

Financial Statements of

THE WOODGREEN FOUNDATION

And Independent Auditor's Report thereon

Year ended March 31, 2023



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INDEPENDENT AUDITOR'S 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, 2023
- the statement of operations and changes in 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, 2023, 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 auditor's 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.



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.

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 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 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 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

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

June 21, 2023

THE WOODGREEN FOUNDATION

Statement of Financial Position

March 31, 2023, with comparative information for 2022


	2023	2022
Assets		
Current assets:		
Cash and cash equivalents (note 3)	\$ 6,825,497	\$ 4,864,026
Unrestricted investments (note 4)	1,583,517	3,284,742
Restricted investments (note 5)	523,126	1,407,715
Accounts receivable	60,819	60,944
Due from WoodGreen Community Services (note 6)	850,658	1,280,993
	<u>9,843,617</u>	<u>10,898,420</u>
Unrestricted investments (note 4)	3,325,458	820,876
Restricted investments (note 5)	1,379,623	396,336
	<u>\$ 14,548,698</u>	<u>\$ 12,115,632</u>

Liabilities and Fund Balances


Current liabilities:		
Accounts payable and accrued liabilities	\$ 254,483	\$ 33,191
Due to WoodGreen Community Services (note 6)	469,632	-
Due to WoodGreen Community Housing Inc. (note 6)	10,879	110,900
Deferred revenue (note 7)	828,003	-
	<u>1,562,997</u>	<u>144,091</u>
Fund balances:		
Restricted fund	10,478,585	9,860,992
Unrestricted fund	2,507,116	2,110,549
	<u>12,985,701</u>	<u>11,971,541</u>
	<u>\$ 14,548,698</u>	<u>\$ 12,115,632</u>

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

THE WOODGREEN FOUNDATION

Statement of Operations and Changes in Fund Balances

Year ended March 31, 2023, with comparative information for 2022

			2023	2022
	Restricted	Unrestricted	Total	Total
Revenue:				
Donations (note 6)	\$ 3,880,612	\$ 735,470	\$ 4,616,082	\$ 4,502,832
Donations from WoodGreen				
Community Services (note 6)	–	854,837	854,837	732,690
Investment income	32,861	179,302	212,163	42,454
	3,913,473	1,769,609	5,683,082	5,277,976
Expenses:				
Fundraising and special events	–	460,839	460,839	84,216
Administrative (note 6)	–	1,317,034	1,317,034	894,042
	–	1,777,873	1,777,873	978,258
Excess (deficiency) of revenue over expenses before undernoted items	3,913,473	(8,264)	3,905,209	4,299,718
Change in fair value of investments	6,334	20,006	26,340	182,884
Donations to WoodGreen				
Community Housing Inc. (note 6)	(107,929)	–	(107,929)	(561,000)
Donations to WoodGreen				
Community Services (note 6)	(2,809,460)	–	(2,809,460)	(1,521,505)
Excess of revenue over expenses	1,002,418	11,742	1,014,160	2,400,097
Fund balances, beginning of year	9,860,992	2,110,549	11,971,541	9,571,444
Transfer to Unrestricted fund (note 9)	(384,825)	384,825	–	–
Fund balances, end of year	\$ 10,478,585	\$ 2,507,116	\$ 12,985,701	\$ 11,971,541

See accompanying notes to financial statements.

THE WOODGREEN FOUNDATION

Statement of Cash Flows

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
Cash flows provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 1,014,160	\$ 2,400,097
Items not involving cash:		
Reinvested investment income	(43,172)	(28,191)
Change in fair value of investments	(26,340)	(182,884)
	944,648	2,189,022
Change in non-cash operating working capital:		
Accounts receivable	125	(32,413)
Due from/to WoodGreen Community Services	899,967	(1,117,576)
Due to/from WoodGreen Community Housing Inc.	(100,021)	173,433
Accounts payable and accrued liabilities	221,292	(32,093)
Deferred revenue	828,003	—
	2,794,014	1,180,373
Investing activities:		
Purchase of unrestricted investments	(2,616,298)	—
Purchase of restricted investments	(1,011,418)	—
Proceeds from disposal of unrestricted investments	1,863,431	263,637
Proceeds from disposal of restricted investments	931,742	322,013
	(832,543)	585,650
Increase in cash and cash equivalents	1,961,471	1,766,023
Cash and cash equivalents, beginning of year	4,864,026	3,098,003
Cash and cash equivalents, end of year	\$ 6,825,497	\$ 4,864,026

See accompanying notes to financial statements.

THE WOODGREEN FOUNDATION

Notes to Financial Statements

Year ended March 31, 2023

1. Nature of operations:

The WoodGreen Foundation (the "Foundation") is a corporation without share capital and is incorporated under the laws of Canada. The Foundation was continued under the Canada Not-for-profit Corporations Act in April 2015. The Foundation is a registered charity 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, as issued by the Canadian Accounting Standards Board.

(a) Fund accounting:

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:

The Foundation follows the restricted fund method of accounting for contributions.

Donations are 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, 2023

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, 2023

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 the year-end exchange rate 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 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. Cash and cash equivalents:

Included in cash and cash equivalents is \$358,454 (2022 - \$1,166,105) of short-term investments.

4. Unrestricted investments:

Unrestricted investments include investments managed by an investment manager.

Short-term unrestricted investments consist of the following:

	2023	2022
Term guaranteed investment certificates, notes and debentures, with maturities from December 18, 2023 to January 22, 2024 (2022 - August 31, 2022 to October 3, 2022)	\$ 318,866	\$ 400,000
Mutual funds:		
Domestic	1,264,651	2,119,300
Foreign	—	765,442
	<u>\$ 1,583,517</u>	<u>\$ 3,284,742</u>

THE WOODGREEN FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2023

4. Unrestricted investments (continued):

Long-term unrestricted investments consist of the following:

	2023	2022
Term guaranteed investment certificates, notes and debentures, with maturities from January 22, 2025 to January 22, 2026 (2022 - December 18, 2023 to January 22, 2026)	\$ 513,989	\$ 820,876
Pooled fund equities	2,811,469	–
	<u>\$ 3,325,458</u>	<u>\$ 820,876</u>

5. Restricted investments:

Restricted investments include investments managed by an investment manager.

Short-term restricted investments consist of the following:

	2023	2022
Term guaranteed investment certificates, notes and debentures, with maturities from May 17, 2023 to January 22, 2024 (2022 - May 17, 2022 to January 23, 2023)	\$ 161,320	\$ 317,920
Mutual funds:		
Domestic	361,806	790,204
Foreign	–	299,591
	<u>\$ 523,126</u>	<u>\$ 1,407,715</u>

Long-term restricted investments consist of the following:

	2023	2022
Term guaranteed investment certificates, notes and debentures, with maturities from January 22, 2025 to July 25, 2029 (2022 - May 17, 2023 to July 25, 2029)	\$ 774,432	\$ 396,336
Pooled fund equities	605,191	–
	<u>\$ 1,379,623</u>	<u>\$ 396,336</u>

THE WOODGREEN FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2023

5. Restricted investments (continued):

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

6. Related party transactions and balances:

WCS has control over the Foundation since the Foundation has a significant economic interest in WCS, and its purpose is closely integrated such that WCS and the Foundation have common or complementary objectives. In 2023, the Foundation reimbursed WCS for payroll and administrative services of \$955,815 (2022 - \$808,512), provided on the Foundation's behalf. In addition, WCS provided the Foundation a donation of \$854,837 (2022 - \$732,690).

During the year, the Foundation donated \$107,929 (2022 - \$561,000) 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 \$2,809,460 (2022 - \$1,521,505) 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 \$10,879 due to (2022 - \$110,900 due to) WCHI for the housing project at 25 Nicholas Street. As of March 31, 2023, Foundation has an accounts receivable from WCS of \$850,658 (2022 - \$1,280,993) and accounts payable of \$469,632 (2022 - nil).

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 \$1,663,938 (2022 - \$1,705,670).

7. Deferred revenue:

The deferred revenue in the current year pertains to the UnMet Gala, a charitable event held in May 2023. During the year, the Foundation received a total of \$828,003 (2022 - nil) associated with ticket sales and sponsorship proceeds for the event.

THE WOODGREEN FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2023

8. Financial instruments:

The main risks to which the Foundation's financial instruments are exposed are interest rate, credit and market risks. In management's opinion, the Foundation is not exposed to significant cash flow risks. There has been no change to the risk exposure from 2022.

(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, pooled fund equities, 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.

9. 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, \$384,825 (2022 - \$285,340) was transferred to the Unrestricted fund.