

FINANCIAL STATEMENTS

2020.

2021

Centraide of Greater Montréal Foundation

March 31, 2021



FOUNDATION

Centraide
of Greater Montreal

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Independent Auditor's Report

To the members of the Centraide of Greater Montréal Foundation

OPINION

We have audited the financial statements of the Centraide of Greater Montréal Foundation, which include the statement of financial position as at March 31, 2021, 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 Centraide of Greater Montréal Foundation as at March 31, 2021, 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 OF 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 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 RESPONSIBLE FOR GOVERNANCE WITH RESPECT TO 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 Centraide of Greater Montréal Foundation 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 Foundation 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 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 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 Foundation.
- 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 Foundation 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 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.

FINANCIAL STATEMENTS (CONTINUED) — MARCH 31, 2021

Centraide of Greater Montréal Foundation

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 9, 2021

Deloitte LLP'

¹ CPA auditor, CA, public accountancy permit No. A120628

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

Year ended
— MARCH 31, 2021

Centraide of Greater Montréal Foundation

	Notes	Operations Fund		Endowment Fund		Total	
		2021	2020	2021	2020	2021	2020
		\$	\$	\$	\$	\$	\$
REVENUE							
Mutual funds							
Realized investment income		3,581,497	1,644,948	—	—	3,581,497	1,644,948
Unrealized change in fair value of investments		6,110,754	(3,146,510)	—	—	6,110,754	(3,146,510)
Bequests		1,447,705	322,869	17,174	17,174	1,464,879	340,043
Gain on disposal of assets		5,256,841	—	—	—	5,256,841	—
Other income		3,671	—	—	—	3,671	—
		16,400,468	(1,178,693)	17,174	17,174	16,417,642	(1,161,519)
EXPENSES							
Management and custody fees		394,630	364,086	—	—	394,630	364,086
Bequests operating expenses		409,113	174,599	17,174	17,174	426,287	191,773
Costs related to the disposal of assets		183,942	644,717	—	—	183,942	644,717
Others		95,395	60,321	—	—	95,395	60,321
		1,083,080	1,243,723	17,174	17,174	1 100,254	1,260,897
Excess (deficiency) of revenue over expenses before donation to Centraide of Greater Montréal		15,317,388	(2,422,416)	—	—	15,317,388	(2,422,416)
Donation to Centraide of Greater Montréal	5	1,549,160	1,477,000	—	—	1,549,160	1,477,000
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES		13,768,228	(3,899,416)	—	—	13,768,228	(3,899,416)
Fund balances at the beginning		1,082,380	2,158,155	36,972,965	39,796,606	38,055,345	41,954,761
Transfer of bequests		(1,447,705)	(322,869)	1,447,705	322,869	—	—
Transfer of the unrealized change in fair value of investments		(6,110,754)	3,146,510	6,110,754	(3,146,510)	—	—
FUND BALANCE, END OF YEAR	4	7,292,149	1,082,380	44,531,424	36,972,965	51,823,573	38,055,345

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

STATEMENT OF FINANCIAL POSITION

Centraide of Greater Montréal Foundation

— As at MARCH 31, 2021

	Notes			2021	2020
		Operations Fund	Endowment Fund	Total	Total
		\$	\$	\$	\$
ASSETS					
Cash		255,994	—	255,994	142,751
Interfund receivables		6,284,752*	—	—	—
Accounts receivable		779,825	—	779,825	5,374
Investments	3	—	50,479,706	50,479,706	41,180,813
Participation in the capital of a trust		—	336,470	336,470	—
Other assets		—	—	—	343,159
		7,320,571	50,816,176	51,851,995	41,672,097
LIABILITIES					
Accounts payable and accrued liabilities	5	28,422	—	28,422	3,616,752
Interfund payable		—	6,284,752*	—	—
		28,422	6,284,752	28,422	3,616,752
Commitment	7				
FUND BALANCES					
Externally restricted – Endowment		—	3,125,663	3,125,663	3,125,663
Unrealized gain (loss) on investments		—	5,585,091	5,585,091	(525,663)
Internally restricted		—	35,820,670	35,820,670	34,372,965
Unrestricted		7,292,149	—	7,292,149	1,082,380
		7,292,149	44,531,424	51,823,573	38,055,345
		7,320,571	50,816,176	51,851,995	41,672,097

*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



Claude Séguin, Chair of the Board of Directors



Nathalie Bernier, Treasurer

STATEMENT OF CASH FLOWS

Year ended
— MARCH 31, 2021

Centraide of Greater Montréal Foundation

	2021	2020
	\$	\$
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	13,768,228	(3,899,416)
Adjustments for:		
Variation of the unrealized change in fair value of the investments	(6,110,754)	3,146,510
Gain on disposal of assets	(5,256,841)	—
Donation of participation in the capital of a trust	(336,470)	—
	2,064,163	(752,906)
Changes in non cash operating working capital items		
Accounts receivable	(774,451)	148,696
Accounts payable and accrued liabilities	(3,588,330)	1,952,661
	(2,298,618)	1,348,451
INVESTMENT ACTIVITIES		
Acquisition of investments	(3,188,139)	(1,290,337)
Proceeds on disposal of assets	5,600,000	—
	2,411,861	(1,290,337)
Net increase in cash	113,243	58,114
Cash, beginning of year	142,751	84,637
CASH, END OF YEAR	255,994	142,751

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

01 Status and nature of activities

The purpose of the Centraide of Greater Montréal 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 Montréal 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:

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

02. Accounting policies (continued)

Accounting by Fund (continued)

ENDOWMENT FUND

The Endowment Fund was established to accumulate funds to ensure a contribution to Centraide of Greater Montréal. 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.

REVENUE RECOGNITION

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

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are initially recognized at fair value when the Foundation 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. Fair value fluctuations, which include interest earned, accrued interest, realized gain and loss and unrealized gain and loss, are included in investment income.

02. Accounting policies (continued)

Financial instruments (continued)

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 changes in fund balances as interest income or expense.

With respect to financial assets measured at cost or amortized cost, the Foundation recognizes in the statement of operations and changes in fund balances 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 changes in fund balances in the period the reversal occurs.

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

Centraide of Greater Montréal Foundation

(CONTINUED) — MARCH 31, 2021

03 Investments

The Foundation, in conjunction with other public and private foundations in Greater Montréal, participated in the creation of The Foundation of Greater Montréal in 1999. The goals of the Foundation of Greater Montréal 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 Montréal manages funds entrusted to it for management purposes. As of March 31, 2021, all of the Foundation's investments are managed by The Foundation of Greater Montréal.

The Foundation holds 42,056.5507 units (39,394.4848 units in 2020) of The Foundation of Greater Montréal Investment Fund.

04 Balance of the Endowment Fund

The balance of the Endowment Fund is divided as follows:

	2021	2020
	\$	\$
Centraide Foundation Fund	40,595,186	33,797,151
Red Feather Fund	3,559,954	2,852,172
Jean Gaulin Fund	376,284	323,642
	44,531,424	36,972,965

NOTES TO THE FINANCIAL STATEMENTS

Centraide of Greater Montréal Foundation

(CONTINUED) — MARCH 31, 2021

05 Related party transactions

Centraide of Greater Montréal, 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 Montréal is related to the Foundation as it is Centraide of Greater Montréal that recommends the members of the Foundation's Board of Directors.

During the fiscal year, the Foundation's operations with Centraide of Greater Montréal are as follows:

	2021	2020
	\$	\$
EXPENSES		
Administrative fees	50,000	18,000
Donations – Capital Asset Fund	525,349	1,077,000
Donations – Development Fund	1,023,811	400,000

Accounts receivable include an amount receivable of \$765,462 (zero value in 2020) from Centraide of Greater Montréal.

Accounts payable and accrued liabilities include an amount payable to Centraide of Greater Montréal of zero value (\$3,594,679 in 2020).

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.

06 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 Montréal 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 Montréal 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 Montréal 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, 2021

07 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 agreement (SEC). In the long term, the Foundation has committed to invest \$1,250,000. The total commitment of all sponsors is \$16,950,000. The SEC's mission is to respond to the growing difficulties of community organizations in accessing affordable premises in Greater Montréal by financing the acquisition, renovation or construction of buildings or commercial spaces that allow community organizations to access the property of their premises.



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. SHOW YOUR LOCAL LOVE.**

Centraide of Greater Montreal
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