

Financial Statements of

**WATERLOO REGION
COMMUNITY FOUNDATION**

And Independent Auditor's Report Thereon

Year ended December 31, 2022



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Waterloo Region Community Foundation

Opinion

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

- the statement of financial position as at December 31, 2022
- the statement of operations and changes in fund balances for the year then ended
- the statement of cash flows for the year then ended
- and the notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2022, and its results of operations, changes in fund balances 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 auditor's 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.



Emphasis of Matter - Comparative Information

We draw attention to Note 14 to the financial statements which describes that Kitchener Waterloo Community Foundation unified with Cambridge North Dumfries Community Foundation on July 1, 2022.

Merger accounting was applied retrospectively by management to the comparative information in these financial statements, including the statement of financial position as at December 31, 2021 and the statement of operations, statement of changes in net assets and statement of cash flows for the year ended December 31, 2021.

Our opinion is not modified in respect of this matter.

We were not engaged to report on the comparative information, and as such, it is unaudited.

Responsibility 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 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 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.



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We also:

- Identify and assess the risk 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, internal 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 purposes 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 the 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's 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.
- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Kitchener, Canada
April 20, 2023

WATERLOO REGION COMMUNITY FOUNDATION

Statement of Financial Position

December 31, 2022, with comparative information for 2021

	2022	2021
		(Unaudited - Note 14)
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,720,896	\$ 4,263,161
Accounts receivable (note 2)	46,763	50,084
Prepaid expenses	49,508	36,389
Cash surrender value of life insurance policies (note 7)	2,816,967	2,786,380
Current portion of impact investments (note 3)	748,620	885,506
	<u>5,382,754</u>	<u>8,021,520</u>
Investments:		
Impact investments (note 3)	6,580,169	2,632,021
Investments (note 4(a))	98,110,785	109,077,855
	<u>104,690,954</u>	<u>111,709,876</u>
Capital assets (note 5)	12,616	12,623
	<u>\$ 110,086,324</u>	<u>\$ 119,744,019</u>
Liabilities and Fund Balances		
Liabilities:		
Accounts payable and accrued liabilities (note 6)	\$ 240,687	\$ 370,074
Grants payable	-	21,094
Deferred revenue (note 7)	2,900,893	2,866,684
	<u>3,141,580</u>	<u>3,257,852</u>
Fund balances:		
Restricted (note 8)	106,327,681	115,882,869
Accumulated operating surplus:		
Internally restricted (note 9)	430,000	430,000
Unrestricted	187,063	173,298
	<u>617,063</u>	<u>603,298</u>
	<u>106,944,744</u>	<u>116,486,167</u>
Non-owned assets (note 12)		
Commitments (note 13)		
	<u>\$ 110,086,324</u>	<u>\$ 119,744,019</u>

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

WATERLOO REGION COMMUNITY FOUNDATION

Statement of Operations and Changes in Fund Balances

Year ended December 31, 2022, with comparative information for 2021

	Operating Fund	Capital Fund	Funds for Distribution	2022 Total	2021 Total
					<i>(Unaudited - Note 14)</i>
Revenue:					
Donations	\$ 15,500	\$ 4,850,412	\$ 906,006	\$ 5,771,918	\$ 6,041,157
Net investment income (loss) (note 4(b))	17,865	(7,281,605)	-	(7,263,740)	13,289,678
Other	191,557	-	-	191,557	197,794
Administration fees (note 11(a))	153,089	-	-	153,089	146,913
	378,011	(2,431,193)	906,006	(1,147,176)	19,675,542
Expenditures:					
Grants	-	4,688,271	1,294,677	5,982,948	5,191,080
Operating expenses (note 10)	2,269,685	-	-	2,269,685	2,347,020
Administration expenses (note 11(b))	(2,025,571)	2,021,420	4,151	-	-
Other expenses	120,132	21,482	-	141,614	170,428
	364,246	6,731,173	1,298,828	8,394,247	7,708,528
Excess (deficiency) of revenue over expenditures	13,765	(9,162,366)	(392,822)	(9,541,423)	11,967,014
Fund balances, beginning of year	603,298	115,317,981	564,888	116,486,167	104,519,153
Fund balances, end of year	\$ 617,063	\$ 106,155,615	\$ 172,066	\$ 106,944,744	\$ 116,486,167

See accompanying notes to financial statements.

WATERLOO REGION COMMUNITY FOUNDATION

Statement of Cash Flows

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
		<i>(Unaudited - Note 14)</i>
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenue over expenses	\$ (9,541,423)	\$ 11,967,014
Items not involving cash:		
Amortization	15,582	24,526
Change in fair value of investments	10,307,082	(10,789,233)
Changes in non-cash operating working capital:		
Accounts receivable	3,321	46,621
Prepaid expenses	(13,119)	(1,200)
Cash surrender value of life insurance	(30,587)	(69,059)
Accounts payable and accrued liabilities	(129,387)	(22,071)
Grants payable	(21,094)	(57,136)
Deferred revenue	34,209	81,125
	624,584	1,180,587
Investing activities:		
Net (purchase) sale of investments	659,988	(6,822,678)
Advance of impact investments, including accrued interest	(5,487,202)	(145,001)
Repayment and redemption of impact investments	1,675,940	1,502,325
Purchase of capital assets	(15,575)	(2,336)
	(3,166,849)	(5,467,690)
Decrease in cash and cash equivalents	(2,542,265)	(4,287,103)
Cash and cash equivalents, beginning of year	4,263,161	8,550,264
Cash and cash equivalents, end of year	\$ 1,720,896	\$ 4,263,161
Cash and cash equivalents consist of:		
	2022	2021
		<i>(Unaudited - Note 14)</i>
Cash	\$ 626,193	\$ 781,398
Money market funds	1,094,703	3,481,763
Cash and cash equivalents	\$ 1,720,896	\$ 4,263,161

See accompanying notes to financial statements.

WATERLOO REGION COMMUNITY FOUNDATION

Notes to Financial Statements

Year ended December 31, 2022

Purpose of Foundation:

Waterloo Region Community Foundation (the “Foundation”) improves the quality of life for the inhabitants of the Waterloo Region by receiving, maintaining, managing, controlling, and using donations for charitable purposes. Waterloo Region Community Foundation is a registered charity without share capital and is incorporated under the Canada Not-for-profit Corporations Act.

1. Significant accounting policies:

These financial statements are prepared in accordance with the Chartered Professional Accountants of Canada Handbook Part III - Canadian accounting standards for not-for-profit organizations. The Foundation’s significant accounting policies are as follows:

(a) Fund accounting:

In order to ensure observance of the limitations and restrictions on the use of resources available to the Foundation, the accounts of the Foundation are maintained in accordance with the principles of fund accounting. These funds are held in accordance with the objectives specified by the donors, or in accordance with directives issued by the Board of Directors. Transfers between the funds are made when it is considered appropriate and authorized by the Board of Directors. To meet the objectives of financial reporting and stewardship over the assets, certain interfund transfers are necessary to ensure the appropriate allocation of assets and liabilities to the respective funds.

For financial reporting purposes, the accounts have been classified in the following funds:

(i) Operating Fund:

The Operating Fund reports resources available for the Foundation’s general operating activities including capital assets.

(ii) Capital Fund:

The Capital Fund reports resources that are to be held as endowments including unexpended investment income which is restricted to specific purposes.

(iii) Funds for Distribution:

This Fund reports resources that are not to be held as endowments and, are therefore, disbursed as grants upon approval by the Board of Directors.

(b) Cash and cash equivalents:

The Foundation considers deposits in banks and short-term investments with original maturities of three months or less as cash and cash equivalents.

WATERLOO REGION COMMUNITY FOUNDATION

Notes to Financial Statements, continued

Year ended December 31, 2022

1. Significant accounting policies (continued):

(c) Revenue recognition:

Restricted contributions related to general operations are recognized as revenue of the Operating Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund being the Capital Fund and Funds for Distribution.

Unrestricted contributions are recognized as revenue of the appropriate fund in the year received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Unrestricted investment income earned on the Operating Fund resources is recognized as revenue of the Operating Fund. Investment income earned on the Capital Fund resources is recognized as revenue of the Capital Fund. Other investment income is recognized as revenue of the appropriate fund when earned.

(d) Investments:

Net investment income includes interest, dividends, distributions from pooled funds and change in fair value of investments.

The Foundation maintains a policy governing the investment of capital funds not including reserve funds. The policy addresses investment grade and concentration as well as asset mix and other issues. The following long-term asset mix policy has been established in order to provide a benchmark for long-term return requirements which are consistent with the fund objectives:

	Target	Minimum	Maximum
Fixed income, cash and short-term	36%	30%	50%
Total equities	54%	50%	70%
Alternative investments	10%	5%	20%

The Foundation maintains a policy governing the investment of reserve funds in short-term assets.

(e) Life insurance policies:

Life insurance policies are treated as assets of the Capital Fund to the extent of the cash surrender value and are recorded as deferred revenue until such time as the policy benefits are received. Revenues and expenditures during the year reflect donations received and premiums paid.

(f) Contributed services:

During the year, a number of organizations donate services to the Foundation and a substantial number of volunteers contribute a significant amount of their time. Because of the difficulty in determining the fair value, contributed services are not recorded in the financial statements.

WATERLOO REGION COMMUNITY FOUNDATION

Notes to Financial Statements, continued

Year ended December 31, 2022

1. Significant accounting policies (continued):

(g) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the Foundation's ability to provide services, its carrying amount is written down to its residual value.

Capital assets are amortized on a straight-line basis using the following annual rates:

	Years
Leasehold improvements	5
Office equipment	5
Computer equipment	2

The carrying amount of an item of capital assets tested for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the asset's carrying amount is not recoverable and exceeds its fair value.

(h) Deferred revenue:

Deferred revenue relates to externally restricted contributions and is recognized as revenue in the year in which the related expenses are incurred.

(i) Tax status:

The Foundation is a public foundation under the Income Tax Act and, as such, is exempt from income taxes (charitable registration #132170994-RR0001).

(j) 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 carry bonds 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 of timing of future cash flows from the financial asset.

WATERLOO REGION COMMUNITY FOUNDATION

Notes to Financial Statements, continued

Year ended December 31, 2022

1. Significant accounting policies (continued):

(j) Financial instruments (continued):

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.

(k) Estimates:

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 year. Significant items subject to such estimates and assumptions include the carrying amount of other receivables and accrued liabilities. Actual results could differ from those estimates.

2. Accounts receivable:

No allowance for impairment of accounts receivable has been recorded at December 31, 2022 (2021 - \$nil).

WATERLOO REGION COMMUNITY FOUNDATION

Notes to Financial Statements, continued

Year ended December 31, 2022

3. Impact investments:

Impact investments are investments made in companies, organizations and funds with the intention of generating social or environment impact alongside a financial return.

	2022	2021
		<i>(Unaudited - Note 14)</i>
Loans (at cost plus accrued interest):		
Loan receivable (a)	\$ 361,504	\$ 380,798
Loan receivable (b)	251,250	251,250
Loan receivable (c)	102,667	102,667
Loan receivable (d)	101,793	101,435
Loan receivable (e)	386,641	371,766
Loan receivable (f)	762,099	762,000
Loan receivable (g)	2,596,774	-
Loan receivable (h)	2,015,000	-
Loan receivable (i)	637,875	-
Loan receivable (j)	113,186	-
Loan receivable (k)	-	522,611
Loan receivable (l)	-	1,025,000
	<u>7,328,789</u>	<u>3,517,527</u>
Less current portion	748,620	885,506
	<u>\$ 6,580,169</u>	<u>\$ 2,632,021</u>

(a) Term loan, bearing interest at prime rate per annum. Secured by the first charge against property, assignment of rents, and site-specific general security agreement. Repayable with blended monthly payments with 50% of the original loan maturing August 2023 and remainder maturing August 2033.

(b) Promissory note, bearing interest 2% per annum, unsecured, with interest payments due semi-annually, principal due at maturity of March 2024.

(c) Term loan, bearing interest at 4% per annum, secured against a property, with interest payments due annually and principal due at maturity of April 2025.

(d) Class I and J Community Bond, bearing interest at 4.5% per annum, secured against a property, with interest payments due semi-annually and principal due on demand.

(e) Term loan, bearing interest at 4.25% per annum, unsecured, with no fixed terms of repayment due at maturity of July 2023.

(f) Term loan, bearing interest at 3.75% per annum, secured under a registered mortgage covering specific property, with interest payable monthly and principal due at maturity of December 2024.

WATERLOO REGION COMMUNITY FOUNDATION

Notes to Financial Statements, continued

Year ended December 31, 2022

3. Impact investments (continued):

- (g) Term loan, bearing interest at 4% per annum, secured against a property, with interest payments due annually and principal due at maturity of January 2027.
- (h) Term loan, bearing interest at 3% per annum, secured against a property, with interest and principal due at maturity of September 2027.
- (i) Term loan, bearing interest at 5% per annum, secured against a property, with interest and principal due at maturity of October 2025.
- (j) Term loan, bearing interest at 2% per annum, unsecured, with no fixed terms of repayment due at maturity of January 2023.
- (k) Term loan, bearing interest at 4% per annum, unsecured, with no fixed terms of repayment due at maturity of November 2023. The loan was repaid in full during the year.
- (l) Term loan, bearing interest at 4% per annum, secured under a registered mortgage covering specific property, with interest payable quarterly and principal due at maturity of June 29, 2023. The loan was repaid in full during the year.

4. Investments:

- (a) Investments are made up of the following amounts:

	2022	2021
		<i>(Unaudited - Note 14)</i>
Investments at fair value:		
Bissett Core Equity Fund	\$ 9,064,107	\$ 11,406,080
Connor, Clark & Lunn Canadian Equity Fund A	8,650,329	9,156,146
Walter Scott Global Equity Fund	16,378,185	21,983,798
TD Emerald Global Equity Shareholder Yield Pooled Fund	15,852,012	15,890,738
TD Emerald Global Equity Index Pooled Fund	10,991,901	12,495,414
TD Emerald Canadian Core Plus Bond Pooled Fund	25,707,594	27,899,466
TD Emerald Canadian Bond Pooled Fund	795,138	714,771
TD Emerald Canadian Short-term Investment Fund	9,365,797	8,178,321
	96,805,063	107,724,734
Rae & Lipskie:		
Cash	10,329	15,179
Rae Lipskie Pooled Equity Fund	779,305	911,741
Rae Lipskie Fixed Income Fund	468,340	426,201
	1,257,974	1,353,121
Investment at cost:		
StandUp Ventures II	47,748	-
	\$ 98,110,785	\$ 109,077,855

The investments are within the Foundation's long-term asset mix policy as described in note 1(d).

WATERLOO REGION COMMUNITY FOUNDATION

Notes to Financial Statements, continued

Year ended December 31, 2022

4. Investments (continued):

(b) Net investment income (loss) is made up of the following:

	2022	2021
		<i>(Unaudited - Note 14)</i>
Interest and dividends	\$ 3,043,342	\$ 2,500,445
Change in fair value	(10,307,082)	10,789,233
	<u>\$ (7,263,740)</u>	<u>\$ 13,289,678</u>

5. Capital assets:

	2022		2021	
				<i>(Unaudited - Note 14)</i>
	Cost	Accumulated amortization	Net book value	Net book value
Leasehold improvements	\$ 30,786	\$ 30,786	\$ -	\$ 3,079
Office equipment	55,894	55,794	100	3,998
Computer equipment	59,522	47,006	12,516	5,546
	<u>\$ 146,202</u>	<u>\$ 133,586</u>	<u>\$ 12,616</u>	<u>\$ 12,623</u>

Amortization expense of \$15,582 (2022 - \$24,526) is included in operating expenses on the statement of operations.

6. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$nil (2021 - \$nil).

WATERLOO REGION COMMUNITY FOUNDATION

Notes to Financial Statements, continued

Year ended December 31, 2022

7. Deferred revenue:

Deferred revenue is comprised of the following:

	2022	2021
		<i>(Unaudited - Note 14)</i>
Capital Fund - life insurance policies	\$ 2,816,967	\$ 2,786,380
Operating Fund	83,926	80,304
	<u>\$ 2,900,893</u>	<u>\$ 2,866,684</u>

The Foundation has been given life insurance policies with a face value of approximately \$7,229,896 (2021 - \$7,371,736) under which it is the owner and beneficiary. As the realizable amount, other than the cash surrender value, under the policies is not certain, the Foundation will record the death benefits when the proceeds are received. The amount of deferred revenue at December 31, 2022 in the Capital Fund related to these life insurance policies is \$2,816,967 (2021 - \$2,786,380).

8. Restricted fund balances:

The restricted fund balances are comprised of the following funds:

	2022	2021
		<i>(Unaudited - Note 14)</i>
Capital Fund	\$ 106,155,615	\$ 115,317,981
Funds for Distribution	172,066	564,888
	<u>\$ 106,327,681</u>	<u>\$ 115,882,869</u>

The restricted fund balances are comprised of the following fund types:

	2022	2021
		<i>(Unaudited - Note 14)</i>
Community Funds	\$ 21,121,643	\$ 23,106,114
Donor Advised Funds	43,731,978	47,459,231
Field of Interest Funds	22,389,077	24,113,048
Agency Endowment Funds	9,550,012	10,704,604
Designated Funds	7,156,396	7,833,520
Student Financial Assistance Funds	2,378,575	2,666,352
	<u>\$ 106,327,681</u>	<u>\$ 115,882,869</u>

WATERLOO REGION COMMUNITY FOUNDATION

Notes to Financial Statements, continued

Year ended December 31, 2022

9. Internally restricted funds:

The Foundation holds an internally restricted operating reserve of \$430,000 (2021 - \$430,000).

10. Operating expenses:

The operating expenses are comprised of the following:

	2022	2021
		(Unaudited – Note 14)
Salaries and wages	\$ 1,138,113	\$ 1,169,248
Investment, professional and consulting fees	697,723	735,254
Occupancy costs	104,757	125,950
Office supplies and other expenses	104,356	105,515
Licences, memberships and dues	55,284	52,785
Advertising and promotion	82,516	53,651
Amortization	15,582	24,526
Purchase supplies	53,108	64,835
Education and training	12,259	6,758
Interest and bank charges	3,934	7,369
Travel and vehicle	2,053	1,129
	<u>\$ 2,269,685</u>	<u>\$ 2,347,020</u>

11. Administration:

(a) Administration fees:

Administration fees represent charges levied on the Non-owned Assets by the Operating Fund to cover investment management and other administrative services.

(b) Administration expenses:

Administration expenses represent charges levied from the Operating Fund to cover investment management, granting services, and other administration expenses incurred in the Operating Fund related to the Capital Fund and Funds for Distribution Fund.

WATERLOO REGION COMMUNITY FOUNDATION

Notes to Financial Statements, continued

Year ended December 31, 2022

12. Non-owned assets:

Pursuant to certain agreements, the Foundation is holding certain securities for custody and administration. These assets, as well as investment income and gains or losses on disposition of investments, are on account of these organizations and, accordingly, are not reflected in the financial statements of the Foundation. The amounts under administration are as follows:

	2022 Fair value	2021 Fair value <i>(Unaudited – Note 14)</i>
Ayr 150 th Anniversary Grant Committee Fund	\$ 142,137	\$ 155,580
Cambridge Art Galleries Managed Fund	125,817	143,075
Cambridge Public Library Managed Fund	125,817	143,075
Cambridge Shelter Corporation Fund	15,250	16,692
Carizon	2,178,828	2,392,155
The Catholic Community Foundation of Waterloo Region Fund	2,784,156	3,187,083
Centre for Community Group Fund	637,291	697,159
Lisaard House/Innisfree House Fund	9,261,459	10,113,330
Lyle S. Hallman Charitable Foundation Fund	1,417,195	-
St. Andrew's Hespeler Presbyterian Church Fund	69,266	75,817
Sunbeam Community & Developmental Services Fund	1,133,695	1,240,099
The Tomorrow Fund of the United Way of Cambridge and North Dumfries	703,683	998,084
THEMUSEUM Endowment Fund	1,801,324	2,078,728
	\$ 20,395,918	\$ 21,240,877

13. Commitments:

At December 31, 2022, the Foundation is committed to operating leases over the next three years as follows:

2023	\$	73,624
2024		68,591
2025		45,727
	\$	187,942

WATERLOO REGION COMMUNITY FOUNDATION

Notes to Financial Statements, continued

Year ended December 31, 2022

14. Unification:

The Kitchener Waterloo Community Foundation (KWCF) improves the quality of life for the inhabitants of the Waterloo Region by receiving, maintaining, managing, controlling, and using donations for charitable purposes.

The Cambridge and North Dumfries Community Foundation (CNDCF) is a charitable organization dedicated to improving our communities. CNDCF grants funds to a wide range of organizations and initiatives in addition to bringing people together to stimulate new ideas, build participation and strengthen community philanthropy.

On July 1, 2022, The Kitchener Waterloo Community Foundation and the Cambridge and North Dumfries Community Foundation unified to operate as the Waterloo Region Community Foundation. On July 1, 2022, a certificate of amendment for the unified Foundations was filed as Waterloo Region Community Foundation.

The unification took place to increase the impact across all communities in Waterloo Region. By focusing on connecting regionally and locally, working with the three cities and four townships, there is incredible potential of increasing the Foundation's collaboration with individuals and organizations to work together to develop forward-thinking solutions to meet current and future needs across our community.

The CNDCF and KWCF possesses all of the property, rights, privileges and is subject to all of the liabilities, and all contracts and debts of each of the unified Foundation.

The financial statements are presented as a combination of both unifying Foundations. Prior period comparative is also presented showing the combined results as though the Foundations have always been part of the same unified Foundation and are unaudited.

All transaction costs associated with the unification are charged as an expense.

There were no significant changes in accounting policies between the unified entities, other than the presentation of non-managed funds that are reported in the notes to the financial statements rather than on the statement of financial position as an asset and corresponding liability.

WATERLOO REGION COMMUNITY FOUNDATION

Notes to Financial Statements, continued

Year ended December 31, 2022

14. Unification (continued):

Statement of Operations:

(i) Summarized Statement of Operations of the Waterloo Region Community Foundation for the period from July 1, 2022 to December 31, 2022:

Revenue	\$ 8,180,210
Expenses	4,054,333
Excess of revenue over expenses	\$ 4,125,877

(ii) Summarized Statement of Operations for the period from January 1, 2022 to June 30, 2022 (up to the unification date):

	KWCF	CNDCF	Adjustments	Total
Revenue (net loss)	\$(8,821,549)	\$ (463,318)	\$ (42,519)	\$ (9,327,386)
Expenses	3,723,511	658,922	(42,519)	4,339,914
Excess (deficiency) of revenue over expenses	\$(12,545,060)	\$(1,122,240)	\$ -	\$ (13,667,300)

Summarized Statement of Financial Position at as July 1, 2022, the date of the unification:

	KWCF	CNDCF	Adjustments	Total
Current assets	\$ 3,017,408	\$ 3,040,527	\$ (27,779)	\$ 6,030,156
Long-term assets	90,661,688	10,909,595	(1,735,691)	99,835,592
Total assets	\$ 93,679,096	\$13,950,122	\$ (1,763,470)	\$ 105,865,748
Total liabilities	\$ 298,060	\$ 4,512,291	\$ (1,763,470)	\$ 3,046,881
Fund balance	93,381,036	9,437,831	-	102,818,867
Total fund balances and liabilities	\$ 93,679,096	\$13,950,122	\$ (1,763,470)	\$ 105,865,748

WATERLOO REGION COMMUNITY FOUNDATION

Notes to Financial Statements, continued

Year ended December 31, 2022

14. Unification (continued):

Comparative Information (unaudited):

(i) Summarize Statement of Financial Position as at December 31, 2021:

Unaudited	KWCF	CNDCF	Adjustments	Total 2021
Current assets	\$ 4,759,975	\$ 3,288,508	\$ (26,963)	\$ 8,021,520
Long-term assets	101,613,208	12,338,774	(2,229,483)	111,722,499
Total assets	\$ 106,373,183	\$ 15,627,282	\$ (2,256,446)	\$ 119,744,019
Total liabilities	\$ 447,087	\$ 5,067,211	\$ (2,256,446)	\$ 3,257,852
Fund balance	105,926,096	10,560,071	-	116,486,167
Total fund balance and liabilities	\$ 106,373,183	\$ 15,627,282	\$ (2,256,446)	\$ 119,744,019

(ii) Summarized Statement of Operations for the year then ended December 31, 2021:

Unaudited	KWCF	CNDCF	Adjustments	Total 2021
Revenue	\$ 17,808,477	\$ 1,939,665	\$ (72,600)	\$ 19,675,542
Expenses	7,034,777	746,351	(72,600)	7,708,528
Excess of revenue over expenses	\$ 10,773,700	\$ 1,193,314	\$ -	\$ 11,967,014

WATERLOO REGION COMMUNITY FOUNDATION

Notes to Financial Statements, continued

Year ended December 31, 2022

15. Financial risks:

(a) Market risk:

Market risk is the risk that a value of an instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. To manage this risk, the Foundation has established a target mix by investment types designed to achieve optimal return with reasonable risk tolerance. The asset mix is monitored monthly by the investment committee.

(b) Interest rate risk:

Interest rate risk refers to the adverse consequences of interest rate changes on the Foundation's cash flows, financial position and operations. Interest rate changes have a direct impact on the market valuation of the Foundation's fixed income securities. To manage this risk, the Foundation has established a target mix by investment types designed to achieve optimal return with reasonable risk tolerances. The asset mix is monitored monthly by the investment committee.

(c) Credit risk:

Credit risk is the risk that counterparties fail to perform as contracted. The Foundation is exposed to credit risk through its collection of other receivables and loans receivables. The Foundation is not exposed to a concentration of credit risk relating to other receivables.

(d) Currency risk:

Currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Some of the Foundation's funds are invested in financial instruments and enter into transactions denominated in foreign currencies, which differ from the Foundation's measurement currency, being the Canadian dollar. Consequently, the Foundation is exposed to risks that the exchange rate of the Canadian dollar may change in a manner that has an adverse effect on the value of the portion of the Foundation's assets or liabilities denominated in foreign currencies. The Foundation's overall currency positions and exposures are monitored by the Portfolio Manager.