



FCR Thriving
Neighbourhoods
Foundation

Financial Statements

December 31, 2022

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Report of independent registered public accounting firm

To the Members of
FCR Thriving Neighbourhoods Foundation

Opinion

We have audited the accompanying financial statements of **FCR Thriving Neighbourhoods Foundation** [the "Foundation"] as of December 31, 2022, which comprises the statement of financial position as at December 31, 2022, the statements of operations, the statement of changes in net assets and statement of cash flow for the year then ended, and the related notes including a summary of significant accounting policies [collectively referred to as the "financial statements"].

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Foundation at December 31, 2022, 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.

Other matter

The comparative financial statements of the Foundation for the year ended December 31, 2021 are unaudited.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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.

Ernst & Young LLP

Toronto Canada
May 1, 2023

Chartered Professional Accountants
Licensed Public Accountants



Statement of operations and Statement of changes in net assets

| Year ended | December 31, 2022 (audited) | December 31, 2021 (unaudited) |
|---|--------------------------------|----------------------------------|
| Fundraising Revenue | | |
| Contributions | \$ 248,079 | \$ 284,923 |
| Fundraising Events | \$ 26,648 | \$ 4,297 |
| Gifts in Kind Goods/Services [Note 8] | 64,079 | - |
| Gross Fundraising Revenue | 338,806 | 289,220 |
| Fundraising Expenses [Note 8] | 64,079 | - |
| Charitable Disbursements [Note 5] | 280,748 | 208,000 |
| General and Administrative Expenses | 3,364 | 2,051 |
| Total Expenses | 348,191 | 210,051 |
| Excess (deficiency) of revenue over expenses | \$ (9,385) | \$ 79,169 |
| Net assets, beginning of year | 79,169 | - |
| Excess (deficiency) of revenue over expenses for the year | (9,385) \$ | 79,169 |
| Net assets, end of year | 69,784 | 79,169 |

See accompanying notes

Statement of financial position

| As at | | December 31, 2022 (audited) | December 31, 2021 (unaudited) |
|---|----|--------------------------------|----------------------------------|
| Assets | | | |
| Cash | \$ | 67,368 | \$ 74,649 |
| Accounts receivable [Note 3] | \$ | 16,202 | \$ 4,520 |
| Total assets | | 83,570 | 79,169.00 |
| Liabilities and net assets | | | |
| Accounts payable & accrued liabilities [Note 4] | | 13,786 | - |
| Total liabilities | | 13,786 | - |
| Net assets | | | |
| Unrestricted | | 69,784 | 79,169 |
| Total net assets | \$ | 69,784 | \$ 79,169 |
| Total liabilities and net assets | | 83,570 | 79,169 |

See accompanying notes

On behalf of the Board:

Director

Statement of cash flows

| Year ended | December 31, 2022 | December 31, 2021 |
|--|-------------------|-------------------|
| Operating activities | | |
| Excess (deficiency) of revenue over expenses for the year | \$ (9,385) | \$ 79,169 |
| Changes in non-cash working capital balances related to operations | | |
| Accounts receivable and other assets | (11,682) | (4,520) |
| Accounts payable and accrued liabilities | 13,786 | - |
| Cash provided by (used in) operating activities | (7,281) | 74,649 |
| Net increase (decrease) in cash during the year | (7,281) | 74,649 |
| Cash and cash equivalents, beginning of year | 74,649 | - |
| Cash and cash equivalents, end of year | \$ 67,368 | \$ 74,649 |

See accompanying notes

Notes to financial statements

December 31, 2022

1. Description of business

The FCR Thriving Neighbourhoods Foundation [the “Foundation”] was incorporated under the *Canada Not-for-profit Corporations Act*, as a corporation without share capital, on September 19, 2020. It was also registered as a public foundation under the *Income Tax Act* (Canada) on January 1, 2021 and is run in accordance with all legal and regulatory requirements governing Canadian not-for-profit corporations.

The Foundation is a registered charity and is able to issue donation receipts for income tax purposes under registration number 712633536 RR0001. The Foundation is exempt from income taxes under the *Income Tax Act* (Canada), and as a result, no provision for income taxes is recorded.

The Foundation is an employee led organization that raise the funds, run the events and select the charities that are meaningful to them to which the FCR Thriving Neighbourhoods Foundation provides financial support.

The Foundation is governed by a Board of Directors that has established governance policies and procedures. Directors serve without remuneration. The day-to-day management of the Foundation is undertaken by the Board of Directors.

2. Summary of significant accounting policies

The financial statements have been prepared in accordance with Part III of the *CPA Canada Handbook – Accounting*, “Accounting Standards for Not-for-Profit Organizations”, which sets out generally accepted accounting principles for not-for-profit organizations in Canada and includes the significant accounting policies summarized below.

Revenue recognition

The Foundation follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue when initially recorded in the accounts. Externally restricted contributions are deferred when initially recorded in the accounts and recognized as revenue in the year in which the related expenses are recognized.

Gifts-in-kind and Contributed services

The Foundation records contributed materials when a fair value can be reasonably estimated and when the materials are used in the normal course of operations and would otherwise have been purchased. Contributed services are not recognized in the financial statements. Fundraising events and expenses include contributed materials of \$64,079 [2021 - \$Nil].

Use of Estimates

The presentation of the Foundation’s financial statements, in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the amounts in the financial statements and the disclosures in the notes thereto. Actual results could differ from those estimates used in preparing the financial

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statements. Areas requiring the use of management's estimates include the assumptions used in the valuation of gifts in kind revenue and expenses.

3. Amounts Receivable

| | December 31, 2022 | December 31, 2021 |
|--|-------------------|-------------------|
| Holiday fundraiser | \$ - | \$ 4,005 |
| Bank and Moneris fees | 876 | 515 |
| Grants to External Organizations | 13,327 | - |
| Amounts due from First Capital Realty Inc. | 14,202 | 4,520 |
| Donations Receivable - External | \$ 2,000 | - |
| Total Amounts Receivable | \$ 16,202 | \$ 4,520 |

4. Amounts payable & accrued liabilities

| | December 31, 2022 | December 31, 2021 |
|--------------------------------|-------------------|-------------------|
| Foundation Credit Card Payable | \$ 13,786 | \$ - |
| Total Amounts Payable | \$ 13,786 | \$ - |

5. Charitable disbursements

Charitable disbursements were made to the following registered charities:

| | Year ended December 31, 2022 | Year ended December 31, 2021 |
|--|---------------------------------|---------------------------------|
| Recipients: | | |
| Second Harvest | \$ 138,100 | \$ 200,000 |
| Kids Help Phone | 125,000 | - |
| ICSC Talent Incubator | 6,666 | - |
| MS Society of Canada | 5,000 | - |
| Help Us Help | 4,982 | - |
| Hockey For Homeless | 1,000 | - |
| President's Choice Children's Charity | - | 8,000 |
| Charitable disbursements recognized as expenses during the year | \$ 280,748 | \$ 208,000 |

6. Related party transactions

The Foundation is related to other parties by virtue of those parties' ability to exercise significant influence over the foundation. Other parties include the directors of the foundation and First Capital Realty Inc ("FCRI") and its subsidiaries. The foundation receives office space and administrative support at no cost from the parent organization.

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Further, \$14,202 is included in accounts receivable as at December 31, 2022 [2021 – \$4,502] due from FCRI. Related party transactions are recorded at the exchange amount agreed upon by the two parties.

7. Commitments

The Foundation has entered into long-term grant commitments as follows:

| | Commitment Period | Annual Commitment | Total Commitment |
|--------------------------|------------------------------|------------------------------|-----------------------------|
| Recipients: | | | |
| ICSC Talent Incubator | 2022-2026 | \$ 5,000 | \$ 25,000 |
| MS Society of Canada | 2022-2026 | 5,000 | 25,000 |
| Total Commitments | | \$ 10,000 | \$ 50,000 |

8. Fundraising Activities

The Foundation's key fundraising activities consist of organizing and coordinating fundraising events throughout the year, in addition to sales of raffle tickets. During the year, the Foundation generated over \$90,000 in revenues from these activities, which included proceeds from raffle ticket sales and the value of donated gift-in-kind items.

The associated expenses related to fundraising activities totaled approximately \$64,000 during the year, which primarily consisted of the cost of gift-in-kind items contributed for the raffle. Overall, the Foundation's fundraising activities were successful in generating revenue to support its mission, while keeping expenses within reasonable limits.

9. Financial instruments and risk management

In the normal course of its charitable activities, the Foundation is exposed to credit risk that can affect its operating performance as described below.

Credit risk

Credit risk on financial instruments is the risk of financial loss occurring as a result of a default by a counterparty on its obligation to the Foundation. The Foundation is exposed to credit risk on its accounts receivable. As a charitable organization, the foundation manages credit risk by assessing the creditworthiness of counterparties, monitoring accounts receivable closely, and diversifying credit exposure. The foundation has established procedures that define the criteria for granting credit and take prompt action to collect any outstanding debts.