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Financial Statements of

PHOENIX FOUNDATION OF THE BOUNDARY COMMUNITIES

March 31, 2020



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PHOENIX FOUNDATION OF THE BOUNDARY COMMUNITIES

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March 31, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Members of the
Phoenix Foundation of the Boundary Communities

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Opinion

We have audited the accompanying financial statements of the Phoenix Foundation of the Boundary Communities, ("the Foundation"), which comprise the statement of financial position as at March 31, 2020, 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 Phoenix Foundation of the Boundary Communities as at March 31, 2020, 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.

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 opinion.

Emphasis of Matter – Restated Comparative Information

We draw attention to Note 9 to the financial statements, which explains that certain comparative information presented for the year ended March 31, 2019 has been restated. Our opinion is not modified in respect of this matter.

The financial statements for the year ended March 31, 2019 excluding the adjustments that were applied to restate certain comparative information were audited by another auditor who expressed an unmodified opinion on those financial statements on August 21, 2019.

As part of our audit of the financial statements for the year ended March 31, 2020, we also audited the adjustments applied to restate certain comparative information presented. In our opinion, such adjustments are appropriate and have been properly applied.

Other than with respect to the adjustments that were applied to restate certain comparative information, we were not engaged to audit, review, or apply any procedures to the financial statements for the year ended March 31, 2019. Accordingly, we do not express an opinion or any other form of assurance on those financial statements taken as a whole.

INDEPENDENT AUDITOR'S REPORT (continued)

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 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 Foundation's preparation and fair presentation of the financial statements 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.

INDEPENDENT AUDITOR'S REPORT (continued)

- 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.

Report on Other Legal and Regulatory Requirements

As required by the Societies Act of British Columbia, we report that, in our opinion, the accounting principles in Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

Grant Thornton LLP

Chartered Professional Accountants

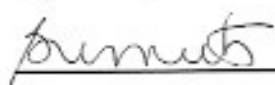
November 16, 2020

Nelson, B.C.

PHOENIX FOUNDATION OF THE BOUNDARY COMMUNITIES
STATEMENT OF FINANCIAL POSITION
As At March 31, 2020

ASSETS	General	Restricted for Grants	Endowment	2020 Total	2019 Total (restated - note 9)
CURRENT ASSETS					
Cash	\$ 125,281	\$ 74,807	\$ 1,115	\$ 201,203	\$ 177,489
Accounts receivable	824	3,752	-	4,576	4,710
Prepaid expenses	-	-	-	-	1,564
Interfund balances	(31,875)	33,255	(1,380)	-	-
	94,230	111,814	(265)	205,779	183,763
CAPITAL ASSETS (note 3)	1,157	-	-	1,157	1,954
INVESTMENTS (note 4)	-	-	2,574,551	2,574,551	2,539,481
	\$ 95,387	\$ 111,814	\$ 2,574,286	\$ 2,781,487	\$ 2,725,198
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts payable	\$ 7,806	\$ -	\$ -	\$ 7,806	\$ 6,841
Deferred contributions (note 5)	9,507	-	-	9,507	19,827
	17,313	-	-	17,313	26,668
NET ASSETS					
Externally restricted	-	111,814	2,550,439	2,662,253	2,601,275
Internally restricted (note 6)	3,629	-	23,847	27,476	31,430
Unrestricted	74,445	-	-	74,445	65,825
	78,074	111,814	2,574,286	2,764,174	2,698,530
	\$ 95,387	\$ 111,814	\$ 2,574,286	\$ 2,781,487	\$ 2,725,198
SUBSEQUENT EVENT (note 10)					

Approved by the Directors:


Treasurer

PHOENIX FOUNDATION OF THE BOUNDARY COMMUNITIES
STATEMENT OF OPERATIONS
For the Year Ended March 31, 2020

	General	Restricted for Grants	Endowment	2020 Total	2019 Total (restated - note 9)
REVENUE					
Endowment contributions	\$ -	\$ -	\$ 310,725	\$ 310,725	\$ 58,506
Grants and donations	21,320	32,713	-	54,033	38,116
Investment income (loss) (note 7)	2,272	2,189	(149,784)	(145,323)	160,898
Interfund - admin funds	5,427	-	(5,427)	-	-
Interfund - for grants	-	81,446	(81,446)	-	-
Interfund - admin fee	25,302	-	(25,302)	-	-
	<u>54,321</u>	<u>116,348</u>	<u>48,766</u>	<u>219,435</u>	<u>257,520</u>
EXPENDITURES					
Admin and bookkeeping	8,672	-	-	8,672	7,788
Amortization	797	-	-	797	453
Audit fees	7,660	-	-	7,660	4,147
Grants and distributions	-	87,092	-	87,092	130,554
Insurance and memberships	1,582	-	-	1,582	1,534
Investment fees	-	-	20,998	20,998	19,092
Meetings and events	1,592	-	-	1,592	1,957
Memberships	-	-	-	-	1,887
Office and donation fees	1,907	-	-	1,907	688
Promotion and advertising	2,000	-	-	2,000	702
Travel and conferences	4,231	-	-	4,231	3,440
Vital signs and other initiatives	14,914	-	-	14,914	1,191
Youth program	2,346	-	-	2,346	83
	<u>45,701</u>	<u>87,092</u>	<u>20,998</u>	<u>153,791</u>	<u>173,516</u>
EXCESS OF REVENUE OVER EXPENDITURES					
	\$ 8,620	\$ 29,256	\$ 27,768	\$ 65,644	\$ 84,004

PHOENIX FOUNDATION OF THE BOUNDARY COMMUNITIES
STATEMENT OF CHANGES IN NET ASSETS
For the Year Ended March 31, 2020

	General	Restricted for Grants	Endowment	2020 Total	2019 Total (restated - note 9)
NET ASSETS, BEGINNING OF YEAR	\$ 69,454	\$ 82,558	\$ 2,546,518	\$ 2,698,530	\$ 2,614,526
EXCESS OF REVENUE OVER EXPENDITURES	8,620	29,256	27,768	65,644	84,004
NET ASSETS, END OF YEAR	\$ 78,074	\$ 111,814	\$ 2,574,286	\$ 2,764,174	\$ 2,698,530

PHOENIX FOUNDATION OF THE BOUNDARY COMMUNITIES
STATEMENT OF CASH FLOWS
For the Year Ended March 31, 2020

	General	Restricted for Grants	Endowment	2020 Total	2019 Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from:					
Contributions and grants	\$ 13,000	\$ 32,951	\$ 310,725	\$ 356,676	\$ 122,499
Cash used for:					
Distributions	-	(87,092)	-	(87,092)	(130,554)
Materials and services	(44,743)	-	(20,998)	(65,741)	(39,804)
Interfund transfers	63,678	46,382	(110,060)	-	-
Net cash flows received from (used for) operating activities	31,935	(7,759)	179,667	203,843	(47,859)
CASH FLOWS FROM INVESTING ACTIVITIES					
Cash received from:					
Investments	2,272	2,189	133,173	137,634	133,966
Cash used for:					
Investments	-	-	(317,763)	(317,763)	(54,413)
Capital expenditures	-	-	-	-	(2,068)
Net cash flows received from (used for) investing activities	2,272	2,189	(184,590)	(180,129)	77,485
INCREASE (DECREASE) IN CASH	34,207	(5,570)	(4,923)	23,714	29,626
CASH, BEGINNING OF YEAR	91,074	80,377	6,038	177,489	147,863
CASH, END OF YEAR	\$ 125,281	\$ 74,807	\$ 1,115	\$ 201,203	\$ 177,489

1. PURPOSE OF THE 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. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The following is a summary of the significant accounting policies of the Foundation.

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. Flow through grants and investment income transferred from the Endowment Fund 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 and transfers to the Restricted for Grants Fund are recorded as revenues and expenditures of this fund.

Financial Instruments

The Foundation's financial instruments consist of cash, accounts receivable, investments and accounts payable. Financial instruments are recorded at fair value when acquired. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains or losses reported in income. Transaction costs on the acquisition, sale or issue of financial instruments are expensed when incurred.

All other financial instruments are recorded at amortized cost. For items carried at amortized cost, the fair value approximates the carrying value in the financial statements.

2. 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.

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.

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.

Capital Assets

Capital assets are recorded at cost and amortized over their useful lives. The Foundation's capital assets consist of computer equipment which is amortized on a declining basis of 33%.

Measurement Uncertainty

The preparation of financial statements in accordance 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 disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those reported.

New Accounting Standards

The Accounting Standards Board has issued "Basis for Conclusions - Accounting Standards Improvements for Not-for-Profit Organizations" resulting in the introduction of three new handbook sections in Canadian accounting standards for not-for-profit organizations; Section 4433 Tangible capital assets held by not-for-profit organizations, Section 4434 Intangible assets held by not-for-profit organizations and Section 4441 Collections held by not-for-profit organizations. The Foundation's adoption of these standards had no material impact on the Foundation's financial statements.

PHOENIX FOUNDATION OF THE BOUNDARY COMMUNITIES
NOTES TO FINANCIAL STATEMENTS (Continued)
As At March 31, 2020

3. CAPITAL ASSETS

	Cost	2020 Accumulated Amortization	Cost	2019 Accumulated Amortization
Computer equipment	\$ 2,068	\$ 911	\$ 3,416	\$ 1,462
	<u>\$ 1,157</u>		<u>\$ 1,954</u>	

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:

	2020	2019 (restated - note 9)
Cash and equivalents	\$ 253,046	\$ 110,219
Fixed income securities	961,623	1,014,738
Canadian equities and alternative strategy funds	651,389	1,228,112
Foreign equities	708,493	186,412
	<u>\$ 2,574,551</u>	<u>\$ 2,539,481</u>

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

As outlined in note 9, 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, 2020 was \$343,848 (2019 - \$377,908).

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
Telus technology	\$ 4,755	\$ -	\$(4,755)	\$ -
Vital Signs	6,219	8,000	(14,219)	-
Youth Program	8,853	-	(1,526)	7,327
RBC Foundation Launch Community Challenge	-	3,000	(820)	2,180
	<u>\$ 19,827</u>	<u>\$ 11,000</u>	<u>\$(21,320)</u>	<u>\$ 9,507</u>

PHOENIX FOUNDATION OF THE BOUNDARY COMMUNITIES
NOTES TO FINANCIAL STATEMENTS (Continued)
As At March 31, 2020

6. INTERNALLY RESTRICTED NET ASSETS

	2020	2019
Board convening	\$ 3,629	\$ 3,629
Foundation's own administration endowment fund	<u>23,847</u>	<u>27,801</u>
	<u>\$ 27,476</u>	<u>\$ 31,430</u>

7. INVESTMENT INCOME (LOSS)

	2020	2019 (restated - note 9)
General Fund:		
Interest on accounts	<u>\$ 2,272</u>	<u>\$ -</u>
Restricted for Grants Fund:		
Interest on accounts	<u>2,189</u>	<u>3,226</u>
Endowment Fund:		
Interest and dividends	64,183	97,479
Market gain (loss)	<u>(213,967)</u>	<u>60,193</u>
	<u>(149,784)</u>	<u>157,672</u>
	<u>\$ (145,323)</u>	<u>\$ 160,898</u>

8. FINANCIAL INSTRUMENTS

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, 2020.

Liquidity Risk

Liquidity risk is the risk that the organization will encounter difficulty in meeting obligations associated with financial liabilities. The Foundation is exposed to this risk primarily in respect to its accounts payable and is considered minimal. The Foundation retains sufficient cash in the General Fund to manage liquidity risk.

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 27% (2019 - 8%) 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.

PHOENIX FOUNDATION OF THE BOUNDARY COMMUNITIES
NOTES TO FINANCIAL STATEMENTS (Continued)
As At March 31, 2020

8. FINANCIAL INSTRUMENTS (continued)

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.

9. PRIOR PERIOD ADJUSTMENTS

The prior year's financial information has been restated to correct the accounting for the funds held in perpetuity within the Vancouver Foundation. While the Phoenix Foundation has the right to receive income from these funds, the amount and timing of distributions is at the discretion of the Vancouver Foundation, and the Phoenix Foundation does not have access to the capital contributed or exercise any control. Previously, the Phoenix Foundation recorded this endowed fund and the related changes in market value as assets and income in the financial statements resulting in an overstatement of investments, net assets and investment income.

These adjustments are as follows:

	2019
Adjustment to 2019 Net Assets, Beginning of Year:	
Balance as previously reported	\$ 2,986,172
less amount held with Vancouver Foundation in perpetuity	<u>(371,646)</u>
Net assets, beginning of year as restated	<u>\$ 2,614,526</u>
Adjustment to 2019 Investments:	
Balance as previously reported	\$ 2,917,389
less amount held with Vancouver Foundation in perpetuity	<u>(377,908)</u>
Investments, as restated	<u>\$ 2,539,481</u>
Adjustment to 2019 Investment Income:	
Balance as previously reported	\$ 167,160
less market gain attributed to Vancouver Foundation investments	<u>(6,262)</u>
Investment income, as restated	<u>\$ 160,898</u>
Adjustment to 2019 Net Assets, end of year:	
Balance as previously reported	\$ 3,076,438
less amount held with Vancouver Foundation in perpetuity	<u>(371,646)</u>
less market gain attributed to Vancouver Foundation investments	<u>(6,262)</u>
Net assets, end of year as restated	<u>\$ 2,698,530</u>

10. SUBSEQUENT EVENT

Subsequent to March 31, 2020, global financial markets have experienced significant volatility as a result of the COVID-19 pandemic. The outcomes of monetary and fiscal interventions designed to stabilize economic conditions are unknown creating difficulty in reasonably estimating the impact or duration of market volatility. Publicly traded equity, fixed income and derivative securities are subject to ongoing market fluctuations and will continue to experience volatility as the situation evolves.

The Foundation has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of, and for the year ended March 31, 2020, have not been adjusted to reflect any additional impact. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the Foundation's financial position, and results of its operations and cash flows for future periods.

11. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation.
