

Centraide

2019–2020  
FINANCIAL STATEMENTS  
March 31, 2020



**Centraide**  
of Greater Montreal

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# CENTRAIDE OF GREATER MONTREAL

March 31, 2020

## Independent Auditor's Report

To the Members of Centraide of Greater Montréal

### *Opinion*

We have audited the financial statements of Centraide of Greater Montréal, which comprise the balance sheet as at March 31, 2020, and the statements of operations and fund balance of the Operating Fund, Stabilization Fund, Capital Asset Fund, Development Fund and Collective Impact Project Fund and cash flows for the year then ended, and notes to the financial statements, including a 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 Centraide of Greater Montréal as at March 31, 2020, 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 ("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 Centraide of Greater Montréal 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 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.

# CENTRAIDE OF GREATER MONTREAL (CONTINUED)

March 31, 2020

In preparing the financial statements, management is responsible for assessing Centraide of Greater Montréal'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 Centraide of Greater Montréal or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Centraide of Greater Montréal'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 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 Centraide of Greater Montréal'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 Centraide of Greater Montréal'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 Centraide of Greater Montréal 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.

May 19, 2020  
Montreal, Canada

*Deloitte LLP*

<sup>1</sup> CPA auditor, CA, public accountancy permit No. A120628

Member of Deloitte Touche Tohmatsu Limited

OPERATING FUND

STATEMENT OF OPERATIONS AND FUND BALANCE

Year ended March 31, 2020

	Notes	2020 \$	2019 \$
<b>Revenue</b>			
Subscriptions		57,460,689	56,657,253
Uncollectible subscriptions		(3,356,203)	(1,579,433)
		<b>54,104,486</b>	55,077,820
Interest and other revenue		719,489	389,800
		<b>54,823,975</b>	55,467,620
<b>Expenses</b>			
Fundraising and operating costs	6	8,672,239	8,465,440
Result before allocations and assistance to agencies		<b>46,151,736</b>	47,002,180
Allocations and assistance to agencies			
Allocations to agencies		41,482,765	43,114,764
Assistance to agencies and community and operating costs	6	4,184,655	3,925,203
		<b>45,667,420</b>	47,039,967
<b>Net result</b>			
		<b>484,316</b>	(37,787)
Fund balance, beginning of year		39,526,849	39,418,836
Change in revaluation and other recognized elements – top-up pension plan		900	15,800
Interfund transfers		130,000	130,000
<b>Fund balance, end of year</b>		<b>40,142,065</b>	39,526,849

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

**STABILIZATION FUND****STATEMENT OF OPERATIONS AND FUND BALANCE**

Year ended March 31, 2020

	2020	2019
	\$	\$
<b>Revenue</b>		
Investments	(255,703)	234,305
<b>Net result</b>	(255,703)	234,305
Fund balance, beginning of year	5,895,851	5,661,546
<b>Fund balance, end of year</b>	5,640,148	5,895,851

*The accompanying notes are an integral part of the financial statements.***CAPITAL ASSET FUND****STATEMENT OF OPERATIONS AND FUND BALANCE**

Year ended March 31, 2020

	2020	2019
	\$	\$
<b>Revenue</b>		
Donation from Centraide of Greater Montréal Foundation	1,077,000	450,000
Interest	29,503	30,879
	1,106,503	480,879
<b>Expenses</b>		
Amortization of fixed assets	240,787	233,510
Other costs	364,261	517,348
	605,048	750,858
<b>Net result</b>	501,455	(269,979)
Fund balance, beginning of year	6,076,335	6,346,314
<b>Fund balance, end of year</b>	6,577,790	6,076,335

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

## DEVELOPMENT FUND

# STATEMENT OF OPERATIONS AND FUND BALANCE

Year ended March 31, 2020

	2020	2019
	\$	\$
<b>Revenue</b>		
Donation from Centraide of Greater Montréal Foundation	400,000	225,000
Other donations	30,000	75,000
Interest	11,899	8,881
	<b>441,899</b>	308,881
<b>Expenses</b>		
Research and development costs		
Philanthropy activities	5,500	34,016
Social and community activities	153,137	71,891
	<b>158,637</b>	105,907
<b>Net result</b>	<b>283,262</b>	202,974
Fund balance, beginning of year	666,968	463,994
<b>Fund balance, end of year</b>	<b>950,230</b>	666,968

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

## COLLECTIVE IMPACT PROJECT FUND

# STATEMENT OF OPERATIONS AND FUND BALANCE

Year ended March 31, 2020

	2020	2019
	\$	\$
<b>Revenue</b>		
Donations	2,790,000	2,890,000
Interest	10,775	30,053
	<b>2,800,775</b>	2,920,053
<b>Expenses</b>		
Allocations to agencies	3,243,935	2,811,757
Assistance to community and operating costs	496,297	550,560
	<b>3,740,232</b>	3,362,317
<b>Net result</b>	<b>(939,457)</b>	(442,264)
Fund balance, beginning of year	2,491,237	3,063,501
Interfund transfer	(130,000)	(130,000)
<b>Fund balance, end of year</b>	<b>1,421,780</b>	2,491,237

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

# BALANCE SHEET

As at March 31, 2020

	Notes						2020	2019
		Operating Fund	Stabilization Fund	Capital Asset Fund	Development Fund	Collective Impact Project Fund	Total	Total
		\$	\$	\$	\$	\$	\$	\$
<b>Assets</b>								
Current assets								
Cash		2,690,380	—	—	—	—	2,690,380	78,624
Investments, 0.98% to 2.60% (1.25% to 2.70% in 2019)		28,500,796	—	—	—	—	28,500,796	32,525,371
Subscriptions receivable (net of a provision for uncollectible subscriptions of \$5,368,839; \$2,395,346 in 2019)		13,416,737	—	—	—	—	13,416,737	15,900,354
Interfund receivable		—	—	1,091,519*	950,230*	1,421,780*	—	—
Other assets	4	4,803,309	—	—	—	—	4,803,309	2,369,244
		49,411,222	—	1,091,519	950,230	1,421,780	49,411,222	50,873,593
Investments		—	5,641,748	—	—	—	5,641,748	5,897,451
Fixed assets	3	—	—	5,486,271	—	—	5,486,271	5,121,687
		49,411,222	5,641,748	6,577,790	950,230	1,421,780	60,539,241	61,892,731
<b>Liabilities</b>								
Current liabilities								
Accounts payable and accrued liabilities		3,294,489	1,600	—	—	—	3,296,089	4,330,361
Balance payable to agencies		512,823	—	—	—	—	512,823	1,209,317
Interfund payable		3,463,529*	—	—	—	—	—	—
Deferred revenue		1,998,316	—	—	—	—	1,998,316	1,695,813
		9,269,157	1,600	—	—	—	5,807,228	7,235,491
Commitments	7							
<b>Fund balances</b>								
Invested in fixed assets		—	—	6,577,790	—	—	6,577,790	6,076,335
Externally restricted		—	—	—	950,230	1,421,780	2,372,010	3,158,205
Internally restricted		40,142,065	5,640,148	—	—	—	45,782,213	45,422,700
		40,142,065	5,640,148	6,577,790	950,230	1,421,780	54,732,013	54,657,240
		49,411,222	5,641,748	6,577,790	950,230	1,421,780	60,539,241	61,892,731

\*These items are not reported in the Total column because they offset each other.  
The accompanying notes are an integral part of the financial statements.

Approved by the Board



Robert Dumas, Chair of the Board



Daniel Denis, Treasurer

## STATEMENT OF CASH FLOWS

Year ended March 31, 2020

	2020	2019
	\$	\$
<b>Operating activities</b>		
Net result	74,773	(312,751)
Adjustments for:		
Change in fair value of investments	431,173	25,318
Amortization of fixed assets	240,787	233,510
	746,733	(53,923)
Changes in non-cash operating working capital items		
Subscriptions receivable	2,483,617	(334,461)
Other assets	(2,434,065)	(1,688,037)
Accounts payable and accrued liabilities	(1,034,272)	(1,047,754)
Balance payable to agencies	(696,494)	1,159,150
Deferred revenue	302,503	(6,701)
	(1,378,711)	(1,917,803)
	(631,978)	(1,971,726)
<b>Investing activities</b>		
Net change in investments	3,849,105	(600,670)
Acquisition of fixed assets	(605,371)	(1,119,344)
	3,243,734	(1,720,014)
Net increase (decrease) in cash	2,611,756	(3,691,740)
Cash, beginning of year	78,624	3,770,364
<b>Cash, end of year</b>	<b>2,690,380</b>	<b>78,624</b>

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

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2020

## 01 Status and nature of activities

Centraide of Greater Montréal, a not-for-profit organization incorporated under Part III of the *Companies Act* (Quebec), is recognized as a registered charity within the meaning of the *Income Tax Act*. Centraide of Greater Montréal collects public donations to promote involvement in the society through sharing and volunteer and community activities.

## 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 Section 4433, Tangible capital assets held by not-for-profit organizations*  
Effective April 1, 2019, the Organization adopted Handbook Section 4433, *Tangible capital assets held by not-for-profit organizations* ("Section 4433") replacing Section 4431 on the same topic. Section 4433 provides additional guidance related to componentization of tangible capital assets consisting of significant separable component parts, the recognition of partial impairments when the conditions indicate a tangible capital asset is impaired and related impairment disclosures. In accordance with the transition provisions, the Organization has applied Section 4433 prospectively with no impact on the disclosures or amounts recorded in the financial statements of the Organization.

*Adoption of Section 4434, Intangible assets held by not-for-profit organizations*  
Effective April 1, 2019, the Organization adopted Handbook Section 4434, *Intangible assets held by not-for-profit organizations* ("Section 4434") replacing Section 4432 on the same topic. Section 4434 provides additional guidance including the recognition of partial impairments when conditions indicate that an intangible asset is impaired, along with related impairment disclosures. In accordance with the transition provisions, the Organization has applied Section 4434 prospectively with no impact on the disclosures or amounts recorded in the financial statements of the Organization.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

March 31, 2020

## 02. Accounting policies (continued)

### *Fund accounting*

Centraide of Greater Montréal uses the restricted fund method to account for its activities:

#### *Operating Fund*

The Operating Fund comprises the current operating activities of Centraide of Greater Montréal. The annual net result, less interfund transfers, can be applied against the Stabilization Fund, according to the rules established in the following paragraph. Internally restricted fund balance represents resources available for future years.

#### *Stabilization Fund*

The Stabilization Fund was created to provide stability to agencies financed by Centraide of Greater Montréal and to satisfy the normal expenses associated with Centraide of Greater Montréal's activities during substandard campaigns. Also, the fund can satisfy new initiatives and urgent needs of the community. The fund varies according to investment income and a contribution from the Operating Fund that is equal to 0.5% of the previous campaign. The decision to contribute is made annually based on the financial results of Centraide of Greater Montréal. The balance of the Stabilization Fund, excluding the unrealized fair value on long-term investments, should not exceed 10.0% of the amount of the previous campaign. Any surplus could be transferred, in the following year, to other funds, as required.

#### *Capital Asset Fund*

The Capital Asset Fund comprises the amortized cost of the building, furniture and equipment and computer equipment. The fund varies according to interest earned, amounts received for the purpose of acquiring fixed assets, amortization of fixed assets, and other expenses related to fixed assets.

#### *Development Fund*

The Development Fund was created to fund research and development activities and pilot and other projects that are not considered part of Centraide of Greater Montréal's usual activities.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

March 31, 2020

## 02. Accounting policies (continued)

### *Fund accounting (continued)*

#### *Collective Impact Project Fund*

The Collective Impact Project ("CIP") Fund was created to achieve measurable and significant outcomes in the reduction of poverty on the Island of Montreal, primarily through the holistic and integrated investment approach of major foundations and the pooling of these partners' expertise. The CIP Fund fluctuates based on donations from the partnering foundations to the project, the project's development, and investment income.

#### *Revenue recognition*

Unrestricted contributions are recognized as revenue of the Operating Fund in the year they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions are recognized as revenue of the fund corresponding to their restriction.

#### *Allocated expenses of the Operating Fund*

Expenses accounted for in the statement of operations and fund balance are allocated as follows:

	<b>Function</b>	
	Fundraising and operating costs	Assistance to agencies and community and operating costs
	%	%
Annual campaign and major donors	100	—
Allocation	—	100
Communication	70	30
General management	60	40
Administration	75	25

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

March 31, 2020

## 02. Accounting policies (continued)

### *Allocated expenses of the Operating Fund (continued)*

Expenses related to each function include all direct costs related to this function, including salaries and other direct charges and a portion of shared and indirect costs. These shared and indirect costs include payroll and other expenses that cannot be directly charged to specific functions. These expenses are allocated among the functions according to the percentage of direct costs attributable to each function.

The financial statements do not include the cost of services rendered by individual volunteers and staff loaned to Centraide of Greater Montréal by businesses and public institutions.

### *Financial instruments*

Financial assets and financial liabilities are initially recognized at fair value when Centraide of Greater Montréal becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost, except for investments that are recognized at fair value at the date of the financial statements. Long-term investments are composed of units from the Foundation of Greater Montréal Investment Fund. Fair value fluctuations, which include interest earned, accrued interest, realized gain and loss and unrealized gain and loss, are included in investment income.

Transaction costs related to financial instruments measured at fair value are expensed as incurred. Transaction costs related to other financial instruments are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the straight-line method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the straight-line method and recognized in the statement of operations and fund balance as interest income or expense.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

March 31, 2020

## 02. Accounting policies (continued)

### *Financial instruments (continued)*

With respect to financial assets measured at cost or amortized cost, Centraide of Greater Montréal recognizes in the statement of operations and fund balance an impairment loss, if any, when it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed in the statement of operations and fund balance in the period the reversal occurs.

### *Fixed assets*

Fixed assets are recorded at cost. Amortization is based on their useful life using the straight-line method over the following periods:

Building	40 years
Furniture and equipment	8 years
Computer equipment	4 years

When a fixed asset no longer contributes to an organization's ability to provide goods and services, or the value of future economic benefits or service potential associated with the tangible fixed asset is less than its net carrying amount, the net carrying amount of the tangible capital asset is written down to the asset's fair value or replacement cost.

### *Top-up pension plan*

The cost of the top-up defined benefit plan is periodically determined by independent actuaries. Centraide of Greater Montréal uses an actuarial valuation for accounting purposes to assess its obligations under defined benefit. This assessment is based on the projected benefit method prorated on services (which incorporates management's best estimate regarding future salary levels, other cost escalation, retirement ages of employees and other actuarial factors).

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

March 31, 2020

## 02. Accounting policies (continued)

*Top-up pension plan (continued)*

Centraide of Greater Montréal records:

- a) in the balance sheet, the obligation for defined benefits, less the fair value of plan assets and adjusted for any valuation allowance (either under accrued benefit assets or defined benefit liability); and
- b) in the statement of operations and fund balance, the cost of the plan for the year.

*Use of estimates*

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported 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.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

March 31, 2020

## 03 Fixed assets

	2020			2019
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Building	6,568,207	2,885,343	3,682,864	3,846,902
Furniture and equipment	557,457	438,273	119,184	87,961
Computer equipment	1,026,919	936,776	90,143	115,984
Ongoing technology project	1,594,080	—	1,594,080	1,070,840
	9,746,663	4,260,392	5,486,271	5,121,687

## 04 Related party transactions

Centraide of Greater Montréal Foundation, a related organization, is a registered charity incorporated under Part III of the *Companies Act* (Quebec) where the goal is to collect donations, legacies or other contributions, manage its assets and give all net proceeds generated by the capital without expending any portion thereof to Centraide of Greater Montréal. Centraide of Greater Montréal Foundation is related to Centraide of Greater Montréal since it is Centraide of Greater Montréal that recommends the board members of Centraide of Greater Montréal Foundation. As at March 31, 2020, the fund balances of Centraide of Greater Montréal Foundation are \$38,055,345 (\$41,954,761 as at March 31, 2019). For the year ended March 31, 2020, revenue amounts to \$1,161,519 (\$2,647,172 in 2019) and expenses, including the donation to Centraide of Greater Montréal, amount to \$2,737,897 (\$2,031,357 in 2019).

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

March 31, 2020

## 04. Related party transactions (continued)

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

	2020	2019
	\$	\$
<b>Revenue</b>		
Donations – Operating Fund – annual campaign	–	750,000
Donations – Capital Asset Fund	<b>1,077,000</b>	450,000
Donations – Development Fund	<b>400,000</b>	225,000
Administrative fees presented in deduction of fundraising and operating costs	<b>18,000</b>	18,000

In the other assets balance, an amount of \$3,594,679 (\$1,629,044 as at March 31, 2019) is receivable from Centraide of Greater Montréal Foundation.

These transactions were made in the normal course of operations and have been recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

March 31, 2020

## 5 Pension plans

### Multi-employer contributory defined benefit pension plan

Centraide of Greater Montréal participates in a multi-employer contributory defined benefit pension plan. The pension plan is capitalized in the pension fund for all participants of the pension plan. The employer's contribution paid is \$712,957 (\$911,807 in 2019). Based on the last actuarial valuation of the multi-employer pension plan performed on December 31, 2017, there is an unfunded liability of \$6,015,700 (solvency ratio of 87.40%) and no capitalization deficit. Defined contribution plan accounting has been applied for presentation purposes in the financial statements of Centraide of Greater Montréal.

### Top-up defined benefit plan

Centraide of Greater Montréal also established an unfunded, top-up defined benefit plan. The benefits of this plan are based on years of service and final salaries.

The employer's contribution paid is \$139,678 (\$139,678 in 2019), as the benefit paid during the year.

Centraide of Greater Montréal values its accrued benefit obligation on an annual basis. The significant actuarial assumptions made by Centraide of Greater Montréal are: 3.50% (3.25% in 2019) for the recognized costs, 3.50% (3.50% in 2019) for the defined benefit obligation and 2.50% (2.50% in 2019) for the rate of compensation increase.

Information about the top-up defined benefit plan is as follows:

	2020	2019
	\$	\$
Defined benefit obligation, included with accounts payable and accrued liabilities	<b>1,241,335</b>	1,289,700
Costs of defined benefits recorded in the statement of operations and fund balance (excluding the change in revaluation and other recognized elements)	<b>92,200</b>	87,000

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

March 31, 2020

**6** Allocated expenses

**0** As provided in Note 2 on accounting policies, the expenses related to a number of functions are allocated as follows as at March 31, 2020:

	Function		2020	2019
	Fundraising and operating costs	Assistance to agencies and community and operating costs	Total	Total
	\$	\$	\$	\$
Annual campaign and major donors	3,147,210	—	3,147,210	3,369,906
Allocation	—	1,562,703	1,562,703	1,476,958
Communication	1,032,160	442,355	1,474,515	1,283,425
General management	2,045,922	1,363,948	3,409,870	3,320,863
Administration	2,446,947	815,649	3,262,596	2,939,491
	8,672,239	4,184,655	12,856,894	12,390,643

**7** Commitments

**0** Centraide of Greater Montréal has committed to pay allocations to agencies, in the next year, for an amount of \$37,436,498 from the Operating Fund and an amount of \$2,129,723 from the Collective Impact Project Fund.

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

March 31, 2020

**8** Financial instruments

**0** Because of its long-term investments, Centraide of Greater Montréal is exposed to the following risks:

*Market risk*

Market risk is the risk of loss that results from fluctuations in equity prices, interest and exchange rates. Centraide of Greater Montréal is exposed to market risk from its investing activities. The level of risk to which Centraide of Greater Montréal is exposed varies depending on market conditions and the composition of the asset mix.

*a) Interest rate risk*

A portion of the investments of the Foundation of Greater Montréal Investment Fund, in which Centraide of Greater Montréal holds units, is invested in fixed income funds, which hold bonds and debentures bearing interest at a fixed rate. Consequently, a change in the market interest rate will have an impact on the fair value of the units held by Centraide of Greater Montréal.

*b) Currency risk*

A portion of the investments of the Foundation of Greater Montréal Investment Fund, in which Centraide of Greater Montréal holds units, is invested in interests in equity funds invested in foreign countries. The units held by Centraide of Greater Montréal are consequently exposed to changes in foreign currencies. The same applies to the earned income associated with these units.

*Credit risk*

Credit risk is primarily attributable to the fact that a portion of the investments of the Foundation of Greater Montréal Investment Fund, in which Centraide of Greater Montréal holds units, is invested in fixed income funds holding bonds and debentures. Therefore, there is a credit risk that the bond or debenture issuers will be unable to pay their obligations toward a fixed income fund, and this will have an impact on the assets of Centraide of Greater Montréal.





# Centraide

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