

SurreyCares Community Foundation
Financial Statements
For the year ended December 31, 2019

SurreyCares Community Foundation
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For the year ended December 31, 2019

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Independent Auditor's Report

To the Members of SurreyCares Community Foundation:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of SurreyCares Community Foundation (the "Foundation"), which comprise the statement of financial position as at December 31, 2019, and the statements of operations and 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, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the 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 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.

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- 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.

Report on Other Legal and Regulatory Requirements

As required by the Societies Act (British Columbia), we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Surrey, British Columbia

November 30, 2021

MNP LLP

Chartered Professional Accountants

SurreyCares Community Foundation Statement of Financial Position

As at December 31, 2019

	Operating Fund	Restricted Fund	2019	2018
Assets				
Current				
Cash	44,695	17,799	62,494	560,856
Accounts receivable	4,541	-	4,541	4,541
Interfund receivable (payable)	61,766	(61,766)	-	-
	111,002	(43,967)	67,035	565,397
Investments - at fair value (Note 3)	-	8,027,800	8,027,800	3,934,507
Restricted cash (Note 3)	-	642,005	642,005	2,889,209
Total assets	111,002	8,625,838	8,736,840	7,389,113
Liabilities				
Current				
Accounts payable and accruals	-	-	-	6,916
Subsequent event (Note 7)				
Fund balances				
Unrestricted	111,002	-	111,002	90,153
Retained returns from investments (Note 4)	-	1,224,358	1,224,358	686,426
Contributed principal (Note 4)	-	7,401,480	7,401,480	6,605,618
	111,002	8,625,838	8,736,840	7,382,197
Total liabilities and fund balances	111,002	8,625,838	8,736,840	7,389,113
Approved on behalf of the Board				
e-Signed by Sonia Parmar 2021-11-30 20:50:57:57 GMT	e-Signed by John Lawson 2021-11-30 01:49:06:06 GMT			
Director	Director			

The accompanying notes are an integral part of these financial statements

SurreyCares Community Foundation Statement of Operations and Changes in Fund Balances

For the year ended December 31, 2019

	<i>Operating Fund</i>	<i>Restricted Fund</i>	2019	<i>2018</i>
Revenue				
Donations	17,155	-	17,155	30,880
Endowment contributions	-	793,575	793,575	512,625
Event revenue	-	-	-	6,032
Investment income	-	214,857	214,857	253,953
Other revenue	39	-	39	280
Realized gain on investments	-	337,378	337,378	199,915
Sustaining partnership	10,000	-	10,000	2,500
Unrealized gain (loss) on investments	-	498,234	498,234	(447,835)
	27,194	1,844,044	1,871,238	558,350
Expenses				
Endowment grants	-	382,426	382,426	233,131
Fundraising	2,294	-	2,294	8,550
Investment management fees	-	42,896	42,896	52,594
Office and miscellaneous	28,085	-	28,085	53,399
Salaries and benefits	60,894	-	60,894	96,173
	91,273	425,322	516,595	443,847
Excess (deficiency) of revenue over expenses	(64,079)	1,418,722	1,354,643	114,503
Fund balances, beginning of year	90,153	7,292,044	7,382,197	7,267,694
Administration fee	84,928	(84,928)	-	-
Fund balances, end of year	111,002	8,625,838	8,736,840	7,382,197

The accompanying notes are an integral part of these financial statements

SurreyCares Community Foundation

Statement of Cash Flows

For the year ended December 31, 2019

	2019	2018
<hr/>		
Cash provided by (used for) the following activities		
Operating		
Excess of revenue over expenses	1,354,643	114,503
Unrealized (gain) loss on investments	(498,234)	447,835
	856,409	562,338
Changes in working capital accounts		
Accounts receivable	-	14,221
Prepaid expenses and deposits	-	1,500
Accounts payable and accruals	(6,916)	1,929
	849,493	579,988
Investing		
Net purchase of investments and cash held as investments	(1,347,855)	(54,376)
Increase (decrease) in cash resources	(498,362)	525,612
Cash resources, beginning of year	560,856	35,244
Cash resources, end of year	62,494	560,856

The accompanying notes are an integral part of these financial statements

SurreyCares Community Foundation

Notes to the Financial Statements

For the year ended December 31, 2019

1. Incorporation and nature of the organization

SurreyCares Community Foundation ("the Foundation") was incorporated under the Society Act of British Columbia as a registered not-for-profit organization on May 24, 1994. The Foundation is a registered charity and thus is exempt from income taxes under the Income Tax Act ("the Act"). In order to maintain its status as a registered not-for-profit organization under the Act, the Foundation must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

The Foundation's purpose is to receive and hold donated funds and other assets to be held in perpetuity on an endowment basis. The income from the endowment funds are distributed to worthy community charitable organizations that are qualified donees for income tax purposes pursuant to the nature and intention of the contributor and/or discretion of the Board of Directors.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for Not-for-Profit Organizations ("ASNPO") set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada and include the following significant accounting policies:

Fund accounting

In order to ensure observance of limitations and restrictions placed on the use of resources available, the Foundation follows the restricted fund method of accounting for contributions. Accordingly, resources are classified for accounting and reporting purposes into funds. These funds are held in accordance with the objectives specified by the contributors or the Foundation's Board of Directors. The following funds are maintained:

The Operating Fund is comprised of unrestricted resources available for the Foundation's general operating activities (including management and administration). The cost of these activities is reported in the expenses of the Operating Fund.

The Restricted Fund includes funds that are externally or internally restricted. These funds are generally required to be maintained by the Foundation on a permanent basis; however, the market value of certain endowed funds may be subject to complete or partial withdrawal according to the terms of the deed of gift. Restricted funds are comprised of resources that are to be used for granting as specified by the fund advisor or the donor. The Board exercises discretionary control over the investment of these funds through external investment fund managers. Income earned on these funds is reported in the Restricted Fund and is either retained in the Restricted Fund, internally transferred, or granted in the year.

Revenue recognition

Contributions are recognized as revenue in the Restricted Fund when they are received or receivable, provided the amounts are measurable and collection is reasonably assured.

Investment income earned on restricted funds is recognized as revenue in the Restricted Fund in accordance with the terms of the restricted contribution. Interest on investments is recorded on an accrual basis. Dividends that have been declared are recorded as income on the date of record of the declaration.

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

Contributed goods and services

The Foundation benefits from services and materials in the form of contributed services and materials. Contributed services and materials are recognized in the financial statements when their fair value can be reasonably determined and they are used in the normal course of the Foundation's operations and would otherwise have been purchased.

Restricted Cash

Cash subject to restrictions that prevent its use for current purposes is included in restricted cash. Restricted cash held in the Foundation's investment accounts are classified as long-term in concurrence with the nature of the cash balances.

Endowment grants

Endowment grants are recorded when paid or payable by the Foundation.

2. Significant accounting policies *(Continued from previous page)*

Financial instruments

The Foundation recognizes its financial instruments when the Foundation becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

At initial recognition, the Foundation may irrevocably elect to subsequently measure any financial instrument at fair value. The Foundation has not made such an election during the year. The Foundation subsequently measures portfolio investments at fair value as is determined by published price quotations. All other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in excess of revenues over expenses. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Financial asset impairment

The Foundation assesses impairment of all of its financial assets measured at cost or amortized cost. When there is an indication of impairment, the Foundation determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Foundation reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year excess of revenues over expenses. The Foundation reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in the excess of revenues over expenses in the year the reversal occurs.

Measurement uncertainty (use of estimates)

The preparation of financial statements in conformity with ASNPO 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 revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary.

This estimate and assumption is reviewed periodically, and as adjustments become necessary they are reported in excess of revenues and expenses in the period in which they become known.

Foreign currency translation

These financial statements have been presented in Canadian dollars, the principal currency of the Foundation's operations. Transaction amounts denominated in foreign currencies are translated into their Canadian dollar equivalents at exchange rates prevailing at the transaction dates. Carrying values of monetary assets and monetary liabilities reflect the exchange rates at the statement of financial position date. Gains and losses on translation or settlement are included in the determination of excess of revenues over expenses for the current period.

SurreyCares Community Foundation
Notes to the Financial Statements
For the year ended December 31, 2019

3. Investments

	2019	2018
Market Value		
Canadian pooled equity funds	2,750,251	794,553
United States pooled equity funds	1,725,493	674,472
Foreign pooled equity funds	909,941	759,270
Pooled fixed income funds	574,444	1,589,372
Short term securities	315,910	-
Fixed Income - Short term, medium term and long term	1,626,497	-
Vancouver Foundation Agency Fund	125,264	116,840
	8,027,800	3,934,507
Cost		
Canadian pooled equity funds	2,501,143	782,085
United States pooled equity funds	1,403,211	480,216
Foreign pooled equity funds	764,283	692,249
Pooled fixed income funds	552,140	1,619,309
Short term securities	309,475	-
Fixed Income - Short term, medium term and long term	1,622,953	-
Vancouver Foundation Agency Fund	110,000	110,000
	7,263,205	3,683,859

SurreyCares Community Foundation
Notes to the Financial Statements
For the year ended December 31, 2019

4. Restricted fund

Endowment contributions, comprised of cash and portfolio investments, are comprised of contributions from the following contributors:

	2019	2018
Arts Council of Surrey Fund	28,650	28,650
Beirne Opportunity Fund	2,602	2,602
CIBC Wood Gundy Children's Miracle Fund	12,109	12,109
Coast Capital Youth	30,080	30,080
Darts Hill Garden Park Community Fund	3,968,275	3,968,155
Doug Hooser Heritage Fund	19,690	19,690
Friends of Surrey Museum Endowment Fund	873,787	873,787
Glowfund	250	6,000
Health	27,566	27,566
Jim Bennett	300,000	-
John & Drew Hartree	500	500
Jordan Powell Legacy Fund	22,998	21,728
Kinsmen	1,000,000	500,000
Manjit Panghali Memorial Fund	47,041	47,041
SRS Vocational Rehabilitation Fund	520,937	520,937
Surrey Art Gallery Association Endowment Fund	42,580	42,580
Surrey City Orchestra	2,785	4,900
Surrey Community	108,081	108,081
Surrey Education Fund	53,052	53,003
Surrey Foundation Directors & Friends Fund	5,424	5,424
Surrey Foundation Operating	94,836	94,836
Surrey German School Fund	10,808	10,808
Surrey Metro Savings Community Fund	78,239	78,239
Surrey Minor Softball Fund	11,629	11,629
Surrey Public Library Legacy Fund	62,266	59,978
Surrey YMCA Fund	5,290	5,290
Surrey Youth Fund	60,005	60,005
The 70 Times 7 Endowment Fund	12,000	12,000
	7,401,480	6,605,618
Opening contributed principal	6,605,618	6,089,915
Receipt of contributed principal	793,575	512,625
Other adjustment	2,287	3,078
	7,401,480	6,605,618

Retained returns on investments are comprised of inception to date returns on the endowment contributions and are internally restricted for distribution at the discretion of the board of directors and/or contributors.

Retained returns from investments are comprised of:

Opening retained returns on investments	686,426	1,203,077
Investment income and gains net of investment management fees	507,052	398,196
Disbursement of grants to qualified donees	(382,426)	(233,131)
Transfer of administration fees to operating fund	(84,928)	(62,120)
Interfund transfer to operating fund	-	(171,761)
Accumulated changes in market value of investment	498,234	(447,835)
	1,224,358	686,426

5. Interfund transfer

During the year, the Foundation transferred \$84,928 (2018 - \$62,120) from the Restricted Fund to the Operating Fund for administration fees.

6. Financial instruments

The Foundation, as part of its operations, carries a number of financial instruments. It is management's opinion that the Foundation is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Credit risk

Credit risk is the risk of financial loss to the Foundation if a counterparty to a financial instrument fails to meet its contractual obligations. The Foundation's cash, restricted cash and investments are subject to credit risk.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Foundation is exposed to interest rate price risk on its interest-bearing investments, with a fair value of \$2,200,941 (2018 - \$1,589,372).

Liquidity risk

Liquidity risk is the risk that the Foundation will encounter difficulty in meeting obligations associated with financial liabilities. The Foundation enters into transactions to purchase goods and services on credit for which repayment is required at various maturity dates.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Foundation enters into transactions to purchase and sell pooled funds, in which the underlying investments are in publicly traded securities and corporate bonds, exposing the Foundation to price risk as these investments are subject to price changes in an open market due to a variety of reasons including changes in market rates of interest, general economic indicators and restrictions on credit markets.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Foundation enters into transactions to invest in foreign-denominated investments for which the related underlying share prices are subject to exchange rate fluctuations. The Fund is exposed to foreign currency risk with regards to its investments in pooled equity funds, with foreign denominated pooled equity funds at fair value aggregating CAD \$2,693,968 (2018 - CAD \$1,433,742).

7. Subsequent event

Subsequent to December 31, 2019, global financial markets have experienced significant volatility as a result of the developing COVID-19 pandemic. The outcomes of monetary and fiscal interventions designed to stabilize economic conditions are unknown creating difficulty in reasonably estimating the impact or duration of market volatility. The Foundation is actively monitoring developments in the financial markets and the potential impact to the Foundation's investment portfolio.

Subsequent changes in the fair value of the Foundation's portfolio investments are not reflected in the financial statements.