

**REALTORS® Community
Foundation
Financial Statements
For the year ended March 31, 2019**

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Financial Statements
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Tel: 780-461-8000
Fax: 780-461-8800
www.bdo.ca

BDO Canada LLP
9897 34 Avenue NW
Edmonton AB T6E 5X9 Canada

Independent Auditor's Report

To the Members of
REALTORS® Community Foundation

Qualified Opinion

We have audited the financial statements of REALTORS® Community Foundation (the "Foundation"), which comprise the balance sheet as at March 31, 2019, and the statements of changes in net assets, 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, except for the possible effects of the matter 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, 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 Qualified Opinion

In common with many not-for-profit organizations, the Foundation derives revenue from donation and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of this revenue was limited to the amounts recorded in the records of the Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to general donations and fundraising revenue, excess (deficiency) of revenue over expenditures and cash flows from operations for the years ended March 31, 2019 and 2018, assets as at March 31, 2019 and 2018, and net assets as at April 1 and March 31 for both the 2019 and 2018 years. Our audit opinion on the financial statements for the year ended March 31, 2018 was modified accordingly because of the possible effects of this limitation in scope.

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 audit opinion.

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 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.



Independent Auditor's Report (continued)

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.



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.

BDO Canada LLP

Chartered Professional Accountants
Edmonton, Alberta
August 13, 2019

REALTORS® Community Foundation
Balance Sheet

March 31	2019	2018
Assets		
Cash	\$ 88,748	\$ 103,213
Marketable securities (cost \$1,419,964; 2018 - \$1,371,125) (Note 6)	1,551,140	1,467,757
Accounts receivable	4,756	79,682
Capital assets (Note 2)	4,969	4,969
	<u>\$ 1,649,613</u>	<u>\$ 1,655,621</u>
Liabilities		
Accounts payable and accrued liabilities	\$ 14,147	\$ 13,931
Net Assets		
Internally restricted	20,000	20,000
Invested in capital assets	4,969	4,969
Externally restricted - other fund	41,984	77,668
Unrestricted - general fund	1,568,513	1,539,053
	<u>1,635,466</u>	<u>1,641,690</u>
	<u>\$ 1,649,613</u>	<u>\$ 1,655,621</u>

Approved on behalf of the Board:

_____ President

_____ Past-President

The accompanying notes are an integral part of these financial statements.

REALTORS® Community Foundation
Statement of Changes in Net Assets

For the year ended	Balance March 31 2018	Excess (Deficiency) of Revenue over Expenditures	Balance March 31 2019
Internally restricted (Note 3)	\$ 20,000	\$ -	\$ 20,000
Invested in capital assets	4,969	-	4,969
Other fund (Note 4)	77,668	(35,684)	41,984
Unrestricted - general fund	1,539,053	29,460	1,568,513
Total net assets	\$ 1,641,690	\$ (6,224)	\$ 1,635,466

REALTORS® Community Foundation
Statement of Changes in Net Assets

For the year ended	Balance March 31 2017	Excess (Deficiency) of Revenue over Expenditures	Balance March 31 2018
Internally restricted (Note 3)	\$ 20,000	\$ -	\$ 20,000
Invested in capital assets	4,969	-	4,969
Other fund (Note 4)	80,674	(3,006)	77,668
Unrestricted - general fund	1,657,796	(118,743)	1,539,053
Total net assets	\$ 1,763,439	\$ (121,749)	\$ 1,641,690

The accompanying notes are an integral part of these financial statements.

REALTORS® Community Foundation
Statement of Operations

For the year ended March 31	General Fund	Externally Restricted Fund	2019	2018
Revenue				
Donations				
RAE	\$ 163,500	\$ -	\$ 163,500	\$ 162,688
General	19,176	450	19,626	14,275
We Care Program	58,525	-	58,525	54,821
Golf tournaments	8,082	-	8,082	5,667
In lieu of services	15,000	-	15,000	15,000
Investment				
Interest and dividends	33,484	876	34,360	41,687
Gain on sale of investments	21,064	-	21,064	34,845
Unrealized gain (loss) on investments	34,544	-	34,544	(54,377)
Casino	-	-	-	74,978
Theme Event Activity	23,168	-	23,168	13,223
Santa's Auction	45,354	-	45,354	45,361
	421,897	1,326	423,223	408,168
Expenditures				
Administration	115,606	10	115,616	192,477
Bad debts	302	-	302	5,134
Donations	218,000	37,000	255,000	256,103
Investment fees	10,698	-	10,698	10,555
Miscellaneous	-	-	-	7,083
Professional fees	31,680	-	31,680	34,716
Santa's Auction	2,254	-	2,254	14,106
Theme Event Activity	13,897	-	13,897	9,743
	392,437	37,010	429,447	529,917
Excess (deficiency) of revenue over expenditures	\$ 29,460	\$ (35,684)	\$ (6,224)	\$ (121,749)

The accompanying notes are an integral part of these financial statements.

REALTORS® Community Foundation
Statement of Cash Flows

For the year ended March 31	General Fund	Externally Restricted Fund	2019	2018
Cash flows from operating activities				
Cash received from donors and fundraising activities	\$ 313,862	\$ 73,189	\$ 387,051	\$ 325,456
Cash paid to suppliers and employees	(371,091)	(37,010)	(408,101)	(541,510)
Investment income received	33,484	876	34,360	41,687
Gain on sale of investments	21,064	-	21,064	34,845
	<u>(2,681)</u>	<u>37,055</u>	<u>34,374</u>	<u>(139,522)</u>
Unrealized gain (loss) on investments	<u>34,544</u>	<u>-</u>	<u>34,544</u>	<u>(54,377)</u>
Increase (decrease) in cash and cash equivalents	31,863	37,055	68,918	(193,899)
Cash and cash equivalents, beginning of year	<u>1,566,041</u>	<u>4,929</u>	<u>1,570,970</u>	<u>1,764,869</u>
Cash and cash equivalents, end of year	\$ 1,597,904	\$ 41,984	\$ 1,639,888	\$ 1,570,970
Represented by				
Cash	\$ 46,764	\$ 41,984	\$ 88,748	\$ 103,213
Marketable securities	1,551,140	-	1,551,140	1,467,757
	<u>\$ 1,597,904</u>	<u>\$ 41,984</u>	<u>\$ 1,639,888</u>	<u>\$ 1,570,970</u>

The accompanying notes are an integral part of these financial statements.

REALTORS® Community Foundation

Notes to Financial Statements

March 31, 2019

Nature of Operations

REALTORS® Community Foundation (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.

1. Summary of Significant Accounting Policies

Accounting Estimates

The preparation of financial statements in accordance 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, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenditures during the reported period. These estimates are reviewed periodically and are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Investment in Marketable Securities

The Foundation has investments in pooled funds representing money market instruments, fixed income instruments and shares of public companies. These investments are all highly liquid and are collectively entitled marketable securities.

Marketable securities are recorded at market value.

Capital Assets

Capital assets are stated at cost less accumulated amortization and consist of the Donor Wall (including plaques). Donor Wall plaques are fully amortized when the plaques are used.

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.

REALTORS® Community Foundation
Notes to Financial Statements

March 31, 2019

1. Summary of Significant Accounting Policies (continued)

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.

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 recognized in these financial statements.

Financial Instruments

The Foundation initially measures its financial assets and liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

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

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in operations.

Cash and Cash Equivalents

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

2. Capital Assets

	2019		2018	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Donor Wall	\$ 22,065	\$ 17,096	\$ 22,065	\$ 17,096
Net book value		\$ 4,969		\$ 4,969

REALTORS® Community Foundation Notes to Financial Statements

March 31, 2019

3. Internally Restricted Net Assets

The Foundation has established a contingency surplus fund in the amount of \$20,000 (2018 - \$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.
-

4. 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 and Liquor Commission and by specific donors.

5. Disbursement Quota

In order to maintain its status as a charitable foundation, 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 quotas. At March 31, 2019, the Foundation has a disbursement excess carryforward of approximately \$1,068,648 (2018 - \$1,193,521).

6. Financial Instrument Risks

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

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 is exposed to credit risk resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations; if there is a concentration of transactions carried out with the same counterparty; or of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions. The Foundation is exposed to credit risk as it maintains all its bank accounts at a single financial institution. Balances in these accounts may exceed federally insured amounts.

REALTORS® Community Foundation
Notes to Financial Statements

March 31, 2019

6. Financial Instrument Risks (continued)

Market/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:

	<u>2019</u>	<u>2018</u>
Fixed income pooled funds	\$ 669,942	\$ 664,021
Income pooled funds	328,014	313,568
Canadian Equity pooled funds	57,782	55,090
International Equity and other pooled funds	<u>495,402</u>	<u>435,078</u>
	<u>\$ 1,551,140</u>	<u>\$ 1,467,757</u>

7. Comparative Figures

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year deficiency of revenue over expenditures for the year or the fund balances.
