



Grant Thornton

Financial Statements

Phoenix Foundation of the Boundary
Communities

March 31, 2021

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Independent Auditor's Report

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To the directors of
Phoenix Foundation of the Boundary Communities

Opinion

We have audited the financial statements of Phoenix Foundation of the Boundary Communities ("the Foundation"), which comprise the statement of financial position as at March 31, 2021, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the 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 Foundation as at March 31, 2021, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Report on other legal and regulatory requirements

As required by the Societies Act of British Columbia, we report that in our opinion, these accounting principles have been applied on a basis consistent with that of the preceding year.

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 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 qualified opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 related 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

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 Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the 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.

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.

Kelowna, Canada
October 20, 2021

Chartered Professional Accountants

Phoenix Foundation of the Boundary Communities Statement of Financial Position

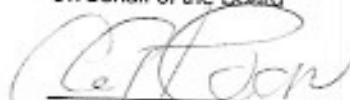
March 31

2021

2020

	2021	2020
Assets		
Current		
Cash and cash equivalents - unrestricted	\$ 102,679	\$ 89,777
- restricted	240,002	364,472
Accounts receivable	<u>25,695</u>	<u>4,576</u>
	<u>368,376</u>	<u>458,825</u>
Tangible capital assets (Note 3)	775	1,157
Investments (Note 4)	<u>3,029,271</u>	<u>2,321,505</u>
	<u>3,030,046</u>	<u>2,322,662</u>
	<u>\$ 3,398,422</u>	<u>\$ 2,781,487</u>
Liabilities		
Current		
Accounts payable	\$ 8,450	\$ 7,806
Deferred contributions (Note 5)	<u>8,965</u>	<u>9,507</u>
	<u>17,415</u>	<u>17,313</u>
Net assets		
Restricted to - Endowment funds	3,166,453	2,574,286
- Grants	122,943	111,814
Unrestricted - General	87,982	74,445
Internally restricted (Note 7)	<u>3,629</u>	<u>3,629</u>
	<u>3,381,007</u>	<u>2,764,174</u>
	<u>\$ 3,398,422</u>	<u>\$ 2,781,487</u>

On behalf of the Board



President

Director



TREASURER

Director

See accompanying notes to the financial statements

Phoenix Foundation of the Boundary Communities

Statement of Operations

Year ended March 31

	Restricted		Unrestricted		2021 Total	2020 Total
	Endowment funds	Grants	General			
Revenue						
Endowment contributions	\$ 63,348	\$ -	\$ -	\$ 63,348	\$ 310,725	
Grants and donations	-	86,317	8,542	94,859	54,033	
Investment income						
(loss) (Note 8)	679,168	1,205	1,081	681,454	(145,323)	
	<u>742,516</u>	<u>87,522</u>	<u>9,623</u>	<u>839,661</u>	<u>219,435</u>	
Expenditures						
Admin and bookkeeping	-	-	9,882	9,882	8,672	
Amortization	-	-	382	382	797	
Audit and consulting fees	-	-	11,467	11,467	7,660	
Grants and distributions (Note 10)	-	165,479	-	165,479	87,092	
Insurance and memberships	-	-	2,478	2,478	1,582	
Investment fees	22,550	-	-	22,550	20,998	
Meetings and events	-	-	381	381	1,592	
Office and donation fees	-	-	367	367	1,907	
Promotion and advertising	-	-	9,300	9,300	2,000	
Travel and conferences	-	-	-	-	4,231	
Vital signs and other initiatives	-	-	-	-	14,914	
Youth program	-	-	542	542	2,346	
	<u>22,550</u>	<u>165,479</u>	<u>34,799</u>	<u>222,828</u>	<u>153,791</u>	
Excess (deficiency) of revenue over expenditures	<u>\$ 719,966</u>	<u>\$ (77,957)</u>	<u>\$ (25,176)</u>	<u>\$ 616,833</u>	<u>\$ 65,644</u>	

Phoenix Foundation of the Boundary Communities

Statement of Changes in Net Assets

Year ended March 31

	Restricted		Unrestricted		2021 Total	2020 Total
	Endowment funds	Grants	General	Internally Restricted		
Net assets, beginning of year	\$ 2,574,286	\$ 111,814	\$ 74,445	\$ 3,629	\$ 2,764,174	\$ 2,698,530
Excess (deficiency) of revenue over expenditures	719,966	(77,957)	(25,176)	-	616,833	65,644
Interfund transfers						
Administration fee	(33,085)	-	33,085	-	-	-
Distributions from admin funds	(5,628)	-	5,628	-	-	-
Distributions for granting	(89,086)	89,086	-	-	-	-
	(127,799)	89,086	38,713	-	-	-
Net assets, end of year	<u>\$ 3,166,453</u>	<u>\$ 122,943</u>	<u>\$ 87,982</u>	<u>\$ 3,629</u>	<u>\$ 3,381,007</u>	<u>\$ 2,764,174</u>

Phoenix Foundation of the Boundary Communities

Statement of Cash Flows

Year ended March 31 2021 2020

(Decrease) increase in cash and cash equivalents		
Cash flows from operating activities		
Cash received from:		
Contributions and grants	\$ 136,546	\$ 356,676
Cash used for:		
Distributions	(165,479)	(87,092)
Materials and services	(55,817)	(65,741)
	(84,750)	203,843
Cash flows from investing activities		
Cash received from:		
Investments	38,138	390,680
Cash used for:		
Investments	(64,956)	(317,763)
	(26,818)	72,917
(Decrease) increase in cash and cash equivalents	(111,568)	276,760
Cash and cash equivalents, beginning of year	454,249	177,489
Cash and cash equivalents, end of year	\$ 342,681	\$ 454,249
Cash, end of year consists of the following:		
Unrestricted cash	\$ 102,679	\$ 89,777
Internally restricted cash	3,629	3,629
Cash restricted for grants	102,944	111,814
Cash restricted for endowment funds	133,429	249,029
	\$ 342,681	\$ 454,249

Phoenix Foundation of the Boundary Communities

Notes to the Financial Statements

March 31, 2021

1. Nature of organization

The Phoenix Foundation of the Boundary Communities ("the Foundation") was established in 1997 and incorporated under the Societies Act of British Columbia. The Foundation is a registered charity exempt from the payment of income tax under Section 149(l) of the Income Tax Act and may issue tax deductible receipts for qualifying charitable donations.

The Phoenix Foundation helps the people of the Boundary Region by bringing people together to identify and address local issues, encourage philanthropy and fund charitable activities. The Foundation assembles and administers permanent income-earning endowment funds that continue to grow thanks to support from financial gifts and bequests of area residents, local businesses, and other charitable organizations.

2. Summary of significant accounting policies

Basis of presentation

The Foundation has prepared these financial statements in accordance with Canadian Accounting Standards for Not-for-Profit-Organizations ("ASNPO").

Fund Accounting - Restricted Fund Method

The Foundation follows the restricted fund method of accounting and reports the following funds:

1) General Fund:

The General Fund is comprised of the Foundation's unrestricted resources available for the Foundation's general operating activities. Unrestricted contributions are recorded as revenue, and operating, administrative and discretionary distributions are recorded as expenditures in this fund.

2) Restricted for Grants Fund:

The Restricted for Grants Fund is comprised of restricted resources to be used for granting as specified by the donor or according to the terms of the deed of gift. Allocated investment income from the Endowment Fund is transferred to the Restricted for Grants Fund. Flow through grants and interest income from grant bank accounts are recorded as revenues, and eligible distributions are recorded as expenditures in this fund.

3) Endowment Fund:

The Endowment Fund is comprised of funds that are required to be maintained by the Foundation on a permanent basis. The Board exercises discretionary control over the investment of these funds through external investment fund managers. Donations for endowment are recognized as revenue into this fund. Investment income earned, market gains and losses, management fees are recorded as revenues and expenditures of this fund.

Cash and cash equivalents

The Foundation's policy is to present bank balances under cash and cash equivalents, including term deposits with a maturity period of three months or less at the date of acquisition.

(continued)

Phoenix Foundation of the Boundary Communities

Notes to the Financial Statements

March 31, 2021

2. Summary of significant accounting policies *(continued)*

Financial instruments

- **Initial measurement**

The Foundation's financial instruments are measured at fair value when issued or acquired. For financial instruments subsequently measured at cost or amortized cost, fair value is adjusted by the amount of the related financing fees and transaction costs. For financial instruments subsequently measured at fair value, transaction costs and financing fees are recognized in operations in the year in which they are incurred.

- **Subsequent measurement**

At each reporting date, the Foundation measures its financial assets and liabilities at cost or amortized cost (less impairment in the case of financial assets), except for equities quoted in an active market, which must be measured at fair value. The Foundation's financial instruments measured at fair value are its managed accounts as they include equities quoted in an active market. All changes in fair value of the Foundation's managed accounts are recorded in the statement of operations. The financial instruments subsequently measured at amortized cost are cash and cash equivalents, accounts receivable, and accounts payable.

For financial assets measured at cost or amortized cost, the Foundation regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the Foundation determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the statement of operations. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

Foreign currency transactions

The Foundation translates all of its foreign currency transactions using the temporal method. Monetary assets and liabilities are translated at the exchange rate in effect at the balance sheet date. Other assets and liabilities are translated at the exchange rate in effect at the transaction date. Items appearing in the current year's statement of operations are translated at average year rates, except for the cost of goods sold and depreciation which are translated at historic rates. Exchange gains and losses are included in the statement of operations.

Tangible capital assets and amortization

Purchased tangible capital assets are recorded at cost. Contributed tangible capital assets are recorded at fair value at the date of contribution. The Foundation's capital assets consist of computer equipment which is amortized on a declining basis of 33%.

Impairment of tangible capital assets

When a tangible capital asset no longer has any long-term service potential to the Foundation, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Any write-downs recognized are not reversed.

The Foundation tests tangible capital assets, or groups of tangible capital assets, for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. An impairment loss is recognized when the carrying amount of the tangible capital asset or group of tangible capital assets exceeds the asset's fair value or replacement cost.

(continued)

Phoenix Foundation of the Boundary Communities

Notes to the Financial Statements

March 31, 2021

2. Summary of significant accounting policies *(continued)*

Revenue recognition

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be recorded can be reasonably estimated and collection is reasonably assured. Restricted contributions for charitable projects and operating activities are recognized as revenue in the General Fund in the year the related expenses are incurred.

Contributions for flow through grants are recognized as revenue of the Restricted for Grants Fund in the year received. Contributions to be held in perpetuity are recognized as revenue in the Endowment Fund in the year received.

Investment income, in the form of interest, dividends, realized gains and losses are recognized as revenue in the applicable fund in the period the investment income is earned. Unrealized investment gains and losses, including foreign currency exchange gains and losses on the investments held, are reported in the Endowment Fund based on the year end fair market value of the investments.

Donated services

The Foundation relies on the time and expertise donated by many volunteers. The value of this time has not been recorded in these financial statements.

Interfund Transfers

Interfund transfers for administrative fees reflect costs recovered from the Endowment Fund by way of a cost recovery based on the market value of each fund. Other interfund transfers include transfers of investment income for distribution as grants.

Use of estimates

Management reviews the carrying amounts of items in the financial statements at each year end date to assess the need for revision or any possibility of impairment. Many items in the preparation of these financial statements require management's best estimate. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action. These estimates are reviewed periodically and adjustments are recorded in the statement of operations in the year they become known. Items subject to significant management estimates include allowance for doubtful accounts, if applicable, and estimated useful life and related amortization rates of tangible capital assets.

3. Tangible capital assets

			<u>2021</u>	<u>2020</u>
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net book value</u>	<u>Net book value</u>
Computer equipment	\$ 2,068	\$ 1,293	\$ 775	\$ 1,157

Phoenix Foundation of the Boundary Communities

Notes to the Financial Statements

March 31, 2021

4. Investments

The Foundation's investment portfolio is held within the National Bank of Canada and managed by third party professional experienced portfolio advisors. The following summarizes the various asset classes within the portfolio:

	2021	2020
Short term bonds	56,633	-
Fixed income securities	999,513	961,623
Canadian equities and alternative strategy funds	1,045,908	651,389
Foreign equities	927,317	708,493
	\$ 3,029,271	\$ 2,321,505

Investments are recorded at fair market value. Investments denominated in a foreign currency are converted at the year end conversion rate.

The Foundation has endowed funds with the Vancouver Foundation that are not included in the Foundation's own investments. The fair market value of these funds at March 31, 2021 was \$408,810 (2020 - \$343,848).

5. Deferred contributions

Deferred contributions in the General Fund represent unspent grants and donations externally restricted for specific charitable projects and operating activities. Changes during the year were as follows:

	Beginning balance	Additions	Reductions	Ending balance
Youth program	\$ 7,327	\$ -	\$ (542)	\$ 6,785
RBC Foundation Launch Community Challenge	2,180	-	-	2,180
	\$ 9,507	\$ -	\$ (542)	\$ 8,965

6. Endowment funds

The principal contributed by donors is to be held as a permanent endowment in separate funds. Investment returns earned on these endowment funds are allocated, as directed by the fund donor for designated funds or as determined by the Foundation's Directors for discretionary funds and distributed in amounts determined annually by the Foundation's Directors. For the current fiscal year, the allocation rate was set at 3.5% (2020 - 3.5%). Included in endowment funds is the Foundation's own administration endowment fund with a balance at March 31, 2021 of \$30,893 (2020 - \$23,847).

Phoenix Foundation of the Boundary Communities

Notes to the Financial Statements

March 31, 2021

7. Internally restricted net assets

The Board of Directors established an internally restricted fund intended to provide funding for Board convening and development initiatives. This reserve is not available for unrestricted purposes without approval of the Board of Directors.

8. Investment income (loss)	<u>2021</u>	<u>2020</u>
General fund:		
Interest earned	\$ 1,081	\$ 2,272
Restricted for grants fund:		
Interest earned	1,205	2,189
Endowment fund:		
Interest and dividends	58,403	64,183
Unrealized gain (loss) on fair market value	<u>620,765</u>	<u>(213,967)</u>
	<u>679,168</u>	<u>(149,784)</u>
	<u>\$ 681,454</u>	<u>\$ (145,323)</u>

9. Administrative fee

A Board approved administration fee of 1.3% (2020 - 1%) of the average investment portfolio is used to help defray operating costs. This fee, together with the allocations of income from various funds and any applicable grants, donations and fund-raising, are recorded as a \$38,713 transfer from the endowment fund to the general fund and a \$89,086 transfer from the endowment fund to the restricted for grants fund.

10. Grants and distributions

A summary of the funds distributed is as follows:

	<u>2021</u>	<u>2020</u>
Distributions	\$ 91,702	\$ 85,108
Flow through funds		
United Way	-	1,984
RBC Foundation	15,000	-
Community Foundations of Canada	28,777	-
Vancouver Foundation	<u>30,000</u>	<u>-</u>
	<u>73,777</u>	<u>1,984</u>
	<u>\$ 165,479</u>	<u>\$ 87,902</u>

Phoenix Foundation of the Boundary Communities

Notes to the Financial Statements

March 31, 2021

11. Financial instruments risks

The Foundation is exposed to various risks through its financial instruments. The Board of Directors has overall responsibility for the establishment and oversight of the Foundation's risk management framework, including risks related to financial management of assets. The following analysis provides information about the Foundation's risk exposure and concentration as at March 31, 2021.

- **Currency Risk**

Currency risk is the risk that the fair value of a financial instrument will fluctuate due to changes in foreign exchange rates. The exposure to currency risk is the result of approximately 30% (2020 - 27%) of the fair value of investments are being held in foreign currency.

- **Interest Rate Risk**

Interest rate risk relates to the risk that changes in interest rates will affect the fair value of future cash flows of financial instruments held by the Foundation. The risk affects the value of bonds and other fixed income investments held. Duration is the most common measure of the sensitivity of the price of a fixed income instrument to a change in interest rates. The Foundation's portfolio managers vary the duration of the fixed income holdings to mitigate this risk.

- **Equity Price Risk**

Equity price risk is the risk that the fair value of equity financial instruments will fluctuate due to changes in market prices. The Foundation is exposed to equity price risk on its investments in preferred and common stock. The risk is mitigated by maintaining a diversified portfolio across geographic and industry sectors.

12. British Columbia Societies Act

The British Columbia Societies Act requires disclosure of the amounts of remuneration paid to all directors, the ten highest paid employees, and all contractors who were paid at least \$75,000 annually. The Foundation had no individuals that fall within this disclosure requirement.

13. Comparative Figures

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