

REALTORS® COMMUNITY FOUNDATION

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023

REALTORS® COMMUNITY FOUNDATION

FOR THE YEAR ENDED MARCH 31, 2023

CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	3 - 4
FINANCIAL STATEMENTS	
Statement of Financial Position	5
Statement of Changes in Net Assets	6
Statement of Operations	7
Statement of Cash Flows	8
Notes to Financial Statements	9 - 12

To the Members of REALTORS® Community Foundation:

Qualified Opinion

We have audited the financial statements of REALTORS® Community Foundation (the "Foundation"), which comprise the statement of financial position as at March 31, 2023, 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 [possible] effects of the matter(s) described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2023, and its financial performance 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 year ended March 31, 2023 and 2022, current assets as at March 31, 2023 and 2022, and net assets as at March 31, for both the 2023 and 2022 years.

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 qualified opinion.

Other Matters

The financial statements of the REALTORS® Community Foundation for the year ended March 31, 2022 were audited by SVS Group LLP of Edmonton, Alberta, Canada, prior to its merger with MNP LLP. SVS Group LLP expressed an qualified opinion on those statements on March 31, 2022.

Responsibilities of Management 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.
- 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.

Edmonton, Alberta

September 21, 2023

MNP **LLP**

Chartered Professional Accountants

REALTORS® COMMUNITY FOUNDATION

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2023

	2023	2022
ASSETS		
CURRENT		
Cash and cash equivalents (Note 3)	\$ 237,634	\$ 113,307
Marketable securities	1,647,847	1,748,721
Goods and Services Tax receivable	1,195	1,342
Prepaid expenses	2,013	220
	<u>1,888,689</u>	<u>1,863,590</u>
LONG-TERM INVESTMENTS (Note 4)	<u>10,000</u>	<u>10,025</u>
	<u>\$ 1,898,689</u>	<u>\$ 1,873,615</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 5)	\$ 20,335	\$ 19,802
Deferred revenue	4,500	-
	<u>24,835</u>	<u>19,802</u>
NET ASSETS		
Internally restricted (Note 7)	20,000	20,000
Other fund (Note 9)	10,402	1,183
Unrestricted - general fund	1,843,452	1,832,630
	<u>1,873,854</u>	<u>1,853,813</u>
	<u>\$ 1,898,689</u>	<u>\$ 1,873,615</u>

APPROVED ON BEHALF OF THE BOARD:

_____ Director

_____ Director

REALTORS® COMMUNITY FOUNDATION

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2023

				2023	2022
	Internally Restricted	Other Fund (Note 9)	Unrestricted General Fund	Total	Total
BALANCE , beginning of year	\$ 20,000	\$ 1,183	\$ 1,832,630	\$ 1,853,813	\$ 1,824,499
EXCESS OF REVENUE OVER EXPENSES	-	9,219	10,822	20,041	29,314
BALANCE , end of year	\$ 20,000	\$ 10,402	\$ 1,843,452	\$ 1,873,854	\$ 1,853,813

REALTORS® COMMUNITY FOUNDATION

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2023

	2023	%	2022	%
REVENUE				
Donations				
RAE	\$ 414,500	64.3	\$ 176,527	43.2
General	5,665	1.0	15,926	3.9
We Care Program	61,982	9.6	56,911	13.9
Golf tournaments	60,022	9.3	-	-
Investment				
Interest and dividends	60,688	9.4	67,405	16.5
Gain on sale of investments	22,247	3.5	77,288	18.9
Unrealized gain (loss) on investments	(88,060)	(13.7)	(30,168)	(7.4)
Casino	21,063	3.3	2,445	0.6
Grants	5,330	0.8	-	-
Events	26,086	4.0	34,340	8.4
Santa's auction	54,687	8.5	8,083	2.0
	644,210	100.0	408,757	100.0
EXPENSES				
Administration	22,485	3.5	8,736	2.1
Advertising and promotion	-	-	3,383	0.8
Donations	453,017	70.3	261,000	63.9
Events	14,295	2.2	16,327	4.0
Investment management fees	11,189	1.7	12,123	3.0
Golf Expense	23,103	3.6	-	-
Professional fees	13,906	2.2	12,559	3.1
Salaries and benefits	83,081	12.9	63,232	15.5
Santa's auction	3,093	0.5	2,083	0.5
	624,169	96.9	379,443	92.9
EXCESS OF REVENUE OVER EXPENSES	\$ 20,041	3.1	\$ 29,314	7.1

REALTORS® COMMUNITY FOUNDATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2023

	General Fund	Externally Restricted Fund	2023	2022
CASH PROVIDED BY (USED IN)				
OPERATING ACTIVITIES				
Cash receipts from donors and fundraising activities	\$ 638,729	\$ 15,253	\$ 653,982	\$ 293,378
Cash paid to suppliers and employees	(619,395)	(6,034)	(625,429)	(371,210)
Investment income received	60,688	-	60,688	67,405
Gain on sale of investments	22,247	-	22,247	77,288
	102,269	9,219	111,488	66,861
UNREALIZED LOSS ON INVESTMENT	(88,060)	-	(88,060)	(30,168)
	14,209	9,219	23,428	36,693
CASH PROVIDED BY (USED IN)				
INVESTING ACTIVITY				
Proceeds on disposal of investments	10,025	-	-	-
Purchase of investments	(10,000)	-	(10,000)	-
	25	-	(10,000)	-
INCREASE IN CASH DURING THE YEAR	14,234	9,219	23,453	36,693
CASH, beginning of year	1,747,538	1,183	1,862,028	1,825,335
CASH, end of year	\$ 1,761,772	\$ 10,402	\$ 1,885,481	\$ 1,862,028
REPRESENTED BY				
Cash	\$ 227,232	\$ 10,402	\$ 237,634	\$ 113,307
Marketable securities	1,647,847	-	1,647,847	1,748,721
	\$ 1,875,079	\$ 10,402	\$ 1,885,481	\$ 1,862,028

REALTORS® COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023

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 and long-term investments.

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

The Foundation's financial assets, if any are measured at fair value include investments that are money market instruments and mutual funds.

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.

REALTORS® COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) 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.

(d) 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.

(e) Cash and Cash Equivalents

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

(f) 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.

(g) 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. CASH AND CASH EQUIVALENTS

The Foundation's bank accounts are held at one credit union.

Included in cash and cash equivalents is a redeemable GIC that matures in March 2024.

4. LONG-TERM INVESTMENTS

Long-term investments includes a Redeemable Guaranteed Investment Certificate (GIC) bearing interest at 2.50% (2022 - 0.80%) and maturing March 2024. This GIC was held as collateral against the Foundation's credit card, which has a limit of \$10,000.

REALTORS® COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2023	2022
Trade accounts payable	\$ 20,335	\$ 19,802

Included in accounts payable are government remittances of \$6,566 (2022 - \$1,303).

6. 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 and accrued liabilities.

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:

	2023	2022
Fixed income pooled funds	\$ 670,591	\$ 645,591
Income pooled funds	56,721	61,984
Canadian equity pooled funds	346,409	455,074
International equity and other pooled funds	574,126	586,072
	\$ 1,647,847	\$ 1,748,721

REALTORS® COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023

7. INTERNALLY RESTRICTED NET ASSETS

The Foundation has established a contingency surplus fund in the amount of \$20,000 (2022 - \$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, 2023, the Foundation has a disbursement excess carry-forward of approximately \$1,211,303 (2022 - \$1,022,353).

9. 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.

	2023	2022
Revenue	\$ 15,253	\$ 2,445
Raffle expense	(5,772)	-
Administration	(262)	(3)
Donations	-	(40,000)
	\$ 9,219	\$ (37,558)