

Financial Statements of

**THE WOODGREEN FOUNDATION**

And Independent Auditors' Report thereon

Year ended March 31, 2022



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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of The WoodGreen Foundation

### ***Opinion***

We have audited the financial statements of The WoodGreen Foundation (the Entity), which comprise:

- the statement of financial position as at March 31, 2022
- the statement of operations and fund balances for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 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 "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity 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 - Comparative Information***

The financial statements for the year ended March 31, 2021, were audited by another auditor who expressed an unmodified opinion on those financial statements on July 31, 2021.



### ***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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

### ***Auditors' 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 auditors' 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 the 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 Entity's internal control.



Page 3

- 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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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.
- 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.

*KPMG LLP*

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Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

June 24, 2022

# THE WOODGREEN FOUNDATION

## Statement of Financial Position

March 31, 2022, with comparative information for 2021

	2022	2021
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 4,864,026	\$ 3,098,003
Unrestricted investments (note 3)	3,284,742	3,057,372
Restricted investments (note 4)	1,407,715	1,240,605
Accounts receivable	60,944	28,531
Due from WoodGreen Community Services (note 5)	1,280,993	163,417
Due from WoodGreen Community Housing Inc. (note 5)	-	62,533
	<u>10,898,420</u>	<u>7,650,461</u>
Unrestricted investments (note 3)	820,876	1,209,111
Restricted investments (note 4)	396,336	777,156
	<u>\$ 12,115,632</u>	<u>\$ 9,636,728</u>

## Liabilities and Fund Balances

Current liabilities:		
Accounts payable and accrued liabilities	\$ 33,191	\$ 65,284
Due to WoodGreen Community Housing Inc. (note 5)	110,900	-
	<u>144,091</u>	<u>65,284</u>
Fund balances:		
Restricted fund	9,860,992	8,140,415
Unrestricted fund	2,110,549	1,431,029
	<u>11,971,541</u>	<u>9,571,444</u>
	<u>\$ 12,115,632</u>	<u>\$ 9,636,728</u>

See accompanying notes to financial statements.

On behalf of the Board:

Bill MacKinnon Director

Bill Wilson Director

# THE WOODGREEN FOUNDATION

## Statement of Operations and Fund Balances

Year ended March 31, 2022, with comparative information for 2021

			2022	2021
	Restricted	Unrestricted	Total	Total
<b>Revenue:</b>				
Donations	\$ 4,020,667	\$ 482,165	\$ 4,502,832	\$ 3,069,392
Donations from WoodGreen				
Community Services (note 5)	–	732,690	732,690	–
Investment income	22,213	20,241	42,454	103,941
Other	–	–	–	62,581
	4,042,880	1,235,096	5,277,976	3,235,914
<b>Expenses:</b>				
Fundraising and special events	–	84,216	84,216	69,780
Administrative (note 5)	–	894,042	894,042	213,970
	–	978,258	978,258	283,750
Excess of revenue over expenses before undernoted items	4,042,880	256,838	4,299,718	2,952,164
Change in fair value of investments	45,542	137,342	182,884	541,028
Donations to WoodGreen				
Community Housing Inc. (note 5)	(561,000)	–	(561,000)	–
Donations to WoodGreen				
Community Services (note 5)	(1,521,505)	–	(1,521,505)	(1,264,735)
Excess of revenue over expenses	2,005,917	394,180	2,400,097	2,228,457
Fund balances, beginning of year	8,140,415	1,431,029	9,571,444	7,342,987
Transfer to Unrestricted Fund (note 7)	(285,340)	285,340	–	–
<b>Fund balances, end of year</b>	<b>\$ 9,860,992</b>	<b>\$ 2,110,549</b>	<b>\$ 11,971,541</b>	<b>\$ 9,571,444</b>

See accompanying notes to financial statements.

# THE WOODGREEN FOUNDATION

## Statement of Cash Flows

Year ended March 31, 2022, with comparative information for 2021

	2022	2021
Cash flows provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 2,400,097	\$ 2,228,457
Items not involving cash:		
Reinvested investment income	(28,191)	(58,500)
Change in fair value of investments	(182,885)	(541,028)
	<u>2,189,021</u>	<u>1,628,929</u>
Change in non-cash operating working capital:		
Accounts receivable	(32,413)	68,227
Due from WoodGreen Community Services	(1,117,576)	(2,090,639)
Due to/from WoodGreen Community Housing Inc.	173,433	(141,797)
Prepaid expenses	—	3,561
Accounts payable and accrued liabilities	(32,093)	36,025
	<u>1,180,372</u>	<u>(495,694)</u>
Investing activities:		
Purchase of investments	—	(1,610,610)
Proceeds from disposal of unrestricted investments	263,637	897,378
Proceeds from disposal of restricted investments	322,014	822,500
	<u>585,651</u>	<u>109,268</u>
Increase (decrease) in cash and cash equivalents	1,766,023	(386,426)
Cash and cash equivalents, beginning of year	3,098,003	3,484,429
Cash and cash equivalents, end of year	<u>\$ 4,864,026</u>	<u>\$ 3,098,003</u>

See accompanying notes to financial statements.

# THE WOODGREEN FOUNDATION

Notes to Financial Statements

Year ended March 31, 2022

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## 1. Nature of Operations:

The WoodGreen Foundation (the "Foundation" or "TWGF") is a corporation without share capital and is incorporated under the laws of Canada. The Foundation is a registered charity filed for continuance under the Income Tax Act (Canada) and is exempt from income taxes provided certain requirements of the Income Tax Act (Canada) are met. The Foundation solicits, receives, manages and distributes funds to WoodGreen Community Services ("WCS") and its related organizations.

## 2. Significant accounting policies:

The Foundation follows Canadian accounting standards for not-for-profit organizations ("ASNPO"), as issued by the Canadian Accounting Standards Board.

### (a) Fund accounting:

The Foundation follows the restricted fund method of accounting for contributions. The financial statements separately disclose the activities of the following funds maintained by the Foundation:

- the Unrestricted Fund includes general fundraising, investing, granting and administrative activities and represents unrestricted resources available for immediate use; and
- the Restricted Fund reflects donations and contributions that are to be expended for specific purposes as directed by donors.

### (b) Revenue recognition:

Donations and special events revenue is recognized as revenue in the appropriate fund in the year received or receivable if the amount can be reasonably estimated and collection is reasonably assured. The Foundation recognizes revenue for special events in the year in which the event occurs.

Investment income is accrued as it is earned. It includes dividend and interest income.



# THE WOODGREEN FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2022

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## 2. Significant accounting policies (continued):

### (c) Cash and cash equivalents:

Cash and cash equivalents include cash on hand and short-term investments, which are highly liquid with original maturities of less than three months.

### (d) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Cash and cash equivalents and investments are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost.

Transaction costs incurred on the acquisition of cash equivalents and investments are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized on a straight-line basis.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Foundation determines whether there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset and the amount the Foundation expects to realize by exercising its right to any collateral. However, impairment losses previously recognized may be reversed if there is an event that indicates a decrease in the extent of impairment.

### (e) Contributed services:

A number of volunteers contribute their services to the Foundation each year. Due to the difficulty of determining the fair value, these contributed services are not recognized or disclosed in the financial statements.

# THE WOODGREEN FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2022

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## 2. Significant accounting policies (continued):

### (f) Foreign currency translation:

The fair values of foreign currency denominated investments included in the statement of financial position are translated into Canadian dollars at year-end exchange rates of exchange. Revenue and expenses are translated at the exchange rate prevailing on the transaction date. Gains and losses arising from translation are reflected in the statement of operations and fund balances in investment income.

### (g) Use of estimates:

The preparation of financial statements in accordance with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

## 3. Unrestricted investments:

Unrestricted investments include investments managed by an investment manager.

Short-term unrestricted investments consist of the following:

	2022	2021
Term guaranteed investment certificates, notes and debentures, with maturities from August 31, 2022 to October 3, 2022 (2021 - August 3, 2021 to September 20, 2021)	\$ 400,000	\$ 300,000
Mutual funds:		
Domestic	765,442	694,730
Foreign	2,119,300	2,062,642
	<u>\$ 3,284,742</u>	<u>\$ 3,057,372</u>

# THE WOODGREEN FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2022

### 3. Unrestricted investments (continued):

Long-term unrestricted investments consist of the following:

	2022	2021
Term guaranteed investment certificates, notes and debentures, with maturities from December 18, 2023 to January 22, 2026 (2021 - August 31, 2022 to January 22, 2026)	\$ 820,876	\$ 1,209,111

### 4. Restricted investments:

Restricted investments include investments managed by an investment manager.

Short-term restricted investments consist of the following:

	2022	2021
Term guaranteed investment certificates, notes and debentures, with maturities from May 17, 2022 to January 23, 2023 (2021 - May 17, 2021 to September 30, 2021)	\$ 317,920	\$ 206,637
Mutual funds:		
Domestic	299,591	271,914
Foreign	790,204	762,054
	\$ 1,407,715	\$ 1,240,605

Long-term restricted investments consist of the following:

	2022	2021
Term guaranteed investment certificates, notes and debentures, with maturities from May 17, 2023 to July 25, 2029 (2021 - May 17, 2022 to July 25, 2029)	\$ 396,336	\$ 777,156

These restricted investments relate to the Raymond Chang Homeward Bound Fund and the Community Care Endowment Fund.

# THE WOODGREEN FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2022

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## 5. Related party transactions:

The WCS has control over the Foundation since the Foundation has a significant economic interest in WCS and purpose are closely integrated such that WCS and Foundation have common or complementary objectives. WCS provides payroll and administrative services to the Foundation. During the year, WCS paid for \$808,512 (2021 - \$166,597) of expenses on behalf of Foundation, of which \$732,690 (2021 - nil) was related to salaries and benefits which was fully funded through a donation received from WCS. From one year to the next, there may be fluctuations in the amount of related party transactions between WCS and the Foundation. This may be due to transfers of donations and/or amounts reimbursed for administrative expenses incurred by the Foundation.

During the year, the Foundation donated \$561,000 (2021 - nil) to WoodGreen Community Housing Inc. ("WCHI"), a related party through common control by WCS, to help with the operation of their non-profit housing projects for low-income individuals and families. The Foundation also donated \$1,521,505 (2021 - \$1,264,735) to WCS to help with the delivery of several programs which enhance self-sufficiency, promote well-being, and reduce poverty.

Included in the statement of financial position is \$110,900 due to (2021 - \$62,533 due from) WCHI for the housing project at 25 Nicholas Street. The Foundation solicited funding for the revitalization of the Pape/Renwick playground for WCHI in prior years, of which \$25,050 that was outstanding from 2021 was received in the current year upon completion of the playground.

The above-noted transactions are in the normal course of business and are recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Amounts due to/from related parties are unsecured, non-interest bearing and are payable on demand.

During the current year, members of the Foundation's Board of Directors (the "Board") personally or through related private foundations provided financial contributions to the Foundation amounting to \$711,009 (2021 - \$1,444,772) and an additional \$1,050,000 (2021 - nil) payments towards pledges made in previous years.

# THE WOODGREEN FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2022

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## 6. Financial instruments:

The main risks to which the Foundation's financial instruments are exposed are interest rate, market and credit risks. In management's opinion, the Foundation is not exposed to significant cash flow risks.

### (a) Interest rate risk:

Interest rate risk arises from the possibility that changes in interest rates will affect the value of investments held by the Foundation. However, there is limited exposure to interest rate risk due to short-term maturity, fixed interest rates and low risk nature of investments.

### (b) Credit risk:

Credit risk is the risk one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Foundation is exposed to credit risk primarily through its investments with various financial institutions and accounts receivable. Management considers the credit risk to be low as the Foundation only places its investments with reputable and financially stable organizations.

### (c) Market risk:

Market risk arises from the possibility that changes in market prices will affect the value of the financial instruments of the Foundation. The Foundation manages the risk by investing in guaranteed investment certificates and corporate bond and equity mutual funds.

### (d) Currency risk:

The Foundation is exposed to financial risks as a result of exchange rate fluctuations and volatility of these rates. The Foundation does not currently enter into forward contracts to mitigate this risk.

# THE WOODGREEN FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2022

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**7. Transfer to Unrestricted Fund:**

Effective April 1, 2020, the Board approved that as a part of the donation agreements with donors, the Foundation, at their discretion and subject to the Board's approval, can retain up to 10% of restricted donations to fund the administrative function of the Foundation. During the year \$285,340 (2021 - \$187,482) was transferred to the Unrestricted Fund.

**8. Comparative information:**

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.