

**Mission Community Foundation**

**FINANCIAL STATEMENTS**

**December 31, 2022**

**Mission Community Foundation  
December 31, 2022**

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**INDEPENDENT AUDITOR'S REPORT**

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To the Members of Mission Community Foundation

*Opinion*

I have audited the financial statements of Mission Community Foundation (the Foundation), which comprise the statement of financial position as at December 31, 2022, and the statement of operations and changes in net assets, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2022, and its results of operations and its cash flows for the year then ended in accordance with the Canadian accounting standards for not-for-profit organizations.

*Basis for Opinion*

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Foundation in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 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 relating 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*

My 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 my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 a significant doubt on the Foundations ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

I 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 I identify during my audit.

Mission, British Columbia  
November 16, 2023

A. Stephen Pomeroy Ltd.  
Chartered Professional Accountant



Mission Community Foundation

Statement of Financial Position

December 31, 2022

|  | 2022        | 2021        |
|--|-------------|-------------|
| <b>Assets</b>  |             |             |
| Current assets:  |             |             |
| Cash   | \$276,165   | \$95,778    |
| Accounts receivable                                    | 12,096      | 700         |
| GST rebate receivable                                  | 1,936       | 2,080       |
| Prepaid expense  | 4,920       | 7,671       |
|  | <hr/>       | <hr/>       |
|  | 295,117     | 106,229     |
| Investments, measured at fair value (notes 2(c), 3, 7) | 7,720,789   | 5,092,194   |
| Capital assets (note 5)                                | 430         | 538         |
|  | <hr/>       | <hr/>       |
|  | \$8,016,336 | \$5,198,961 |

**Liabilities**

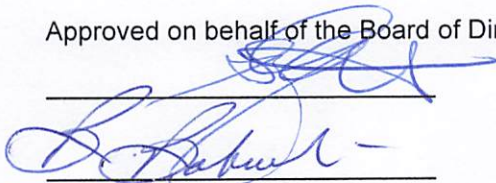
Current liabilities

|                  |           |          |
|------------------|-----------|----------|
| Accounts payable | \$ 29,453 | \$22,577 |
|                  | <hr/>     | <hr/>    |
|                  | 29,453    | 22,577   |

**Net Assets**

|   |              |              |
|---|--------------|--------------|
| General fund                            | 380,793      | 294,589      |
| Invested in capital assets              | 430          | 538          |
| Restricted distributable funds (note 8) | 156,485      | 1,025,274    |
| Restricted endowment funds              | 7,449,175    | 3,855,983    |
|   | <hr/>        | <hr/>        |
| Net assets                              | 7,986,883    | 5,176,384    |
|   | <hr/>        | <hr/>        |
|   | \$ 8,016,336 | \$ 5,198,961 |

Approved on behalf of the Board of Directors:



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See accompanying notes to financial statements.

**Mission Community Foundation**

**Statement of Operations and Changes in Net Assets**

**Year ended December 31, 2022**

|  | <b>General<br/>Fund</b> | <b>Capital<br/>Asset</b> | <b>Restricted<br/>Distributable</b> | <b>Restricted<br/>Endowment</b> | <b>Total<br/>2022</b> | <b>Total<br/>2021</b> |
|--|-------------------------|--------------------------|-------------------------------------|---------------------------------|-----------------------|-----------------------|
| <b>Revenue:</b>                              |                         |                          |                                     |                                 |                       |                       |
| Investment (loss) (note 6)                   | \$ 3,941                | \$ -                     | \$ (541,254)                        | \$ -                            | \$ (537,313)          | \$ 518,491            |
| Donations and Bequests                       | 81,435                  | -                        | 13,438                              | 3,576,826                       | 3,671,699             | 104,878               |
|  | <b>85,376</b>           | <b>-</b>                 | <b>(527,816)</b>                    | <b>3,576,826</b>                | <b>3,134,386</b>      | <b>623,369</b>        |
| <b>Expenses:</b>                             |                         |                          |                                     |                                 |                       |                       |
| <b>Operations</b>                            |                         |                          |                                     |                                 |                       |                       |
| Amortization                                 | -                       | 108-                     | -                                   | -                               | 108                   | 134                   |
| Audit and legal                              | 13,901                  | -                        | -                                   | -                               | 13,901                | 12,053                |
| Awards and grants                            | -                       | -                        | 174,260                             | -                               | 174,260               | 229,212               |
| Bank charges and interest                    | 143                     | -                        | -                                   | -                               | 143                   | 211                   |
| Insurance                                    | 1,975                   | -                        | -                                   | -                               | 1,975                 | 1,555                 |
| Investment management fees                   | 3,493                   | -                        | 55,051                              | -                               | 58,544                | 50,320                |
| Meetings                                     | 527                     | -                        | -                                   | -                               | 527                   | 94                    |
| Office and miscellaneous                     | 22,648                  | -                        | -                                   | -                               | 22,648                | 1,847                 |
| Public relations                             | 5,811                   | -                        | 689                                 | -                               | 6,500                 | 4,876                 |
| Rent   | -                       | -                        | -                                   | -                               | -                     | 194                   |
| Subcontract                                  | 11,887                  | -                        | -                                   | -                               | 11,887                | 4,028                 |
| Wages and benefits                           | 33,394                  | -                        | -                                   | -                               | 33,394                | 31,266                |
|  | <b>93,779</b>           | <b>108</b>               | <b>230,000</b>                      | <b>-</b>                        | <b>323,887</b>        | <b>335,790</b>        |
| Excess (deficiency) of revenue over expenses | (8,403)                 | (108)                    | (757,816)                           | 3,576,826                       | 2,810,499             | 287,579               |
| Net Assets, beginning of year                | 294,589                 | 538                      | 1,025,274                           | 3,855,983                       | 5,176,384             | 4,888,805             |
| Administrative levy                          | 101,521                 | -                        | (101,521)                           | -                               | -                     | -                     |
| Fund Transfers                               | ( 6,914)                | -                        | (9,452)                             | 16,366                          | -                     | -                     |
|  | <b>\$ 380,793</b>       | <b>\$ 430</b>            | <b>\$ 156,845</b>                   | <b>\$ 7,449,175</b>             | <b>\$ 7,986,883</b>   | <b>\$5,176,384</b>    |

See accompanying notes to financial statements.

**Mission Community Foundation**

**Statement of Cash Flows**

**Year ended December 31, 2022**

|   | <b>2022</b>  | <b>2021</b> |
|---|--------------|-------------|
| <hr/>   |              |             |
| Cash provided by (used in):   |              |             |
| Operating activities:   |              |             |
| Excess of revenue over expenses   | \$ 2,810,499 | \$ 287,579  |
| Items not affecting cash:   |              |             |
| Amortization of assets  | 108          | 134         |
| Unrealized loss (gain) and other non-cash items in investments          | 593,735      | (467,243)   |
| Net changes in non-cash working capital balances relating to operations |              |             |
| Decrease (Increase) in Accounts receivable                              | (11,396)     | 4,300       |
| Decrease (Increase) in GST receivable                                   | 144          | (428)       |
| Decrease (Increase) in prepaid expense                                  | 2,751        | (7,671)     |
| Increase (Decrease) in Accounts payable                                 | 6,876        | (1,929)     |
|   | <hr/>        | <hr/>       |
|   | 3,402,717    | (185,258)   |
| Investing activities  |              |             |
| Net withdrawals (additions) from/to investments                         | (3,222,330)  | 213,586     |
|   | <hr/>        | <hr/>       |
| Increase in cash during the year  | 180,387      | 28,328      |
|   | <hr/>        | <hr/>       |
| Cash and equivalents, beginning of year                                 | 95,778       | 67,450      |
|   | <hr/>        | <hr/>       |
| Cash, end of year   | \$ 276,165   | \$ 95,778   |
|   | <hr/>        | <hr/>       |

See accompanying notes to financial statements.

## **Mission Community Foundation**

### **Notes to Financial Statements**

**December 31, 2022**

#### **1. Description of Operations**

Mission Foundation was established by an act of the British Columbia Legislature on June 19, 1987. On May 8, 2007 the foundation changed its name from Mission Foundation to Mission Community Foundation. Mission Community Foundation is a registered charity under the Income Tax Act of Canada. As a registered charity the society is exempt from income tax and can issue charitable donation receipts.

Mission community Foundation collects funds from the community and manages these funds, using the income for the benefit of the citizens of the Mission area, in the fields of education, recreation, culture and humanities.

#### **2. Significant accounting policies and basis of presentation:**

**Basis of presentation:** The financial statements of the Foundation have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

##### **(a) Fund accounting:**

Mission Community Foundation follows the restricted fund method of accounting for contributions.

For financial reporting purposes, the accounts have been classified into the following funds:

##### **(1) General Fund:**

The general fund accounts for the organization's program delivery and administrative activities as well as receipts and awards unrelated to the restricted endowment fund.

##### **(2) Capital Asset Fund:**

This fund accounts for the assets, liabilities, revenues and expenses related to Mission Community Foundation's capital assets.

##### **(3) Restricted Endowment Funds:**

The restricted endowment fund accounts for amounts contributed for endowment. Investment income earned on the resources of the Endowment Fund is reported in the Restricted Distributable Fund

##### **(4) Restricted Distributable Funds:**

The restricted distributable fund accounts for amounts that are intended to be distributed in accordance with the terms of the endowment.

Inter-fund transfers are recorded in the statement of changes in Net Assets.



## **Mission Community Foundation**

### **Notes to Financial Statements**

**December 31, 2022**

#### **Significant accounting policies:**

##### **(b) Measurement uncertainty and management estimates**

The preparation of financial statement in conformity with Canadian generally accepted 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 such financial statements and the reported amount of revenues and expense during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in the earnings in the period in which they become known. Management believes that the estimates utilized in preparing these financial statements are reasonable; however, actual results could differ from these estimates.

##### **(c) Investments and investment policy:**

Investments are recorded at fair values determined, on a trade date basis, on the last business day of the fiscal period.

The organization seeks to achieve a rate of return consistent with a diversified investment portfolio. The foundation has a moderate risk tolerant profile to balance the protection of investment capital against market risk on one hand, and the objectives of producing income and capital appreciation on the other. Accordingly, there will be volatility in the portfolios return. The policy is to fully invest the portfolio at all times. The portfolio has an asset allocation of 40% fixed income. 55% equity and 5% cash. The allocation is reviewed and adjusted quarterly.

##### **(d) Capital Assets:**

Capital assets costing more than \$500 are stated at purchased cost. Contributed capital assets with Fair Value over \$500 are recorded at fair value at the date of contribution. Capital assets are amortized over their estimated useful lives at the following rates using the declining balance method.

|                                |     |
|--------------------------------|-----|
| Office furniture and equipment | 20% |
|--------------------------------|-----|

The Foundation regularly reviews its capital assets to eliminate obsolete items. In the year of acquisition, amortization is taken at one-half the usual rate.

##### **(e) Revenue Recognition:**

Mission Community Foundation follows the restricted fund method of accounting for contributions.

Restricted contributions are recognized as revenue when they are received or receivable provided the amounts are measurable and collection is reasonably assured.

Unrestricted contributions are recorded as revenue of the general fund when received or receivable, provided the amounts are measurable and collection is reasonably assured.

In the normal course of operations, the Foundation receives notification of pending Estate gifts. Estate gifts, including bequests, are recorded as revenue upon their receipt. Bequests in a form other than cash or marketable securities are recorded at fair value at the time of receipt.

Investment income earned on restricted funds is recognized on an accrual basis as revenue of the applicable restricted fund in accordance with the terms of the restricted contribution.

**Mission Community Foundation**

**Notes to Financial Statements**

**December 31, 2022**

**Significant accounting policies:**

**(f) Grants:**

Grants are recorded when paid by the Foundation.

**(g) Donated services:**

Volunteers contribute a significant amount of their time each year. Because of the difficulty in determining the fair value of the services, contributed services are not recorded in the financial statements.

**(h) Financial Instruments:**

The Foundation's financial instruments consist of cash and cash equivalents, accrued investment income receivable, accounts receivable, investments (bonds, common shares, and mutual funds), accounts payable and accrued liabilities.

Transaction costs are expensed as incurred on financial instruments.

Cash, cash equivalents, and investments are recorded at their fair value determined, on a settlement basis, on the last business day of the fiscal period. Accounts receivable, accrued investment income receivable, accounts payable and accrued liabilities are recorded at amortized cost. For items carried at amortized cost, the fair value approximates the carrying value in the financial statements, due to their short-term nature.

**(i) Comparative Figures:**

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

**(j) Related party transactions:**

Related party transactions in the normal course of business are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

## **Mission Community Foundation**

### **Notes to Financial Statements**

**December 31, 2022**

#### **3. Investments**

The Foundation's Investments are carried at fair value in accordance with the significant accounting policy disclosed in note 2 (c).

#### **4. Financial risk management:**

The foundation has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The foundation adheres to an Investment policy, which is approved by the Board of Directors. This policy prescribes limits for the mix of investment held by the foundation. The Board of Directors has overall responsibility for the establishment and oversight of the Foundation's risk management framework.

The Foundation uses the services of a professional financial advisor to advise on investment and risk management matters.

The credit risk, liquidity risk and market risk have not significantly changed during the year.

##### **Credit Risk**

Credit risk is the risk of financial loss to the Foundation if a counterparty to the financial instrument fails to meet its contractual obligations. The Foundation's investments in short-term investments, long-term investments, bonds and debentures are subject to credit risk. The maximum exposure to credit risk on these instruments is their carrying value. The Foundation manages the risk by limiting the credit exposure allowed by the investment manager. The investment policy of the Foundation mandates that all fixed income assets shall be of investment grade credit quality at the time of purchase. The treatment of investments which subsequently become rated below investment grade will be at the Investment Committee's discretion. Investment in non-investment grade assets within the fixed income asset class in excess of 10% of the total fixed income portfolio will require the approval of the Executive Board.

##### **Liquidity risk**

Liquidity risk is that the Foundation will not be able to meet its financial obligations as they fall due. The majority of the Foundation's assets are investments traded in active markets that can be readily liquidated and therefore the Foundation's liquidity risk is considered minimal. In addition, the Foundation aims to retain a sufficient cash position to manage liquidity.

##### **Market risk**

Market risk is the risk that changes in market prices, as a result in foreign exchange rates, interest rates and equity prices will affect the foundation's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control risk exposures within acceptable parameters, while maximizing return.

##### **Currency risk**

Investments in foreign securities are exposed to currency risk due to fluctuations in foreign exchange rates.

The foundation is exposed to currency risk on its foreign market common stock, its foreign market bonds and its multi strategy funds as the prices denominated in foreign currencies are converted to

**Mission Community Foundation**

**Notes to Financial Statements**

**December 31, 2022**

**4. Financial risk management- continued**

Canadian dollars in determining fair value. The control of currency risk is at the discretion of the asset manager subject to the Foundation's investment policy benchmarks of Canadian Equities 20% of the portfolio, US Equities 20% of the portfolio and International Equities 15% of the portfolio. The geographic distribution of the fixed income class is at the discretion of the investment manager.

**Interest rate risk**

Interest rate risk relates to the risk that changes in interest rates will affect the fair value or future cash flows of financial instruments held by the foundation.

Duration is the most common measure of the sensitivity of the price of a bond to change in interest rates. The investment in investments subject to interest rate risk is varied in duration at the discretion of the investment manager to reflect the investment manager's outlook for interest rates.

**5. Capital Assets**

|                  |          |                             | <b>2022</b>       | <b>2021</b>       |
|------------------|----------|-----------------------------|-------------------|-------------------|
|                  | Cost     | Accumulated<br>Amortization | Net Book<br>Value | Net Book<br>Value |
| Office equipment | \$ 4,192 | 3,762                       | 430               | 538               |
|                  | \$ 4,192 | 3,762                       | 430               | 538               |

**6. Revenue**

|   | <b>2022</b>  | <b>2021</b> |
|---|--------------|-------------|
| Revenue                                     |              |             |
| Realized gain (loss) on sale of investments | \$ 20,044    | 231,009     |
| Interest income                             | 1,358        | 19,256      |
| Other investment income (loss)              | (558,715)    | 268,226     |
|   | \$ (537,313) | 518,491     |

**Mission Community Foundation**

**Notes to Financial Statements**

**December 31, 2022**

**7. Investments**

|                        | <b>2022</b>  | <b>2021</b>  |
|------------------------|--------------|--------------|
| <hr/>                  |              |              |
| Investments            |              |              |
| Cost                   | \$ 7,686,457 | \$ 4,173,941 |
| Unrealized gain        | 34,332       | 918,253      |
| Fair value (note 2(h)) | \$ 7,720,789 | \$ 5,092,194 |
| <hr/>                  |              |              |

**8. Restricted distributable funds**

The foundation has internally restricted a portion of the distributable funds as a stabilization reserve to allow for distributions even when the market is not providing positive returns.

|                                      | <b>2022</b> | <b>2021</b>  |
|--------------------------------------|-------------|--------------|
| <hr/>                                |             |              |
| Stabilization reserve                | \$ 156,485  | \$ 640,608   |
| Other restricted distributable funds | -           | 384,666      |
|                                      | \$ 156,485  | \$ 1,025,274 |
| <hr/>                                |             |              |