receipts to donors.

Basis of Accounting

The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.

These financial statements were prepared using the accrual basis of accounting. The accrual basis recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

Fund Accounting

The Community Foundation Grey Bruce follows the restricted fund method of accounting for contributions.

The Operating Fund reports resources available for the Foundation's program delivery and administrative activities. The use of these funds is at the discretion of the Foundation's Board of Directors.

The Restricted Fund reports resources available for grant making purposes specified by the donor or endowment funder.

The Endowment Fund reports resources contributed for endowment that are not to be expended by the Foundation.

Community Foundation Grey Bruce

Notes to Financial Statements

December 31, 2023

1. Summary of Significant Accounting Policies - (continued)

Revenue Recognition

Unrestricted contributions are recognized as revenue of the Operating Fund in the year received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Grant revenue is recorded in the period in which the related eligible expenses are incurred. Where a portion of a grant relates to a future period, it is deferred and recognized in a subsequent period.

Restricted contributions are recognized as revenue of the appropriate restricted fund when received.

Contributions for endowment are recognized as revenue in the Endowment Fund when received.

Investment income includes dividends, interest, realized gains (losses) and the net change in unrealized gains (losses) for the year, less investment counsel fees.

Investment income earned on resources of the Endowment Fund is reported in the Operating or Restricted Fund depending on the nature of any restrictions imposed by the contributors of the endowment. An allocation of interest, determined annually by the Board of Directors, is reported as an interfund transfer to the Endowment Fund to preserve the purchasing power of the capital. No allocation was made in 2022 or 2023.

Investment income earned on restricted funds is reported as revenue of the appropriate restricted fund and unrestricted investment income is recognized in the operating fund when earned.

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued.

In subsequent periods, equities traded in an active market are reported at fair value, with any unrealized gains and losses reported in operations. In addition, bonds, guaranteed investment certificates and private equity have been designated to be in the fair value category, with gains and losses reported in operations. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each balance sheet date.

Community Foundation Grey Bruce Notes to Financial Statements

December 31, 2023

1. Summary of Significant Accounting Policies - (continued)

Financial Instruments	All other financial instruments, including social impact investments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired.
Contributed Materials and Services	Volunteers contribute a substantial number of hours each year to assist the Foundation in carrying out its activities. Due to the difficulty in determining fair value, contributed goods and services are not recognized in the financial statements.
Foreign Currency Translation	At the transaction date, each asset, liability, revenue and expense is translated into Canadian dollars by the use of the exchange rate in effect at that date. At the year-end date, monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at that date. The resulting foreign exchange gains and losses are included in income in the current year.

2. Investments

	2023		2022	
Fixed income				
Canadian	\$ 4,501,904	22 %	\$ 4,221,018	23 %
Equities				
Canadian	6,274,204	30 %	5,364,005	29 %
Foreign	4,638,182	22 %	4,162,481	23 %
Private equity fund	126,365	1 %	-	- %
International pooled funds	4,701,438	23 %	4,162,211	23 %
Social impact investing				
Community bonds	40,000	- %	-	- %
Mortgage receivable	120,000	1 %	-	- %
	20,402,093	98 %	17,909,715	98 %
Cash and Cash equivalents				
Canadian	228,593	1 %	308,016	2 %
Foreign	161,539	1 %	41,403	- %
	390,132	2 %	349,419	2 %
	\$20,792,225	100 %	\$ 18,259,134	100 %

Community Foundation Grey Bruce Notes to Financial Statements

December 31, 2023

2. Investments - (continued)

Cash equivalents include \$100 (2022 - \$800) in Canadian and \$89,173 (2022 - \$546) in US\$ money market units.

Private Equity Investment

During the year the Foundation entered into a subscription agreement with Jarislowsky Fraser Partners Private Equity Fund 2023 LP and agreed to subscribe for an aggregate capital commitment of USD \$1,000,000. On December 23, 2023 the Foundation contributed a total of USD \$95,353.97 as a result of a capital call notice. The investment objective of the Fund is to seek attractive long-term capital appreciation by investing, directly or indirectly, in a globally diversified portfolio composed primarily of equity investments and also including private debt investments.

Social Impact Investing

Investments made through the Social Impact Investing (SII) Stream are made as part of the Foundation's overall obligation to diversify investments to an extent that is appropriate to the requirements of the Foundation and general economic and investment market conditions. These investments are also made as part of the Foundation's goal of increasing the impact of its activities by investing a portion of its assets directly in the local community. Social impact investments are made in organizations with the intention of generating local social and environmental impact while maintaining a financial return. The Foundation has invested in community bonds. The Foundation invested \$20,000 at 6.85% maturing September 15, 2024 and \$20,000 at 7.25% maturing September 15, 2025. These bonds are held by the Trustee. The Foundation also holds a mortgage for a community charity bearing interest of 6.4%, repayable in blended monthly payment of \$1,351 maturing December 15, 2025.

All other Investments are held for safekeeping at authorized depositories, such as the Canadian Depository for Securities. Investments are made in accordance with the Foundation's investment policy as approved by the Board. The primary objective in investing the assets of the Community Foundation Grey Bruce is income generation through fixed income and dividends and the preservation and enhancement of the value of the capital through prudent diversification of high quality investments, currencies and asset classes.

The Foundation's investments are exposed to the following risks;

Market Risk

Market Risk is the risk that the value of the investments will fluctuate as a result of changes in market price. The Foundation is exposed to market risk on its investments in equities and pooled investments. The investments of the Foundation are subject to normal market fluctuations and to the risk inherent in investing in capital markets.

Community Foundation Grey Bruce Notes to Financial Statements

December 31, 2023

2. Investments - (continued)

Interest Rate Risk

Interest Rate Risk is the risk that the value of the investments will fluctuate as a result of changes in market interest rates. Interest rate risk arises when the Foundation invests in interest-bearing financial instruments and, therefore, the Foundation is exposed to interest rate risk on its notes and bonds.

Currency Risk

Currency Risk is the risk that the value of the investments will fluctuate as a result of fluctuations in foreign exchange rates. The Foundation is exposed to currency risk on its foreign equities, pooled funds and cash as they are converted into Canadian dollars at the rate of exchange prevailing on December 31st to determine fair value.

Other Price Risk

Other price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or currency risk. The Foundation is exposed to price risk on the entire investment portfolio. The diversification across various asset classes as mandated by the Foundation's Investment Policy is designed to decrease the volatility of portfolio returns.

Liquidity Risk

Liquidity risk is the risk that, as a result of operational liquidity requirements, the Foundation will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. The majority of the Foundation's assets are in investments traded in an active market and can be readily liquidated. Alternative investments have restrictions on redemptions. Private equity investments and mortgages receivable are locked in and may not be easily transferred or sold.

The objective of the Foundation's investment policy is to control these risks with a balanced approach, with a diversified mix of equities and fixed income securities and cash. The Foundation's investments are measured against a benchmark portfolio broken down as follows: 25% S&P/TSX; 20% S&P 500 (C\$); 20% MSCI EAFE Net (C\$); 5% MSCI Emerging Markets Net Index (C\$); 28% (60%) FTSE Canada Short-Term Overall Bond + (40%) FTSE Canada Mid-Term Overall Bond; 2% FTSE TMX Canada 91 Day T-Bills. The indexes listed above are to be measured on a Total Return basis (including dividends and interest).

Community Foundation Grey Bruce

Notes to Financial Statements

December 31, 2023

3. Interest in Life Insurance Policies

The Community Foundation Grey Bruce is the assignee and owner of a life insurance policy totaling approximately \$185,000. The cash surrender value of \$1,126 relating to this policy has been recorded as an asset in these financial statements.

4. Accounts Receivable

There were no impairment allowances included in accounts receivable. The Foundation is exposed to credit risk arising from their accounts receivable.

5. Accounts Payable

There were no government remittances included in accounts payable. The Foundation is exposed to liquidity risk arising from its accounts payable.

Community Foundation Grey Bruce
Notes to Financial Statements

December 31, 2023

6. Externally Restricted Net Assets

	2023	2022
Endowments		
Designated - Agency Fund	\$ 1,384,466	\$ 1,368,882
Community Funds	1,338,822	1,198,060
Designated Funds	1,618,188	1,604,965
Dividend Pool	1,588,937	1,529,817
Donor Advised	9,387,087	9,208,714
Education Funds	426,588	344,972
Field of Interest	461,056	461,056
Designated - Foundation Operations	1,486,507	1,485,725
	<u>\$17,691,651</u>	<u>\$ 17,202,191</u>
Endowment fund earnings undistributed	\$ 2,644,082	\$ 946,623
Flow Through Funds		
Institute of Southern Georgian Bay	18,130	1,392
Cheetam	164	-
Bannerman	9,500	10,000
Hamilton Kids	3,712	545
Georgian Bay Centre for Arts	690	6,573
Project Funds		
Glow Project	2,027	2,659
Poverty Alleviation	26,557	10,500
	<u>\$ 2,704,862</u>	<u>\$ 978,292</u>

Community Foundation Grey Bruce
Notes to Financial Statements

December 31, 2023

7. Investment Income

Investment income net of investment counsel fees is reported as follows:

	<u>2023</u>	<u>2022</u>
Dividends and interest	\$ 813,910	\$ 551,572
Realized gain	419,492	314,055
Change in unrealized gain	1,727,399	(2,792,323)
Investment council fees	<u>(93,713)</u>	<u>(90,969)</u>
Total investment income on endowment resources recognized as revenue in the year	<u>\$ 2,867,088</u>	<u>\$ (2,017,665)</u>

Net investment income earned on endowment funds is reported as follows:

Operating	\$ 346,272	\$ (43,028)
Restricted	2,461,477	(1,676,727)
Restricted - not available for distribution (see below)	<u>59,339</u>	<u>(297,910)</u>
Total investment income on endowment resources recognized as revenue in the year	<u>\$ 2,867,088</u>	<u>\$ (2,017,665)</u>

Restricted Income: Income relates to that earned in the Regular Pool and the Dividend Pool. The Dividend pool does not pay out any unrealized amounts. This represents \$59,339 (2022 - \$(297,910)) in respect of the income earned in the year. The realized amounts earned on the dividend pool were \$153,579 (2022 - \$227,125).

8. Grants

	<u>2023</u>	<u>2022</u>
Related to endowments	\$ 562,776	\$ 803,341
Related to project funds	239,170	30,000
Related to flow through funds	<u>37,524</u>	<u>46,139</u>
	<u>\$ 839,470</u>	<u>\$ 879,480</u>

Community Foundation Grey Bruce
Notes to Financial Statements

December 31, 2023

9. Interfund Transfers

	<u>2023</u>	<u>2022</u>
Transfers to Operating Fund		
Annual administration fee of 1.5% of the market value of the endowments and 5% of receipts for flow through funds	\$ 260,335	\$ 264,496
Transfer between funds	-	7,023
	<u>\$ 260,335</u>	<u>\$ 271,519</u>
Transfers from Restricted Fund		
Annual administration fee of 1.5% of the market value of the endowments and 5% of receipts for flow through funds	\$ (260,335)	\$ (264,496)
Transfer between funds	(4,009)	2,977
	<u>\$ (264,344)</u>	<u>\$ (261,519)</u>
Transfers to Endowment Fund		
Transfer between funds	<u>\$ 4,009</u>	<u>\$ (10,000)</u>

Community Foundation Grey Bruce
Schedule 1 - Administrative Expenses

For the year ended December 31	2023	2022
Operating Expenses		
Bank charges	\$ 4,411	\$ 3,121
Conferences, training and workshops	3,880	1,703
Equipment and furnishings	5,420	1,835
Insurance	3,200	2,324
Meetings	6,698	692
Membership dues and subscriptions	8,256	5,572
Office and miscellaneous expenses	10,689	2,451
Promotional material and events	11,655	12,910
Professional fees	15,570	19,817
Rent	20,849	20,762
Salaries and benefits	318,833	284,278
Software and website	28,010	21,913
Telephone and internet	3,868	3,556
Travel	2,245	721
Vital signs	-	3,668
	\$ 443,584	\$ 385,323

The Foundation's operating expenses involve asset development and activities related to grant making, leadership and philanthropic services. These activities are not necessarily related to the donations received in any one year and the asset development methodology used by the Foundation creates normal gift delays which may result in costs preceding the receipt of the gifts by several years. The ratio of total operating expenses to average total assets has been used to evaluate operating costs. Comparative amounts have been reclassified to conform to the current year financial statement presentation.

Total assets, beginning of the year	\$18,628,209	\$ 21,436,186
Total assets, end of the year	\$21,112,778	\$ 18,628,209
Average total assets	\$19,870,494	\$ 20,032,198
Administrative expenses	\$ 443,584	\$ 385,323
Administrative expenses as a percentage of total assets	2.23 %	1.92 %

Project Fund Expenses		
GLOW Project	\$ 2,631	\$ 2,485
Poverty Alleviation	23,943	-
Vital Conversations	-	2,856
	\$ 26,574	\$ 5,341