

FINANCIAL STATEMENTS

2021-

2022

Centraide of Greater Montreal Foundation

March 31, 2022



FOUNDATION

Centraide
of Greater Montreal

TABLE OF CONTENTS

Independent Auditor's Report	3
Statement of Operations and Changes in Fund Balance	7
Statement of Financial Position	8
Statement of Cash Flows	9
Notes to the Financial Statements	10

Independent Auditor's Report

To the members of the Centraide of Greater Montreal Foundation

OPINION

We have audited the financial statements of the Centraide of Greater Montreal Foundation, which include the statement of financial position as of March 31, 2022, and the statements of operations and changes in fund balances and cash flows for the year then ended, as well as the accompanying notes, including the summary of significant accounting policies (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Centraide of Greater Montreal Foundation as of March 31, 2022, 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 (ASNPO).

BASIS FOR OPINION

We conducted our audit in accordance with Canadian generally accepted auditing standards (“Canadian GAAS”). 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 Centraide of Greater Montreal 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 ASNPO, 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 Centraide of Greater Montreal 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 Centraide of Greater Montreal Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Centraide of Greater Montreal 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 not a guarantee that an audit conducted in accordance with Canadian GAAS 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 GAAS, 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 Centraide of Greater Montreal 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 Centraide of Greater Montreal 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 Centraide of Greater Montreal Foundation to cease to continue as a going concern.

FINANCIAL STATEMENTS (CONTINUED) — MARCH 31, 2022

Centraide of Greater Montréal Foundation

- 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.

June 14th, 2022

Deloitte LLP

¹CPA auditor, public accountancy permit No. A120628

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

Year ended
— MARCH 31, 2022

Centraide of Greater Montréal Foundation

	Notes	Operations Fund		Endowment Fund		Total	
		2022	2021	2022	2021	2022	2021
		\$	\$	\$	\$	\$	\$
REVENUE							
Mutual funds							
Realized investment income		3,924,603	3,581,497	—	—	3,924,603	3,581,497
Unrealized change in fair value of investments		(2,643,830)	6,110,754	—	—	(2,643,830)	6,110,754
Bequests	1	972,210	1,447,705	17,174	17,174	989,384	1,464,879
Gain on disposal of assets		55,000	5,256,841	—	—	55,000	5,256,841
Other income		11,585	3,671	—	—	11,585	3,671
		2,319,568	16,400,468	17,174	17,174	2,336,742	16,417,642
EXPENSES							
Management and custody fees		463,806	394,630	—	—	463,806	394,630
Bequests operating expenses		475,882	409,113	17,174	17,174	493,056	426,287
Costs related to the disposal of assets		3,162	183,942	—	—	3,162	183,942
Others		77,859	95,395	—	—	77,859	95,395
		1,020,709	1,083,080	17,174	17,174	1,037,883	1,100,254
Excess of revenue over expenses before donation to Centraide of Greater Montreal		1,298,859	15,317,388	—	—	1,298,859	15,317,388
Donation to Centraide of Greater Montreal	6	1,647,609	1,549,160	—	—	1,647,609	1,549,160
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES		(348,750)	13,768,228	—	—	(348,750)	13,768,228
Fund balance, beginning of year		7,292,149	1,082,380	44,531,424	36,972,965	51,823,573	38,055,345
Transfer of bequests		(972,210)	(1,447,705)	972,210	1,447,705	—	—
Transfer of the unrealized change in fair value of investments		2,643,830	(6,110,754)	(2,643,830)	6,110,754	—	—
FUND BALANCE, END OF YEAR	5	8,615,019	7,292,149	42,859,804	44,531,424	51,474,823	51,823,573

The accompanying notes form an integral part of the financial statements.

STATEMENT OF FINANCIAL POSITION

Centraide of Greater Montréal Foundation

— As at MARCH 31, 2022

	Notes			2022	2021
		Fonds d'opérations	Fonds de dotation	Total	Total
		\$	\$	\$	\$
ASSETS					
Cash		328,424	—	328,424	255,994
Interfund receivables*		8,989,485*	—	—	—
Accounts receivable		3,157	—	3,157	779,825
Investments	3	—	51,319,648	51,319,648	50,479,706
Other investments	4	—	529,641	529,641	336,470
		9,321,066	51,849,289	52,180,870	51,851,995
LIABILITIES					
Accounts payable and accrued liabilities	6	706,047	—	706,047	28,422
Interfund payable*		—	8,989,485	—	—
		706,047	8,989,485*	706,047	28,422
Commitment	8				
FUND BALANCES					
Externally restricted – Endowment		—	3,125,663	3,125,663	3,125,663
Unrealized gain on investments		—	2,941,261	2,941,261	5,585,091
Internally restricted		—	36,792,880	36,792,880	35,820,670
Unrestricted		8,615,019	—	8,615,019	7,292,149
		8,615,019	42,859,804	51,474,823	51,823,573
		9,321,066	51,849,289	52,180,870	51,851,995

*These elements are not presented in the "Total" column as they are eliminated.
The accompanying notes form an integral part of the financial statements.

On behalf of the Board



Nathalie Bernier, Chair of the Board of Directors



Marie Hélène Noiseux, Treasurer

STATEMENT OF CASH FLOWS

Year ended
— MARCH 31, 2022

Centraide of Greater Montréal Foundation

	2022	2021
	\$	\$
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	(348,750)	13,768,228
Adjustments for:		
Variation of the unrealized change in fair value of the investments	2,643,830	(6,110,754)
Gain on disposal of assets	-	(5,256,841)
Donation of participation in the capital of a trust	(8,480)	(336,470)
	2,286,600	2,064,163
Changes in non-cash operating working capital items		
Accounts receivable	776,668	(774,451)
Accounts payable and accrued liabilities	677,625	(3,588,330)
	3,740,893	(2,298,618)
INVESTMENT ACTIVITIES		
Acquisition of investments	(3,483,772)	(3,188,139)
Increase in participation in the Investment Fund of the Initiative Immobilière Communautaire du Grand Montréal	(184,691)	(0)
Proceeds on disposal of assets	-	5,600,000
	(3,668,463)	2,411,861
Net increase in cash	72,430	113,243
Cash, beginning of year	255,994	142,751
CASH, END OF YEAR	328,454	255,994

The accompanying notes form an integral part of the financial statements.

01 Status and nature of activities

The purpose of the Centraide of Greater Montreal Foundation (the “Foundation”), established under Part III of *The Companies Act* (Québec), is to collect donations, bequests or other contributions, to manage its assets and remit to Centraide of Greater Montreal all net proceeds of activities generated by the capital thus constituted, without, however, starting it. The Foundation is recognized as a registered charity within the meaning of the *Income Tax Act*.

On April 1, 2002, the Red Feather Foundation merged with the Foundation. The Merger Agreement states, among other things, that the Foundation must ensure the perpetuity of the name of the Red Feather Foundation by creating the Red Feather Fund, and that this fund must consist of the initial capital transferred and other future testamentary bequests of which the Red Feather Foundation is the beneficiary.

02 Accounting policies

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

Adoption of the amendments made to Section 3856, ‘Financial Instruments’, regarding financial instruments originated or exchanged in a related party transaction.

On April 1, 2021, the Foundation adopted the amendments to Section 3856, “Financial Instruments”, of the *CPA Canada Handbook* (“Section 3856”) regarding financial instruments originated or exchanged in a related party transaction.

These amendments to Section 3856 provide instructions on measuring a financial instrument arising from a related party transaction. These amendments require financial instruments to be initially measured at cost. The cost of a financial instrument issued in a related party transaction depends on whether the instrument has repayment terms.

02. Accounting policies (continued)

The adoption of these amendments had no material impact on the information to provide nor on the amounts recorded in the Foundation's financial statements during the reporting period.

ACCOUNTING BY FUND

The Foundation uses the restricted fund method to account for its activities:

Operations Fund

According to the agreement between the Foundation and Centraide of Greater Montreal dated May 26, 1980, the Operations Fund consolidates the ongoing activities of the Foundation. The balance of the Operations Fund is the return generated by the assets that the Foundation owns and is to be used to benefit Centraide of Greater Montreal.

Endowment Fund

The Endowment Fund was established to accumulate funds to ensure a contribution to Centraide of Greater Montreal. Endowments, which represent donations received by third parties, cannot be spent; only usufruct can be spent. Internal allocations represent transfers of gifts and legacies from the Operations Fund. These amounts may not be used without the authorization of the Board of Directors.

The Endowment Fund also includes unrealized gain (loss) of investments related to the endowments up to the time it is realized.

02. Accounting policies (continued)

REVENUE RECOGNITION

Contributions are recorded in the fiscal year in which they are received. Promises of contributions are accounted for when they are cashed out.

Participation in the Investment Fund of the Initiative Immobilière Communautaire du Grand Montréal.

The Foundation uses the cost method to account for its participation in the Investment Fund of the Initiative Immobilière Communautaire du Grand Montréal.

FINANCIAL INSTRUMENTS

Initial measurement

Financial assets and liabilities originated or exchanged in arm's length transactions are initially measured at fair value when the Foundation becomes a party to the contractual arrangements of the financial instrument. Financial instruments originated or exchanged in related party transactions are initially measured at cost.

The cost of a financial instrument issued in a related party transaction depends on whether the instrument has repayment terms. When the financial instrument has repayment terms, the cost is determined using the undiscounted cash flows (excluding interest and dividend payments) less any impairment losses previously recognized by the transferor. When there are no repayment terms, the cost is determined using the consideration transferred or received by the Foundation as part of the transaction.

02. Accounting policies (continued)

Financial instruments (continued)

Subsequent measurement

All financial instruments are measured using amortized cost, except for investments, which are recorded at fair value at the balance sheet date.

Changes in the fair value, which include interest earned, accrued interest, realized gains and losses, and unrealized gains and losses, are included in the investment income.

Transaction costs

The transaction cost is recorded as the increase in the carrying value of the asset or the decrease in the carrying value of the liability and is then determined for the expected life of the instrument using the straight-line method. Any discount or premium related to an instrument measured at cost after amortization is amortized over the expected life of the instrument using the straight-line amortization method and accounted for in the statement of operations and changes in fund balance as revenue or expense.

Depreciation

In the statement of operations and changes in fund balance, the Foundation accounts for a loss of value, if any, when it notices a significant adverse change in the expected amount or timing of future cash flows during the calendar period. When the amount of the depreciation of a previously depreciated asset is reduced and this reduction can be connected to an event preceding the calculation of the impairment loss, the already calculated impairment loss is subject to a reversal in the statement of operations and changes in fund balance for the year when the reversal took place.

02. Accounting policies (continued)

USE OF ESTIMATES

During the preparation of financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

03 Investments

The Foundation, in conjunction with other public and private foundations in Greater Montreal, participated in the creation of The Foundation of Greater Montreal in 1999. The goals of the Foundation of Greater Montreal are to raise and distribute funds through donations, primarily through bequests or public endowment funds, to promote social, arts and culture, education, health and the environment. In addition, The Foundation of Greater Montreal manages funds entrusted to it for management purposes. As of March 31, 2022, all of the Foundation's investments are managed by The Foundation of Greater Montreal.

The Foundation holds 44,929.8718 units (42,056.5507 units in 2021) of the Foundation of Greater Montreal Investment Fund.

NOTES TO THE FINANCIAL STATEMENTS

Centraide of Greater Montréal Foundation

(CONTINUED) — MARCH 31, 2022

04 Other investments

	2022	2021
	\$	\$
Participation in the capital of a trust	344,750	336,270
Immobilière Communautaire du Grand Montréal (note 8)	184,891	200
	529,641	336,470

05 Balance of the Endowment Fund

The balance of the Endowment Fund is divided as follows:

	2022	2021
	\$	\$
Centraide Foundation Fund	39,254,368	40,595,186
Red Feather Fund	3,253,731	3,559,954
Other Funds	351,705	376,284
	42,859,804	44,531,424

NOTES TO THE FINANCIAL STATEMENTS

Centraide of Greater Montréal Foundation

(CONTINUED) — MARCH 31, 2022

06 Related party transactions

Centraide of Greater Montreal, a related organization, is a registered charity established under Part III of *The Companies Act* (Québec) and is intended to collect donations from the public in order to promote, in the social field, sharing and voluntary and community involvement. Centraide of Greater Montreal is related to the Foundation as it is Centraide of Greater Montreal that recommends the members of the Foundation's Board of Directors.

During the year, the transactions between the Foundation and Centraide of Greater Montreal were:

	2022	2021
	\$	\$
EXPENSES		
Administrative fees	50,000	50,000
Donations – Capital Asset Fund	647,609	525,349
Donations – Development Fund	1,000,000	1,023,811

Accounts receivable include an amount receivable of nil (\$765,462 in 2021) from Centraide of Greater Montreal.

Accounts payable and accrued liabilities include an amount payable to Centraide of Greater Montreal of \$672,984 (zero value in 2021).

These transactions took place in the normal course of business and are measured at the exchange value, which is the amount of consideration established and accepted by the related parties.

07 Financial instruments

Because of its financial assets, the Foundation is subject to the following risks related to the use of financial instruments:

MARKET RISK

Market risk is the risk of loss arising from volatility in securities prices, interest rates and exchange rates. The Foundation is exposed to market risk due to its investment activities. The level of risk to which the Foundation is exposed varies according to market conditions and the composition of the assets.

a) Interest rate risk

A portion of the investments of The Foundation of Greater Montreal Investment Fund in which the Foundation holds units is invested in fixed income funds that hold fixed interest bearing debentures and bonds at a fixed rate. Therefore, a change in the market interest rate will ultimately affect the fair value of the shares held by the Foundation.

b) Currency risk

A portion of the investments of the Foundation and of the investments of The Foundation of Greater Montreal Investment Fund in which the Foundation holds units is invested in shares and units in mutual funds of foreign shares. These investments are therefore exposed to currency fluctuations, which will ultimately affect the fair value of the units held by the Foundation. The same applies to income earned on these investments.

CREDIT RISK

Credit risk arises from the fact that a portion of the investments of The Foundation of Greater Montreal Investment Fund in which the Foundation holds units is invested in fixed income funds holding bonds and debentures. As a result, there is a risk that an issuer of bonds or debentures will not meet its obligations to a fixed income fund, which would ultimately affect the assets of the Foundation.

NOTES TO THE FINANCIAL STATEMENTS

Centraide of Greater Montréal Foundation

(CONTINUED) — MARCH 31, 2022

08 Commitment

On March 2, 2021, the Foundation, as a sponsor with 6 other limited partners, as well as a general partner, entered into a limited partnership (LP) agreement. In the long term, the Foundation has committed to invest \$1,250,000. As at March 31, 2022, the Foundation has committed \$1,065,109. The total commitment of all sponsors is \$16,950,000. The LP's mission is to respond to the growing difficulties of community organizations in accessing affordable premises in Greater Montreal by financing the acquisition, renovation or construction of buildings or commercial spaces that allow community organizations to access the property of their premises.

09 Previous year's figures

Some figures from the 2021 fiscal year were recategorized in keeping with the new presentation adopted for 2022.



FOUNDATION
Centraide
of Greater Montreal



**CENTRAIDE'S MISSION IS TO GIVE EVERYONE THE CHANCE TO
IMPROVE THE LIVING CONDITIONS OF THE MOST VULNERABLE
PEOPLE WHILE BUILDING INCLUSIVE COMMUNITIES.**

Centraide of Greater Montreal
493 Sherbrooke Street West, Montreal, Quebec H3A 1B6