

**Philanthropic Foundations Canada**  
**Financial Statements**  
**December 31, 2023**

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## Independent Auditor's Report

To the Members of  
Philanthropic Foundations Canada

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### Opinion

We have audited the financial statements of Philanthropic Foundations Canada (hereafter "the Organization"), which comprise the statement of financial position as at December 31, 2023, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2023, 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 opinion

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 Organization 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.

### Other matter – comparative information audited by a predecessor auditor

The financial statements of the Organization for the year ended December 31, 2022 were audited by another auditor who expressed an unmodified opinion on those statements on May 9, 2023.

### 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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 Organization'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 Organization'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 Organization 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.

*Raymond Chabot Grant Thornton LLP<sup>1</sup>*

Montréal  
May 9, 2024

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<sup>1</sup> CPA auditor, public accountancy permit no. A131601

# Philanthropic Foundations Canada Operations

Year ended December 31, 2023

	<u>2023</u>	<u>2022</u>
	\$	\$
<b>Revenues</b>		
Contributions (Note 3)	572,877	422,672
Membership fees	896,620	854,642
Conference	18,123	355,537
Services	32,585	
Interest	45,312	17,871
	<u>1,565,517</u>	<u>1,650,722</u>
<b>Expenses (Note 4 and Note 12)</b>		
Member engagement and communications	369,988	314,229
Learning and collaboration	351,752	682,718
Public affairs and research	353,867	281,350
Governance and operations	415,689	364,348
	<u>1,491,296</u>	<u>1,642,645</u>
<b>Excess of revenues over expenses</b>	<u>74,221</u>	<u>8,077</u>

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

## Philanthropic Foundations Canada

### Changes in Net Assets

Year ended December 31, 2023

	<u>2023</u>				<u>2022</u>	
	<u>Restricted to Emergency Fund (Note 5)</u>	<u>Restricted to Opportunity Reserve Fund (Note 5)</u>	<u>Invested in capital assets</u>	<u>Unrestricted</u>	<u>Total</u>	<u>Total</u>
	\$	\$	\$	\$	\$	\$
Balance, beginning of year	<b>525,371</b>	<b>261,954</b>	<b>4,277</b>	<b>12,352</b>	<b>803,954</b>	795,877
Excess (deficiency) of revenues over expenses			<b>(3,921)</b>	<b>78,142</b>	<b>74,221</b>	8,077
Acquisition of tangible capital assets			<b>3,760</b>	<b>(3,760)</b>		
Balance, end of year	<b><u>525,371</u></b>	<b><u>261,954</u></b>	<b><u>4,116</u></b>	<b><u>86,734</u></b>	<b><u>878,175</u></b>	<b><u>803,954</u></b>

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

# Philanthropic Foundations Canada

## Cash Flows

Year ended December 31, 2023

	<u>2023</u>	<u>2022</u>
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenses	74,221	8,077
Non-cash items		
Depreciation	3,921	7,198
Changes in working capital items		
Other receivables	4,931	11,314
Prepaid expenses	(17,729)	(18,891)
Trade payables and other operating liabilities	12,049	(45,627)
Deferred contributions	(123,415)	44,094
Deferred membership fees	17,703	(22,728)
Cash flows from operating activities	<u>(28,319)</u>	<u>(16,563)</u>
<b>INVESTING ACTIVITIES</b>		
Term deposits	(23,490)	(8,750)
Acquisition of tangible capital assets	(3,760)	
Cash flows from investing activities	<u>(27,250)</u>	<u>(8,750)</u>
<b>Net decrease in cash</b>	<b>(55,569)</b>	<b>(25,313)</b>
Cash, beginning of year	<u>373,378</u>	<u>398,691</u>
Cash, end of year	<u><u>317,809</u></u>	<u><u>373,378</u></u>

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

# Philanthropic Foundations Canada

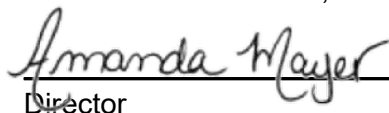
## Financial Position

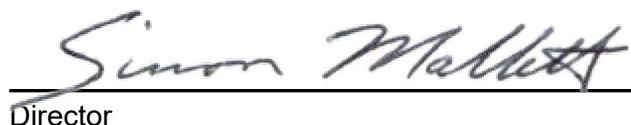
December 31, 2023

	<u>2023</u>	<u>2022</u>
	\$	\$
<b>ASSETS</b>		
Current		
Cash	317,809	373,378
Other receivables (Note 6)	53,709	58,640
Prepaid expenses	<u>41,987</u>	<u>24,259</u>
	413,505	456,277
Long-term		
Term deposits (Note 7 and Note 12)	1,059,740	1,036,250
Tangible capital assets (Note 8)	<u>4,116</u>	<u>4,277</u>
	<u>1,477,361</u>	<u>1,496,804</u>
<b>LIABILITIES</b>		
Current		
Trade payables and other operating liabilities (Note 9)	97,173	85,125
Deferred contributions (Note 3)	115,000	238,415
Deferred membership fees	<u>387,013</u>	<u>369,310</u>
	<u>599,186</u>	<u>692,850</u>
<b>NET ASSETS</b>		
Restricted to Emergency Fund	525,371	525,371
Restricted to Opportunity Reserve Fund	261,954	261,954
Invested in capital assets	4,116	4,277
Unrestricted	<u>86,734</u>	<u>12,352</u>
	<u>878,175</u>	<u>803,954</u>
	<u>1,477,361</u>	<u>1,496,804</u>

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

On behalf of the Board,

  
Director

  
Director



# Philanthropic Foundations Canada

## Notes to Financial Statements

December 31, 2023

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### **1 - GOVERNING STATUTES AND PURPOSES OF THE ORGANIZATION**

The Organization was incorporated under *Canada Not-for-profit Corporations Act* for the following purposes:

- To enhance the efficiency and effectiveness of charitable foundations in Canada through educational and other programs in respect of internal governance and operational issues of charitable foundations;
- To encourage and advance the formation and development of charitable foundations in Canada through educational programs relating to the purposes, goals and activities of Canadian charitable foundations;
- To advance public knowledge about the work carried out by Canadian charitable foundations through the performance of research into the activities and benefits of Canadian charitable foundations and the dissemination of the results of that research;
- To engage in such other activities for any purpose, except profit, in furtherance of the above objects, provided that all such activities and purposes shall constitute "charitable activities" for the purposes of the *Income Tax Act*.

It is a not-for-profit organization under the *Income Tax Act*.

### **2 - SIGNIFICANT ACCOUNTING POLICIES**

#### **Basis of presentation**

The Organization's financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations.

#### **Accounting estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts recorded in the financial statements and notes to financial statements. These estimates are based on management's knowledge of current events and actions that the Organization may undertake in the future. Actual results may differ from these estimates.

#### **Revenue recognition**

##### *Contributions*

The Organization follows the deferral method of accounting for contributions. Under this method, contributions restricted for future period expenses are deferred and are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions and donations are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

##### *Membership fees*

Membership fees are recognized as deferred revenue which are recognized using the straight-line method over the duration of the agreement provided that an agreement exists between the parties and that recovery is reasonably assured.

# Philanthropic Foundations Canada

## Notes to Financial Statements

December 31, 2023

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### **2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### *Conference and services*

These revenues are recognized when the following criteria are met:

- Persuasive evidence of an arrangement exists;
- The conference has occurred and services have been rendered;
- The price to the buyer is fixed or determinable;
- Collection is reasonably assured.

Amounts that do not meet the revenue recognition criteria are recorded as deferred revenue.

#### *Interest*

Investment transactions are recorded on the transaction date and resulting revenues are recognized using the accrual method of accounting.

Interest income is recognized on a time apportionment basis.

#### **Allocation of expenses**

The Organization carries out several types of functions:

- Member engagement and communications;
- Learning and collaboration;
- Public affairs and research;
- Governance and operations.

The cost of each of these functions consists of personnel costs, fees and other expenses directly related to the function.

The Organization allocates general support expenses which are made up of salaries and employee benefits according to the hours worked by resources in each function. This basis of allocation is considered the most representative of the costs concerned. The Organization consistently uses this method year after year.

#### **Financial assets and liabilities**

##### *Initial measurement*

Upon initial measurement, the Organization's financial assets and liabilities are measured at fair value, which, in the case of financial assets or financial liabilities that will be measured subsequently at amortized cost, is increased or decreased by the amount of the related financing fees and transaction costs.

##### *Subsequent measurement*

At each reporting date, the Organization measures its financial assets and liabilities at amortized cost (including any impairment in the case of financial assets).

# Philanthropic Foundations Canada

## Notes to Financial Statements

December 31, 2023

### 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Tangible capital assets

Tangible capital assets acquired are recorded at cost. When the Organization receives contributions of tangible capital assets, their cost is equal to their fair value at the contribution date plus all costs directly attributable to the acquisition of the tangible capital assets, or at a nominal value if fair value cannot be reasonably determined.

#### Amortization

Tangible capital assets are amortized over their estimated useful lives according to the straight-line method over a three-year period.

#### Write-down

When conditions indicate that a tangible capital asset is impaired, the net carrying amount of the tangible capital asset is written down to the tangible capital asset's fair value or replacement cost. The write-down is accounted for in the statement of operations and cannot be reversed.

### 3 - CONTRIBUTIONS AND DEFERRED CONTRIBUTIONS

Deferred contributions represent unused resources which, by virtue of external restrictions, are intended to cover operating expenses for the coming year. They include contributions from members and those for collaborative or climate projects.

	<u>2023</u>	<u>2022</u>
	\$	\$
Balance, beginning of year	238,415	194,321
Amount received related to the following year	123,915	211,273
Amount recognized as revenue during the year (a)	<u>(247,330)</u>	<u>(167,179)</u>
Balance, end of year	<u>115,000</u>	<u>238,415</u>

(a) All these contributions recognized as revenue during the year come from other non-profit organizations and were used for the following projects:

	<u>2023</u>	<u>2022</u>
	\$	\$
DQ and Policy	18,945	90,428
Data	50,000	5,000
JEDI/DEI	70,855	29,145
Climate Project	97,530	42,606
Healthy Ageing Affinity Group	<u>10,000</u>	<u>          </u>
	<u>247,330</u>	<u>167,179</u>

The Organization also recognized as revenue contributions of \$325,547 (\$254,952 in 2022). These unrestricted contributions come from other non-profit organizations.

# Philanthropic Foundations Canada

## Notes to Financial Statements

December 31, 2023

### 4 - ALLOCATION OF EXPENSES

Operating expenses consisting of salaries and employee benefits of \$872,000 (\$739,109 in 2022) are detailed as follows:

	<u>2023</u>	<u>2022</u>
	\$	\$
Member engagement and communications	202,384	209,147
Learning and collaboration	322,034	220,818
Public affairs and research	217,217	206,096
Governance and operations	130,365	103,048
	<u>872,000</u>	<u>739,109</u>

### 5 - INTERNAL ALLOCATIONS

By resolutions in previous exercises, the Organization's Board of Directors restricted resources from the unrestricted fund to the Restricted to Emergency Fund and the Restricted to Opportunity Reserve Fund totalling \$787,325. Of this amount, an amount of \$525,371 was restricted to deal with catastrophic eventualities and an amount of \$261,954 for the Organization's special projects and capacity building. The Organization may not use these internally restricted amounts for other purposes without the prior consent of the Board of Directors.

### 6 - OTHER RECEIVABLES

	<u>2023</u>	<u>2022</u>
	\$	\$
Indirect taxes receivable	12,140	32,836
Accrued interest	36,569	15,804
Other	5,000	10,000
	<u>53,709</u>	<u>58,640</u>

### 7 - TERM DEPOSITS

	<u>2023</u>	<u>2022</u>
	\$	\$
Term deposits, 5.05% (1.75% as at December 31, 2022), maturing in January 2024	254,316	252,750
Term deposits, 5.1% (3% as at December 31, 2022), maturing in July 2024	27,500	27,500
Term deposits, 5.2% (2.9% as at December 31, 2022), maturing in June 2024	777,924	756,000
	<u>1,059,740</u>	<u>1,036,250</u>

### 8 - TANGIBLE CAPITAL ASSETS

	<u>2023</u>			<u>2022</u>
	Cost	Accumulated amortization	Net carrying amount	Net carrying amount
	\$	\$	\$	\$
Computer equipment	18,219	14,103	4,116	4,277

# Philanthropic Foundations Canada

## Notes to Financial Statements

December 31, 2023

### 9 - TRADE PAYABLES AND OTHER OPERATING LIABILITIES

	<u>2023</u>	<u>2022</u>
	\$	\$
Accounts payable and accrued liabilities	<b>39,355</b>	60,616
Salaries and bonus payable	<b>44,240</b>	13,977
Government remittances	<b>13,578</b>	10,532
	<b><u>97,173</u></b>	<b><u>85,125</u></b>

### 10 - COMMITMENT

The Company has entered into a long-term lease agreement expiring on September 30, 2026 which calls for lease payments of \$17,985 for the rental of offices.

Minimum lease payments for next years are \$6,360 in 2024, \$6,540 in 2025 and \$5,085 in 2026.

### 11 - FINANCIAL RISKS

#### Credit risk

The Organization is exposed to credit risk regarding the financial assets recognized in the statement of financial position. The Organization has determined that the financial assets with more credit risk exposure are other receivables (excluding indirect taxes receivable) since failure of any of these parties to fulfil their obligations could result in significant financial losses for the Organization.

#### Market risk

The Organization's financial instruments expose it to market risk, in particular, to interest rate risk which results from its investing activities.

#### Interest rate risk

The Organization is exposed to interest rate risk with respect to financial assets bearing fixed interest rates.

Term deposits bear interest at a fixed rate and the Organization is, therefore, exposed to the risk of changes in fair value resulting from interest rate fluctuations.

#### Liquidity risk

The Organization's liquidity risk represents the risk that the Organization could encounter difficulty in meeting obligations associated with its financial liabilities. The Organization is, therefore, exposed to liquidity risk with respect to all of the financial liabilities recognized in the statement of financial position.

# Philanthropic Foundations Canada

## Notes to Financial Statements

December 31, 2023

### 12 - COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the presentation adopted in the current year. The Organization reclassified its operating expenses in order to better present them by types of functions:

- Member engagement and communications;
- Learning and collaboration;
- Public affairs and research;
- Governance and operations.

The main reclassifications as at December 31, 2022 and for the year then ended are as follows:

	Before reclassifications	Member engagement and communications	Learning and collaboration	Public affairs and research	Governance and operations
	\$	\$	\$	\$	\$
Advocacy	280,751		95,089	185,662	
Learning and KMB Strategic communications	171,606		134,004		37,600
Research	190,520	184,037			6,483
Member support Conference	117,843			95,688	22,155
Governance and accountability	130,192	130,192			
Operations	430,705		430,705		
Collaborative/ climate project	21,331				21,331
	276,777				276,777
	22,920		22,920		
	<u>1,642,645</u>	<u>314,229</u>	<u>682,718</u>	<u>281,350</u>	<u>364,346</u>

Another reclassification was made by the Organization in the presentation of term deposits in order to better present management's intention regarding its investments. Term deposits of \$1,036,250 were presented as a long-term asset in the statement of financial position as at December 31, 2022.