Financial Statements of

# WATERLOO REGION
# COMMUNITY FOUNDATION

And Independent Auditor’s Report Thereon

Year ended December 31, 2023

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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, 2023
- 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, 2023, 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.

## *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.

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 17, 2024

# WATERLOO REGION COMMUNITY FOUNDATION

Statement of Financial Position

December 31, 2023, with comparative information for 2022

| | 2023 | 2022 |
|---|---|---|
| **Assets** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 2,765,129 | $ 1,720,896 |
| Accounts receivable (note 2) | 50,037 | 46,763 |
| Prepaid expenses | 39,483 | 49,508 |
| Cash surrender value of life insurance policies (note 7) | 2,904,614 | 2,816,967 |
| Current portion of impact investments (note 3) | 1,152,328 | 748,620 |
| | 6,911,591 | 5,382,754 |
| Investments: | | |
| Impact investments (note 3) | 6,157,324 | 6,580,169 |
| Investments (note 4(a)) | 107,887,534 | 98,110,785 |
| | 114,044,858 | 104,690,954 |
| Capital assets (note 5) | 12,409 | 12,616 |
| | $ 120,968,858 | $ 110,086,324 |
| **Liabilities and Fund Balances** | | |
| Liabilities: | | |
| Accounts payable and accrued liabilities (note 6) | $ 273,812 | $ 240,687 |
| Deferred revenue (note 7) | 2,952,538 | 2,900,893 |
| | 3,226,350 | 3,141,580 |
| Fund balances: | | |
| Restricted (note 8) | 116,962,674 | 106,327,681 |
| Accumulated operating surplus: | | |
| Internally restricted (note 9) | 430,000 | 430,000 |
| Unrestricted | 349,834 | 187,063 |
| | 779,834 | 617,063 |
| | 117,742,508 | 106,944,744 |
| Non-owned assets (note 12) | | |
| Commitments (note 13) | | |
| | $ 120,968,858 | $ 110,086,324 |

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, 2023, with comparative information for 2022

| | Operating Fund | Capital Fund | Funds for Distribution | 2023 Total | 2022 Total |
|---|---|---|---|---|---|
| Revenue: | | | | | |
| Donations | $ 5,000 | $ 6,612,853 | $ 2,733,581 | $ 9,351,434 | $ 5,771,918 |
| Net investment income (loss) (note 4(b)) | 184,242 | 11,586,933 | – | 11,771,175 | (7,263,740) |
| Other | 314,042 | – | – | 314,042 | 191,557 |
| Administration fees (note 11(a)) | 161,650 | – | – | 161,650 | 153,089 |
| | 664,934 | 18,199,786 | 2,733,581 | 21,598,301 | (1,147,176) |
| Expenditures: | | | | | |
| Grants | (600) | 5,770,905 | 2,424,352 | 8,194,657 | 5,982,948 |
| Operating expenses (note 10) | 2,444,226 | – | – | 2,444,226 | 2,269,685 |
| Administration expenses (note 11(b)) | (2,072,196) | 2,065,245 | 6,951 | – | – |
| Other expenses | 130,733 | 15,880 | 15,041 | 161,654 | 141,614 |
| | 502,163 | 7,852,030 | 2,446,344 | 10,800,537 | 8,394,247 |
| Excess (deficiency) of revenue over expenditures | 162,771 | 10,347,756 | 287,237 | 10,797,764 | (9,541,423) |
| Fund balances, beginning of year | 617,063 | 106,155,615 | 172,066 | 106,944,744 | 116,486,167 |
| Fund balances, end of year | $ 779,834 | $ 116,503,371 | $ 459,303 | $ 117,742,508 | $ 106,944,744 |

See accompanying notes to financial statements.

# WATERLOO REGION COMMUNITY FOUNDATION

Statement of Cash Flows

Year ended December 31, 2023, with comparative information for 2022

| | 2023 | 2022 |
|---|---|---|
| Cash provided by (used in): | | |
| Operations: | | |
| Excess (deficiency) of revenue over expenses | $ 10,797,764 | $ (9,541,423) |
| Items not involving cash: | | |
| Amortization | 11,561 | 15,582 |
| Change in fair value of investments | (7,958,548) | 10,307,082 |
| Changes in non-cash operating working capital: | | |
| Accounts receivable | (3,274) | 3,321 |
| Prepaid expenses | 10,025 | (13,119) |
| Cash surrender value of life insurance | (87,647) | (30,587) |
| Accounts payable and accrued liabilities | 33,125 | (129,387) |
| Grants payable | – | (21,094) |
| Deferred revenue | 51,645 | 34,209 |
| | 2,854,651 | 624,584 |
| Investing activities: | | |
| Sale of investments | 13,228,467 | 10,316,315 |
| Purchase of investments | (15,046,668) | (9,656,327) |
| Advance of impact investments, including accrued interest | (2,941,330) | (5,487,202) |
| Repayment and redemption of impact investments | 2,960,467 | 1,675,940 |
| Purchase of capital assets | (11,354) | (15,575) |
| | (1,810,418) | (3,166,849) |
| Increase (decrease) in cash and cash equivalents | 1,044,233 | (2,542,265) |
| Cash and cash equivalents, beginning of year | 1,720,896 | 4,263,161 |
| Cash and cash equivalents, end of year | $ 2,765,129 | $ 1,720,896 |

Cash and cash equivalents consist of:

| | 2023 | 2022 |
|---|---|---|
| Cash | $ 343,017 | $ 626,193 |
| Money market funds | 2,422,112 | 1,094,703 |
| Cash and cash equivalents | $ 2,765,129 | $ 1,720,896 |

See accompanying notes to financial statements.

**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.

**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.

**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 |
|---|---|
| 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.

**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 lliabilities. Actual results could differ from those estimates.

**2. Accounts receivable:**

No allowance for impairment of accounts receivable has been recorded at December 31, 2023 (2022 - $nil).

## 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.

| | 2023 | 2022 |
|---|---|---|
| Loans (principal plus accrued interest): | | |
| Loan receivable (a) | $ 207,953 | $ 361,504 |
| Loan receivable (b) | 251,250 | 251,250 |
| Loan receivable (c) | 102,667 | 102,667 |
| Loan receivable (d) | 106,293 | 101,793 |
| Loan receivable (e) | 406,945 | 386,641 |
| Loan receivable (f) | 778,125 | 762,099 |
| Loan receivable (g) | 2,075,000 | 2,015,000 |
| Loan receivable (h) | 669,375 | 637,875 |
| Loan receivable (i) | 886,466 | – |
| Loan receivable (j) | 912,789 | – |
| Loan receivable (k) | 912,789 | – |
| Loan receivable (l) | – | 2,596,774 |
| Loan receivable (m) | – | 113,186 |
| | 7,309,652 | 7,328,789 |
| Less current portion | (1,152,328) | (748,620) |
| | $ 6,157,324 | $ 6,580,169 |

(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 matured 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, was extended during the year, bearing interest at 6.7% per annum (2022 – 4.25%), unsecured, with interest and principal due at maturity of June 2025 (2022 – 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.

## 3. Impact investments (continued):

(g) Term loan, bearing interest at 3% per annum, secured against a property, with interest and principal due at maturity of September 2027.

(h) Term loan, bearing interest at 5% per annum, secured against a property, with interest and principal due at maturity of October 2025.

(i) Term loan, bearing interest at prime plus 1% per annum, secured against a property, with interest and principal due at maturity of June 2026.

(j) Term loan, bearing interest at 8% per annum, secured against a property, with interest and principal due at maturity of April 2025.

(k) Term loan, bearing interest at 8% per annum, secured against a property, with interest and principal due at maturity of October 2025.

(l) 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. The term loan was repaid during the year.

(m) Term loan, bearing interest at 2% per annum, unsecured, with no fixed terms of repayment due at maturity of January 2023. The term loan was repaid during the year.

## 4. Investments:

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

| | 2023 | 2022 |
|---|---|---|
| **Investments at fair value:** | | |
| Bissett Core Equity Fund | $ 10,278,325 | $ 9,064,107 |
| Connor, Clark & Lunn Canadian Equity Fund A | 10,205,151 | 8,650,329 |
| Walter Scott Global Equity Fund | 19,632,429 | 16,378,185 |
| TD Emerald Global Equity Shareholder Yield Pooled Fund | 10,600,790 | 15,852,012 |
| TD Emerald Global Equity Index Pooled Fund | 11,940,940 | 10,991,901 |
| TD Emerald Canadian Core Plus Bond Pooled Fund | 33,867,732 | 25,707,594 |
| TD Emerald Canadian Bond Pooled Fund | 848,810 | 795,138 |
| TD Emerald Canadian Short-term Investment Fund | 7,576,103 | 9,365,797 |
| | 104,950,280 | 96,805,063 |
| Rae & Lipskie: | | |
| Cash | 208,147 | 10,329 |
| Rae Lipskie Pooled Equity Fund | 1,697,871 | 779,305 |
| Rae Lipskie Fixed Income Fund | 950,319 | 468,340 |
| | 2,856,337 | 1,257,974 |
| **Investment at cost:** | | |
| StandUp Ventures II | 80,917 | 47,748 |
| | $ 107,887,534 | $ 98,110,785 |

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

## 4. Investments (continued):

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

| | 2023 | 2022 |
|---|---|---|
| Interest and dividends | $ 3,812,627 | $ 3,043,342 |
| Change in fair value | 7,958,548 | (10,307,082) |
| | $ 11,771,175 | $ (7,263,740) |

## 5. Capital assets:

| | | | 2023 | 2022 |
|---|---|---|---|---|
| | Cost | Accumulated amortization | Net book value | Net book value |
| Office equipment | $ 33,017 | $ 33,017 | $ – | $ 100 |
| Computer equipment | 40,015 | 27,606 | 12,409 | 12,516 |
| | $ 73,032 | $ 60,623 | $ 12,409 | $ 12,616 |

Amortization expense of $11,561 (2022 - $15,582) 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 (2022 - $nil).

**7. Deferred revenue:**

Deferred revenue is comprised of the following:

| | 2023 | 2022 |
|---|---|---|
| Capital Fund - life insurance policies | $ 2,904,614 | $ 2,816,967 |
| Operating Fund | 47,924 | 83,926 |
| | $ 2,952,538 | $ 2,900,893 |

The Foundation has been given life insurance policies with a face value of approximately $7,189,264 (2022 - $7,229,896) 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, 2023 in the Capital Fund related to these life insurance policies is $2,904,614 (2022 - $2,816,967).

**8. Restricted fund balances:**

The restricted fund balances are comprised of the following funds:

| | 2023 | 2022 |
|---|---|---|
| Capital Fund | $ 116,503,371 | $ 106,155,615 |
| Funds for Distribution | 459,303 | 172,066 |
| | $ 116,962,674 | $ 106,327,681 |

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

| | 2023 | 2022 |
|---|---|---|
| Community Funds | $ 22,037,960 | $ 21,121,643 |
| Donor Advised Funds | 51,631,279 | 43,731,978 |
| Field of Interest Funds | 23,296,957 | 22,389,077 |
| Agency Endowment Funds | 10,018,625 | 9,550,012 |
| Designated Funds | 7,504,581 | 7,156,396 |
| Student Financial Assistance Funds | 2,473,272 | 2,378,575 |
| | $ 116,962,674 | $ 106,327,681 |

## 9. Internally restricted funds:

The Foundation holds an internally restricted operating reserve of $430,000 (2022 - $430,000).

## 10. Operating expenses:

The operating expenses are comprised of the following:

| | 2023 | 2022 |
|---|---|---|
| Salaries and wages | $ 1,270,237 | $ 1,138,113 |
| Investment, professional and consulting fees | 726,598 | 697,723 |
| Occupancy costs | 99,630 | 104,757 |
| Office supplies and other expenses | 107,642 | 104,356 |
| Licences, memberships and dues | 58,815 | 55,284 |
| Advertising and promotion | 94,334 | 82,516 |
| Amortization | 11,561 | 15,582 |
| Purchase supplies | 36,840 | 53,108 |
| Education and training | 29,684 | 12,259 |
| Interest and bank charges | 7,277 | 3,934 |
| Travel and vehicle | 1,608 | 2,053 |
| | $ 2,444,226 | $ 2,269,685 |

## 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.

## 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:

| | 2023 Fair value | 2022 Fair value |
|---|---|---|
| Ayr 150th Anniversary Grant Committee Fund | $ 156,795 | $ 142,137 |
| Cambridge Art Galleries Managed Fund | 133,495 | 125,817 |
| Cambridge Public Library Managed Fund | 133,495 | 125,817 |
| Cambridge Shelter Corporation Fund | 16,823 | 15,250 |
| Camino Wellbeing + Mental Health Fund | 2,429,361 | 2,178,828 |
| The Catholic Community Foundation of Waterloo Region Fund | 3,017,317 | 2,784,156 |
| Centre for Community Group Fund | 703,011 | 637,291 |
| Lisaard House/Innisfree House Fund | 10,298,668 | 9,261,459 |
| Lyle S. Hallman Charitable Foundation Fund | 1,452,500 | 1,417,195 |
| St. Andrew’s Hespeler Presbyterian Church Fund | 76,409 | 69,266 |
| Sunbeam Community & Developmental Services Fund | 1,258,345 | 1,133,695 |
| The Tomorrow Fund of the United Way of Cambridge and North Dumfries | 805,624 | 703,683 |
| THEMUSEUM Endowment Fund | 1,417,644 | 1,801,324 |
| | $ 21,899,487 | $ 20,395,918 |

## 13. Commitments:

At December 31, 2023, the Foundation is committed to operating leases over the next two years as follows:

| | |
|---|---|
| 2024 | $ 70,364 |
| 2025 | 46,171 |
| | $ 116,535 |

## 14. 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.

## 15. Comparative information:

Certain comparative information in the statement of cashflows has been reclassified from those previously presented to conform to the presentation of the 2023 financial statements.