

**COMMUNITY FOUNDATION OF
CENTRAL ALBERTA**

**Independent Auditor's Report and
Financial Statements**

December 31, 2024



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the Community Foundation of Central Alberta

Opinion

We have audited the financial statements of the Community Foundation of Central Alberta ("Foundation"), which comprise the statement of financial position as at December 31, 2024, and the statements of changes in fund balances, general operations 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 financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2024, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

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

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INDEPENDENT AUDITOR'S REPORT, continued

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.

INDEPENDENT AUDITOR'S REPORT, continued

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.

Calgary, Alberta

June 12, 2025

RSM Canada LLP

Chartered Professional Accountants

COMMUNITY FOUNDATION OF CENTRAL ALBERTA

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COMMUNITY FOUNDATION OF CENTRAL ALBERTA

Statement of Financial Position

As at December 31, 2024

	2024	2023
ASSETS		
Current assets		
Cash	\$ 124,661	\$ 251,109
Accrued interest receivable	- 403	403
Goods and Services Tax receivable	1,757	1,615
Prepaid expenses	<u>2,000</u>	<u>7,147</u>
	128,418	260,274
Restricted cash (note 3)	390,572	515,228
Investments (note 4)	20,937,254	18,454,524
Tangible capital assets (note 5)	<u>10,224</u>	<u>9,132</u>
	<u>\$ 21,466,468</u>	<u>\$ 19,239,158</u>
LIABILITY		
Current liability		
Accounts payable and accruals	<u>\$ 90,778</u>	<u>\$ 41,587</u>
NET ASSETS		
Designated Endowment funds	6,832,942	5,662,298
Scholarship funds	4,265,263	3,957,499
General Endowment fund	3,531,641	3,224,153
Operating Endowment fund	2,024,515	1,933,353
Field of Interest funds	1,333,779	1,350,008
Flow Through funds	1,095,764	1,151,727
Donor Advised funds	1,214,255	831,236
Managed funds	455,682	509,368
Operating fund	<u>621,849</u>	<u>577,929</u>
	<u>21,375,690</u>	<u>19,197,571</u>
	<u>\$ 21,466,468</u>	<u>\$ 19,239,158</u>

Commitments (note 7)

Approved by the board:

Board Chair

Treasurer

See accompanying notes

COMMUNITY FOUNDATION OF CENTRAL ALBERTA

Statement of Changes in Fund Balances

Year ended December 31, 2024

	Balance, beginning of year	Interest, dividends and capital gains	Distributions/ transfers	Operating costs	Net unrealized gains in investments	Contributions/ transfers received	Excess of revenues over expenditures	2024 Balance, end of year
Operating	\$ 577,929	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 43,920	\$ 621,849
Designated Endowment	5,662,298	634,299	(116,383)	(122,215)	79,761	695,182	-	6,832,942
Scholarships	3,957,499	395,062	(160,092)	(85,756)	91,863	66,687	-	4,265,263
General Endowment	3,224,153	324,793	(60,600)	(73,693)	76,389	40,599	-	3,531,641
Operating Endowment	1,933,353	186,315	(162,000)	(10,853)	54,529	23,171	-	2,024,515
Field of Interest	1,350,008	137,829	(159,932)	(29,319)	31,326	3,867	-	1,333,779
Flow Through	1,151,727	16,310	(1,049,631)	(16,409)	-	993,767	-	1,095,764
Donor Advised	831,236	113,360	(22,000)	(22,921)	4,133	310,447	-	1,214,255
Managed	509,368	44,747	(97,822)	(9,596)	9,349	(364)	-	455,682
	\$ 19,197,571	\$ 1,852,715	\$ (1,828,460)	\$ (370,762)	\$ 347,350	\$ 2,133,356	\$ 43,920	\$ 21,375,690
2023	\$ 16,923,732	\$ 1,091,654	\$ (1,996,493)	\$ (326,990)	\$ 742,316	\$ 2,665,767	\$ 97,585	\$ 19,197,571

See accompanying notes

COMMUNITY FOUNDATION OF CENTRAL ALBERTA

Statement of General Operations

Year ended December 31, 2024

	2024	2023
Revenues		
Fund administrative fees	\$ 227,957	\$ 236,997
Operating endowment revenue	162,000	20,000
Donations	35,963	31,800
Investment income	5,223	17,273
Honorariums and grants	980	169,500
	<u>432,123</u>	<u>475,570</u>
Expenditures		
Wages and benefits	248,340	173,314
Office	51,830	43,585
Rent	34,744	25,862
Professional fees	27,868	29,124
Advertising	7,195	16,479
Membership fees	5,775	6,432
Conferences and meetings	5,306	8,552
Amortization	3,696	5,840
Insurance	3,106	2,913
Bank charges	343	990
Investment readiness program	-	60,894
Honorariums and grants	-	4,000
	<u>388,203</u>	<u>377,985</u>
Excess of revenues over expenditures	<u>\$ 43,920</u>	<u>\$ 97,585</u>

See accompanying notes

COMMUNITY FOUNDATION OF CENTRAL ALBERTA

Statement of Cash Flows

Year ended December 31, 2024

	2024	2023
CASH PROVIDED BY (USED FOR)		
Operating activities		
Cash receipts from sponsorships, donations, grants and other	\$ 204,396	\$ 69,239
Cash paid to suppliers and employees	(335,561)	(385,574)
Funds received from contributors	2,133,356	2,415,514
Disbursements paid to recipients	<u>(1,830,459)</u>	<u>(2,010,494)</u>
	<u>171,732</u>	<u>88,685</u>
Investing activities		
Contributions to investment funds	(631,094)	(64,368)
Withdrawal of investment funds	212,569	104,653
Purchase of tangible capital assets	(4,310)	-
Change in restricted cash	<u>124,655</u>	<u>(132,811)</u>
	<u>(298,180)</u>	<u>(92,526)</u>
Decrease in cash	(126,448)	(3,841)
Cash, beginning of year	<u>251,109</u>	<u>254,950</u>
Cash, end of year	<u>\$ 124,661</u>	<u>\$ 251,109</u>

During the year, contributions of shares were received in the amount of \$1,110,139 (2023 - \$250,253). These have been excluded from the statement of cash flows as they are non-cash transactions.

See accompanying notes

COMMUNITY FOUNDATION OF CENTRAL ALBERTA

Notes to the Financial Statements

December 31, 2024

1. Objective of the Foundation

The Red Deer & District Community Foundation changed its name to the Community Foundation of Central Alberta ("the Foundation") on May 24, 2024. The Foundation was incorporated pursuant to the Societies Act of the Province of Alberta on June 27, 1989.

The objective of the Foundation is to employ the funds entrusted to the Foundation together with the income generated thereon to provide funding for charitable, philanthropic, humanitarian, educational, cultural, and benevolent purposes in the City of Red Deer and surrounding district.

The Foundation is a registered charitable organization under Section 149(1)(f) of the Income Tax Act and, accordingly, is exempt from income taxes. The Foundation may issue tax-deductible receipts to donors.

2. Significant Accounting Policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are detailed as follows:

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Areas requiring the use of estimates include the fair value estimate of goods received. Actual results may differ from management's best estimates as additional information becomes available in the future.

Cash

Cash includes cash on deposits that form an integral part of the Foundation's cash management. Restricted cash is excluded from the statement of cash flows.

Donated services

The Foundation benefits from donated services in the form of volunteer time by the members of the Board and various committees of the Board. Due to difficulty in measuring these services, they are not reflected in these financial statements.

COMMUNITY FOUNDATION OF CENTRAL ALBERTA

Notes to the Financial Statements

December 31, 2024

2. Significant Accounting Policies, continued

Fund accounting

The Foundation follows the restricted fund method of accounting for contributions. As certain donors have provided funds for special purposes, the financial statements have been prepared in a manner that segregates the fund categories in accordance with the restrictions and conditions regarding the distribution of these funds.

The Board of Directors established a policy whereby a portion of the annual income of each fund within the below funds shall be set aside as a Preservation of Capital allocation. The distribution of the accumulated Preservation of Capital is subject to the approval of the Board of Directors.

Each fund incurs operating costs which includes administrative fees and investment fund management fees.

The funds, by category, are reported in the Statement of Changes in Fund Balances and are described as follows:

- a) General Endowment Fund – unless otherwise specified by the donor, donations are recorded as additions to the capital base of these funds. The income earned on these funds, except as it relates to the preservation of capital, is available for distribution in accordance with the General Endowment Funds Policy of the Foundation as established by the Board of Directors.
- b) Designated Endowment Funds – a donor may specify that a donation shall be restricted for a specific purpose as defined by the donor. These funds are defined as designated and the income earned on these funds, except as it relates to the preservation of capital, is available for distribution only in accordance with the terms and conditions established by the donor upon settling the fund. Donations to these funds are recorded as additions to the capital base of the Designated Funds.
- c) Operating Endowment Funds - the donors of the funds within this category have specified that these funds be specifically designated for the operations of the Foundation.
- d) Field of Interest Funds – the donors of the funds within this category have specified the types of activities or projects shall benefit from these funds. Distributions are therefore restricted to the donor's specified field of interest. Donations to these funds are recorded as additions to the capital base of the Field of Interest Funds. The income earned on these funds, except as it relates to the preservation of capital, is available for distribution in accordance with the Field of Interest Funds Policy of the Foundation as established by the Board of Directors together with the field of interest criteria as specified by the donor.

COMMUNITY FOUNDATION OF CENTRAL ALBERTA

Notes to the Financial Statements

December 31, 2024

2. Significant Accounting Policies, continued

- e) Donor Advised Funds - the donors of these funds are given the opportunity to recommend to the Foundation's Board of Directors, specific organizations to receive grants from their funds. As such, the funds assist individuals and their families with their charitable donations without the costs associated with establishing a private foundation. Additionally, it fosters a variety of ways in which community members can participate in building a community legacy for Red Deer and the surrounding area. The income earned on these funds, except as it relates to the preservation of capital, is available for distribution in accordance with the Donor Advised Funds Policy of the Foundation as established by the Board of Directors together with the criteria as specified by the donor. Donations to these funds are recorded as additions to the capital base of the Donor Advised Funds.
- f) Flow Through Funds - contributions are distributed to registered charities and the criteria for the distribution are determined solely by the benefactor of the fund. The distribution process normally occurs within the year of receipt; however, the distribution must occur in compliance with Canada Revenue Agency regulations.
- g) Managed Funds - contributions are the property of another agency or organization that have been placed with the Foundation solely for management of the funds. Any income or loss experienced by these funds is reported within the fund. The distribution of the fund is solely determined by the settlor of the fund and the fund is charged a management fee by the Foundation.
- h) Scholarship Funds - the donors of the funds within this category have specified that the donation shall be restricted for scholarships. The Foundation helps to facilitate the decision making process providing annual scholarship applications to the committees. Distributions are therefore restricted to the agreed upon scholarship. The income earned on these funds, except as it relates to the preservation of capital, is available for distribution in accordance with the Scholarship Funds Policy of the Foundation as established by the Board of Directors together with the criteria as specified by the donor. Donations to these funds are recorded as additions to the capital base of the Scholarship Funds.

Contributed goods

Contributed goods are recorded in the financial statements based on their estimated fair market value at the time of donation. Where the fair value cannot be reasonably estimated, contributed goods are not recorded in the financial records.

COMMUNITY FOUNDATION OF CENTRAL ALBERTA

Notes to the Financial Statements

December 31, 2024

2. Significant Accounting Policies, continued

Financial instruments

Measurement

Financial instruments are financial assets or liabilities of the Foundation where, in general, the Foundation has the right to receive cash or another financial asset from another party or the Foundation has the obligation to pay another party cash or other financial assets.

The Foundation initially measures its financial assets and liabilities at fair value.

The Foundation subsequently measures its financial assets and liabilities at amortized cost, except for investments which are measured at fair value. Transaction costs are expensed when incurred.

Financial assets measured at amortized cost include cash, restricted cash, and accrued interest receivable.

Financial liabilities measured at amortized cost include accounts payable and accruals.

Impairment

Financial assets measured at cost or amortized cost are tested for impairment, at the end of each year, to determine whether there are indicators that the asset may be impaired. The amount of the write-down, if any, is recognized in operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account. The reversal may be recorded provided it is not greater than the amount that had been previously reported as a reduction in the asset and it does not exceed original cost. The amount of the reversal is recognized in operations.

COMMUNITY FOUNDATION OF CENTRAL ALBERTA

Notes to the Financial Statements

December 31, 2024

2. Significant Accounting Policies, continued

Tangible capital assets

Purchased tangible capital assets are recorded at cost. Contributed tangible capital assets are recorded at fair value at the date of contribution, unless the fair value cannot be reasonably determined, in which case the asset is recorded at a nominal value. During the year, no contributed tangible capital assets were recorded in the financial statements. The annual amortization rates are as follows:

Computer software	30%
Computer equipment	55%
Leasehold improvements	5 years

A half year of amortization is calculated in the year of acquisition. No amortization is calculated in the year of disposition.

When conditions indicate a tangible capital asset is impaired, the carrying value of the tangible capital asset is written down to the asset's fair value or replacement cost. The write down of the tangible capital asset is recorded as an expense in the statement of general operations. A write-down shall not be reversed.

Revenue recognition

Fund administrative fees are recognized as revenue in the Operating fund when earned at rates approved by the Board of Directors. Honorarium revenues are deferred and recognized upon completion of the obligations under the related agreements. Unrestricted donations are recognized as revenue in the Operating fund when received.

Restricted operating donations are deferred and recognized as revenue in the operating fund when the related expense is incurred. Restricted contributions related to tangible capital assets are recognized as revenue in the operating fund as the related tangible capital assets are amortized.

Restricted donations to a fund are recognized as a direct increase to the fund balance. Interest, dividends, and capital gains are recognized as direct increases to specific fund balances when earned net of investment management fees. Return of capital distributions received from investments in income trusts are treated as a reduction of the cost base of the asset.

3. Restricted Cash

Long term cash is restricted to fund net asset balances.

COMMUNITY FOUNDATION OF CENTRAL ALBERTA

Notes to the Financial Statements

December 31, 2024

4. Investments

The Foundation's investments are held within a publicly traded Pooled Fund, whose asset composition is represented by:

	2024	2023
Cash, cash equivalents and short-term notes	\$ 1,215,967	\$ 1,668,979
Foreign securities	8,873,888	7,429,565
Bonds and debentures	6,889,931	6,055,373
Canadian securities	<u>3,957,468</u>	<u>3,300,607</u>
	<u>\$ 20,937,254</u>	<u>\$ 18,454,524</u>

Investments are restricted to fund net asset balances.

The total accumulated unrealized loss at December 31, 2024 was \$1,018,887 (2023 - \$1,358,409).

5. Tangible Capital Assets

	Cost	Accumulated Amortization	2024 Net	2023 Net
Computer software	\$ 24,581	\$ 18,189	\$ 6,392	\$ 9,132
Computer equipment	1,062	1,062	-	-
Leasehold improvements	<u>4,310</u>	<u>478</u>	<u>3,832</u>	-
	<u>\$ 29,953</u>	<u>\$ 19,729</u>	<u>\$ 10,224</u>	<u>\$ 9,132</u>

COMMUNITY FOUNDATION OF CENTRAL ALBERTA

Notes to the Financial Statements

December 31, 2024

6. Original Endowment

	<u>2024</u>	<u>2023</u>
Designated Scholarships	\$ 5,523,843	\$ 4,830,100
General Endowment	3,258,055	3,206,295
Operating Endowment	2,718,965	2,716,917
Field of Interest	1,390,834	1,387,849
Donor Advised	<u>1,047,268</u>	<u>737,157</u>
	<u>\$ 14,957,884</u>	<u>\$ 13,880,820</u>

The balance included in each fund grouping includes the accumulated contributions to the capital base of each fund.

7. Commitments

The Foundation extended their office premise lease effective March 2025 due to expire February 2027. Under the terms of the operating lease, the Foundation is committed to the following minimum payments per year:

2025	\$ 22,120
2026	22,120
2027	<u>3,687</u>
	<u>\$ 47,927</u>

COMMUNITY FOUNDATION OF CENTRAL ALBERTA

Notes to the Financial Statements

December 31, 2024

8. Financial Instruments

It is management's opinion that the Foundation is not exposed to significant interest, credit, liquidity, market or currency risk arising from these financial instruments, except as follows:

Credit risk

The Foundation is exposed to credit risk in two areas, if within the investments a bond or note issuer of a financial instrument fails to meet their contractual obligations or secondly, if accounts receivable is not collected. To mitigate the accounts receivable risk the Foundation only records amounts receivable from reputable donors where agreements are in place to receive the funds. To mitigate the investment risk, the Foundation obtains investment advice from qualified investment advisors to select appropriate issuers.

Market risk

The Foundation is exposed to market price risk as the Canadian and foreign securities included in investments are traded in the market. Market price risk is the risk that the value of an investment will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuers or factors affecting all securities traded in the market. To mitigate this risk the Foundation obtains investment advice from qualified investment advisors to select appropriate issuers. Furthermore, the board of directors has set out fund parameters that detail the permissible ranges for each asset class indicating minimum and maximum positions as a percentage of the Fund's total market value.

Interest rate risk

The Foundation is exposed to interest rate price risk as certain investments bear interest at fixed interest rates.

There have been no changes to the financial risks from the prior year.