

REALTORS® COMMUNITY FOUNDATION
FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020



REALTORS® COMMUNITY FOUNDATION

FOR THE YEAR ENDED MARCH 31, 2020

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INDEPENDENT AUDITORS' REPORT

To the Practitioner of

REALTORS® COMMUNITY FOUNDATION

To the directors of REALTORS® Community Foundation

Qualified Opinion

We have audited the accompanying financial statements of REALTORS® Community Foundation, which comprise the statement of financial position as at March 31, 2020 and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of REALTORS® Community Foundation as at March 31, 2020, 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 Qualified Opinion

In common with many charitable organizations, REALTORS® Community Foundation derives revenue from donations and fundraising the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of REALTORS® Community Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to recorded donations or fundraising, excess of revenue over expenses, cash flows from operations for the years ended March 31, 2020 and 2019, current assets as at March 31, 2020 and 2019, and net assets as at April 1 and March 31 for both the 2020 and 2019 years. Our audit opinion on the financial statements for the year ended March 31, 2019 was modified accordingly because of the possible effects of this scope limitation.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor Responsibilities for the Audit of the Financial Statement* section of our report. We are independent of REALTORS® Community 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other Matter

The financial statements of the Entity for the year ended March 31, 2019 were audited by another auditor who expressed a qualified opinion on those statements on August 13, 2019 for the reasons described in the *Basis for Qualified Opinion* section.

Responsibilities of Management and those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 **REALTORS® Community 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 **REALTORS® Community Foundation** or to cease operations, or has no realistic alternative to do so.

Those charged with governance are responsible for overseeing **REALTORS® Community Foundation's** financial reporting process.

Auditors' 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 audit 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 judgement and maintain a 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 resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls 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 **REALTORS® Community 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 cause significant doubt on **REALTORS® Community 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 **REALTORS® Community 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.

Edmonton, Alberta
July 17, 2020

SVS Group LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

REALTORS® COMMUNITY FOUNDATION

STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2020

	2020	2019
		(Restated - Note 6)
ASSETS		
CURRENT		
Cash	\$ 61,940	\$ 88,748
Marketable securities	1,464,274	1,536,140
Goods and Services Tax receivable	2,672	4,756
	1,528,886	1,629,644
LONG-TERM INVESTMENTS (Note 3)	10,066	15,000
CAPITAL ASSETS (Note 4)	4,969	4,969
	\$ 1,543,921	\$ 1,649,613
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 8,033	\$ 14,147
NET ASSETS		
Internally restricted (Note 7)	20,000	20,000
Invested in capital assets	4,969	4,969
Other fund (Note 10)	12,939	41,984
Unrestricted - general fund	1,497,980	1,568,513
	1,535,888	1,635,466
	\$ 1,543,921	\$ 1,649,613

APPROVED ON BEHALF OF THE BOARD:

 _____ Director

 _____ Director



REALTORS® COMMUNITY FOUNDATION

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED MARCH 31, 2020

	2020		2019		
	Internally Restricted	Invested in Capital Assets	Other Fund (Note 10)	Unrestricted General Fund	Total
BALANCE, beginning of year	\$ 20,000	\$ 4,969	\$ 41,984	\$ 1,568,513	\$ 1,635,466
DEFICIENCY OF REVENUES OVER EXPENSES	-	-	(29,045)	(70,533)	(99,578)
BALANCE, end of year	20,000	4,969	12,939	1,497,980	1,635,466

(Restated - Note 6)

REALTORS® COMMUNITY FOUNDATION

STATEMENT OF OPERATIONS FOR THE YEAR ENDED MARCH 31, 2020

	2020	%	2019	%
REVENUE				
Donations				
RAE	\$ 174,000	62.2	\$ 163,500	38.7
General	9,080	3.2	19,626	4.6
We Care Program	35,733	12.8	58,525	13.8
Golf tournaments	8,633	3.1	8,082	1.9
In lieu of services	-	-	15,000	3.5
Investment				
Interest and dividends	35,400	12.7	34,360	8.1
Gain on sale of investments	19,943	7.1	21,064	5.0
Unrealized gain (loss) on investments	(52,131)	(18.6)	34,544	8.2
Casino	2,234	0.8	-	-
Grants	7,500	2.7	-	-
Theme events	-	-	23,168	5.5
Santa's auction	39,198	14.0	45,354	10.7
	279,590	100.0	423,223	100.0
EXPENSES				
Administration	75,362	27.0	115,616	27.3
Advertising and promotion	3,008	1.1	-	-
Bad debts	-	-	302	0.1
Donations	265,000	94.8	255,000	60.3
Investment management fees	11,322	4.0	10,698	2.5
Professional fees	13,310	4.8	31,680	7.5
Salaries and benefits	6,250	2.2	-	-
Santa's auction	4,916	1.8	2,254	0.5
Theme events	-	-	13,897	3.3
	379,168	135.7	429,447	101.5
DEFICIENCY OF REVENUE OVER EXPENDITURES	\$ (99,578)	(35.7)	\$ (6,224)	(1.5)



REALTORS® COMMUNITY FOUNDATION

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2020

	General Fund	Externally Restricted Fund	2020	2019
				(Restated - Note 6)
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Cash receipts from donors and fundraising activities	\$ 282,003	\$ 13,085	\$ 295,088	\$ 387,051
Cash paid to suppliers and employees	(359,521)	(42,387)	(401,908)	(408,101)
Investment income received	35,077	257	35,334	34,360
Gain on disposal of investments	19,943	-	19,943	21,064
	(22,498)	(29,045)	(51,543)	34,374
Unrealized gain (loss) on investments	(52,131)	-	(52,131)	34,544
	(74,629)	(29,045)	(103,674)	68,918
CASH PROVIDED BY (USED IN) INVESTING ACTIVITY				
Purchase of long-term investments	(10,000)	-	(10,000)	-
Proceeds on sale of long-term investments	15,000	-	15,000	-
	5,000	-	5,000	-
INCREASE (DECREASE) IN CASH DURING THE YEAR	(69,629)	(29,045)	(98,674)	68,918
CASH, beginning of year	1,582,904	41,984	1,624,888	1,555,970
CASH, end of year	\$ 1,513,275	\$ 12,939	\$ 1,526,214	\$ 1,624,888
REPRESENTED BY				
Cash	\$ 49,001	\$ 12,939	\$ 61,940	\$ 88,748
Marketable securities	1,464,274	-	1,464,274	1,536,140
	\$ 1,513,275	\$ 12,939	\$ 1,526,214	\$ 1,624,888



1. NATURE OF OPERATIONS

The Foundation, incorporated as Edmonton Realtors' Charitable Foundation, was established by the Edmonton Real Estate Board Co-operative Listing Bureau Limited in 1986. The Foundation was incorporated as a not-for-profit organization under the Societies Act. The mission of the Foundation is to support charities involving shelter and the homeless. The Foundation is a registered Charitable Foundation and, as such, is exempt from income taxes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following accounting policies:

(a) Use of Estimates

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, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the current period. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

(b) Financial Instruments

Measurement of financial instruments

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

The Foundation subsequently measures all of its financial assets and financial liabilities at amortized cost, except in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in operations.

Financial assets measured at amortized cost include cash, marketable securities, long-term investments and accounts receivable.

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

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in operations.

Transaction costs

The Foundation recognizes its transaction costs, if any, in operations in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

(c) Capital assets

Capital assets are stated at cost. Donor Wall plaques are fully amortized when used.



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Investments

Marketable securities

The Foundation's investments consist of money market instruments and mutual funds that are actively traded in public markets. The investments are initially recognized at fair value, adjusted for transaction costs and finance fees. Marketable securities are recorded at market value.

(e) Revenue Recognition

The Foundation follows the restricted fund method of accounting for contributions. Restricted contributions related to general operations are recognized as revenue of the general fund in the year in which the related expenditures are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund when received or receivable.

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

(f) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, bank balances and marketable securities due to their highly liquid nature.

(g) Contributed Materials and Services

Contributed materials and services which are used in the normal course of the Foundation's operations and would otherwise have been purchased are recorded at their fair value at the date of contribution if fair value can be reasonably estimated.

Contributed materials and services relating to the Santa's Auction are recorded in the books as donation revenue at the amount realized at the auction.

(h) Volunteer Services

Volunteers contribute numerous hours in carrying out the activities of the Foundation. Because of the difficulty in determining their fair value, volunteer services are not recorded in these financial statements.

3. LONG-TERM INVESTMENTS

Long-term investments include a Guaranteed Investment Certificate (GIC) bearing interest at 2.11% and maturing December 2020. This GIC is held as collateral against the Foundation's credit card, which has a limit of \$10,000 (2019 - \$15,000). During the year the credit limit was reduced, resulting in \$5,000 of the GIC being liquidated.



REALTORS® COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

4. CAPITAL ASSETS

	2020		2019	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Donor Wall	\$ 22,065	\$ 17,096	\$ 4,969	\$ 4,969

5. FINANCIAL INSTRUMENTS

Risks and concentrations

The Foundation is exposed to various risks through its financial instruments, without being exposed to concentrations of risk.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial statement liabilities. The Foundation is exposed to this risk mainly in respect of its long-term debt and accounts payable.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Foundation's main credit risks relate to the consolidation of cash at a single bank that may be in excess of the Federally insured limit.

Market and other price risk

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 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 is exposed to price risk as its investment portfolios include equity instruments that are subject to market volatility. The markets are affected by a number of factors including changes in interest rates, availability of financing, exchange rates and general economic conditions (local, regional, national and international). The market fluctuations have the potential to create both gains and losses within the investment portfolios. The marketable securities are made up of the following portfolio investments:

	2020	2019
	(Restated - Note 6)	
Fixed income pooled funds	\$ 639,633	\$ 654,942
Income pooled funds	257,194	328,014
Canadian equity pooled funds	85,162	57,782
International equity and other pooled funds	482,285	495,402
	\$ 1,464,274	\$ 1,536,140



6. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's financial statement presentation. The \$15,000 GIC was reclassified to long-term investments as it is restricted by the bank.

7. INTERNALLY RESTRICTED NET ASSETS

The Foundation has established a contingency surplus fund in the amount of \$20,000 (2019 - \$20,000) which is internally restricted in use as follows:

- Advances for operating costs associated with fundraising activities which are planned to be repaid from proceeds raised from the activities;
- Administrative operating purposes which will be replenished from general revenue; or
- Emergency donations as established by the Executive Committee of the Foundation.

8. DISBURSEMENT QUOTA

In order to maintain its status as a registered Charitable Foundation, the Canada Revenue Agency requires that the Foundation annually disburse on charitable activities an amount equivalent to 3.5% of the average value of property not used for charitable activities or administration. Any disbursement excess can be carried forward five years to offset future year's disbursement quotes. At March 31, 2020, the Foundation has a disbursement excess carry-forward of approximately \$886,335 (2019 - 1,068,648).

9. SUBSEQUENT EVENT

Subsequent to year-end, a global pandemic was in effect related to COVID-19 (coronavirus), which has had a significant impact on many charities and not-for-profit organizations through the public health orders and other restrictions put in place by the Canadian, Provincial and Municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on Foundation as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.



REALTORS® COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

10. EXTERNALLY RESTRICTED NET ASSETS

Other fund - revenue and expenditures relating to funds received from casinos and other externally restricted fundraising activities are reported in the other fund. The contributions to this fund are restricted by the Alberta Gaming, Liquor and Cannabis Commission and by the specific donors.

	<u>2020</u>	<u>2019</u>
Revenue	\$ 13,085	\$ 450
Investment income	257	876
Administration	(2,387)	(10)
Donations	<u>(40,000)</u>	<u>(37,000)</u>
	<u>\$ (29,045)</u>	<u>\$ (35,684)</u>

