

**COMMUNITY FOUNDATION FOR KINGSTON & AREA  
FINANCIAL STATEMENTS  
AS AT DECEMBER 31, 2021**

**COMMUNITY FOUNDATION FOR KINGSTON & AREA**  
**TABLE OF CONTENTS**  
**AS AT DECEMBER 31, 2021**

	<b><u>Page</u></b>
<b>INDEPENDENT AUDITOR'S REPORT</b>	1-2
<b>FINANCIAL STATEMENTS</b>	
Statement of Financial Position	3
Statement of Revenue and Expenditures and Fund Balances	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 16
Schedule A - Schedule of Operating Expenses	17

## **INDEPENDENT AUDITOR'S REPORT**

To the Members

### **Qualified Opinion**

We have audited the financial statements of Community Foundation for Kingston & Area (the Foundation), which comprise the statement of financial position as at December 31, 2021, and the statements of revenue and expenditures and fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at December 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.

### **Basis for Qualified Opinion**

In common with many charitable organizations, the Foundation derives revenue from donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Foundation and we were not able to determine whether, as at and for the years ended December 31, 2021 and December 31, 2020, any adjustments might be necessary to donations revenue, excess of revenues over expenditures, assets and fund balances.

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 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 these 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.

**INDEPENDENT AUDITOR'S REPORT  
(CONT'D)**

**Auditor's Responsibilities for the Audit of the Financial Statements**

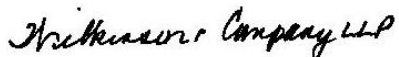
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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.

KINGSTON, Canada  
April 26, 2022

  
Chartered Professional Accountants  
Licensed Public Accountants

COMMUNITY FOUNDATION FOR KINGSTON & AREA  
STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2021

	Operating Fund \$	Restricted Funds		2021 Total \$	2020 Total \$
		for Charitable Distribution \$	Endowment Fund \$		
<b>ASSETS</b>					
<b>CURRENT</b>					
Cash - Note 3	236,856	185,048	2,692,341	3,114,245	1,665,155
HST receivable	7,855			7,855	5,773
Prepaid expenses	3,925			3,925	3,925
Investments - Note 4		13,739,204	16,965,477	30,704,681	23,951,819
Due from Restricted Funds for Charitable Distribution	269,646				
	518,282	13,924,252	19,657,818	33,830,706	25,626,672
	19,989			19,989	
<b>TANGIBLE CAPITAL ASSETS - Note 5</b>	<b>538,271</b>	<b>13,924,252</b>	<b>19,657,818</b>	<b>33,850,695</b>	<b>25,626,672</b>
<b>LIABILITIES</b>					
<b>CURRENT</b>					
Accounts payable and accrued charges	20,310	752		21,062	31,458
Due to Operating Fund		269,646			
	20,310	270,398		21,062	31,458
		167,065		167,065	191,776
<b>TRUST FUND LIABILITY - Note 6</b>	<b>20,310</b>	<b>437,463</b>		<b>188,127</b>	<b>223,234</b>
<b>NET ASSETS</b>					
<b>ENDOWMENT FUNDS - Note 7</b>					
Contributed capital			19,394,582	19,394,582	18,400,650
Contributed capital (Internally restricted)			263,236	263,236	263,236
Accumulated increase in capital		5,435,191		5,435,191	3,411,719
		7,726,434		7,726,434	2,741,398
Contributed capital (Internally restricted)		25,000		25,000	25,000
Accumulated increase in capital		300,164		300,164	140,786
<b>OPERATING FUNDS</b>	<b>517,961</b>			<b>517,961</b>	<b>420,649</b>
Operating fund	517,961	13,486,789	19,657,818	33,662,568	25,403,438
	538,271	13,924,252	19,657,818	33,850,695	25,626,672

APPROVED ON BEHALF OF THE BOARD

*Robert A. ...* Director  
*[Signature]* Director

The accompanying notes form an integral part of these financial statements



**COMMUNITY FOUNDATION FOR KINGSTON & AREA  
STATEMENT OF REVENUE AND EXPENDITURES AND FUND BALANCES  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Operating Fund		Restricted Funds for Charitable Distribution		Endowment Fund		Total	
	2021 \$	2020 \$	2021 \$	2020 \$	2021 \$	2020 \$	2021 \$	2020 \$
<b>REVENUE</b>								
Donations	80,933	79,876	5,307,998	605,602	947,874	492,124	6,336,805	1,177,602
Investment income	251,324	116,341	3,209,195	1,545,166			3,460,519	1,661,507
Administration fee	387,162	324,777					387,162	324,777
Miscellaneous	15,679	59,604	5,735				21,414	59,604
Community Insights		2,500						2,500
	<b>735,098</b>	<b>583,098</b>	<b>8,522,928</b>	<b>2,150,768</b>	<b>947,874</b>	<b>492,124</b>	<b>10,205,900</b>	<b>3,225,990</b>
<b>EXPENDITURES</b>								
Administration and investment fee	2,299	1,979	412,753	345,255			415,052	347,234
Amortization of tangible capital assets - Note 5	2,501						2,501	
Flow through grants and directed donations - Note 8	1,000		242,836	233,432			243,836	233,432
Endowed and spend down grants and directed donations - Note 8			807,832	746,246			807,832	746,246
Life insurance premiums - Note 9	36,475	36,475					36,475	36,475
Operating expenses - Schedule A	422,677	402,363	18,397				422,677	402,363
Program expenses - Note 7							18,397	
	<b>464,952</b>	<b>440,817</b>	<b>1,481,818</b>	<b>1,324,933</b>			<b>1,946,770</b>	<b>1,765,750</b>
<b>EXCESS OF REVENUE OVER EXPENDITURES FOR YEAR</b>	<b>270,146</b>	<b>142,281</b>	<b>7,041,110</b>	<b>825,835</b>	<b>947,874</b>	<b>492,124</b>	<b>8,259,130</b>	<b>1,460,240</b>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<b>420,649</b>	<b>309,978</b>	<b>6,318,903</b>	<b>5,392,391</b>	<b>18,663,886</b>	<b>18,240,829</b>	<b>25,403,438</b>	<b>23,943,198</b>
<b>INTERFUND TRANSFERS - Note 7</b>	<b>(172,834)</b>	<b>(31,610)</b>	<b>126,776</b>	<b>100,677</b>	<b>46,058</b>	<b>(69,067)</b>		
<b>FUND BALANCES - END OF YEAR</b>	<b>517,961</b>	<b>420,649</b>	<b>13,486,789</b>	<b>6,318,903</b>	<b>19,657,818</b>	<b>18,663,886</b>	<b>33,662,568</b>	<b>25,403,438</b>

The accompanying notes form an integral part of these financial statements



**COMMUNITY FOUNDATION FOR KINGSTON & AREA**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	Operating Fund \$	Restricted Funds for Charitable Distribution \$	Endowment Fund \$	2021 Total \$	2020 Total \$
<b>OPERATING ACTIVITIES</b>					
Excess of revenue over expenditures for year	270,146	7,041,110	947,874	8,259,130	1,460,240
Adjustment for items which do not affect cash					
Amortization of tangible capital assets	2,501			2,501	
Interfund transfers	(172,834)	126,776	46,058		
	99,813	7,167,886	993,932	8,261,631	1,460,240
Net change in non-cash working capital balance related to operations -					
HST receivable	(2,082)			(2,082)	(754)
Accounts payable and accrued charges	(11,148)	752		(10,396)	8,079
Due to (from) other funds	(58,482)	58,482			
Trust fund liability		(24,711)		(24,711)	7,823
	28,101	7,202,409	993,932	8,224,442	1,475,388
<b>CASH FLOWS PROVIDED FROM (USED IN) OPERATING ACTIVITIES</b>					
	(22,490)	(7,325,296)	572,434	(6,752,862)	(1,125,678)
<b>INVESTING ACTIVITIES</b>					
(Decrease) increase in investments					
Purchase of tangible capital assets	(22,490)			(22,490)	
	(22,490)	(7,325,296)	572,434	(6,775,352)	(1,125,678)
<b>CASH FLOWS PROVIDED FROM (USED IN) INVESTING ACTIVITIES</b>					
<b>INCREASE (DECREASE) IN CASH AND EQUIVALENTS FOR YEAR</b>	5,611	(122,887)	1,566,366	1,449,090	349,710
<b>CASH AND EQUIVALENTS - BEGINNING OF YEAR</b>	231,245	307,935	1,125,975	1,665,155	1,315,445
<b>CASH AND EQUIVALENTS - END OF YEAR</b>	236,856	185,048	2,692,341	3,114,245	1,665,155
<b>REPRESENTED BY:</b>					
<b>CASH</b>	236,856	185,048	2,692,341	3,114,245	1,665,155

The accompanying notes form an integral part of these financial statements

**COMMUNITY FOUNDATION FOR KINGSTON & AREA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**1. ORGANIZATION AND NATURE OF FINANCIAL STATEMENTS**

The Community Foundation for Kingston & Area (the "Foundation") was incorporated without share capital under the Canada Corporations Act on March 24, 1995. The Foundation pools charitable gifts, which are invested and the income earned on these funds is used to encourage community development in areas such as arts and culture, health and social services, education and environmental initiatives.

The Foundation is a registered charity and is classified as a public foundation under Subsection 149.1(1) of the *Income Tax Act (Canada)* ("the *Act*"). As such, the Foundation is exempt from income taxes and able to issue donation receipts for income tax purposes. In order to maintain its status as a public foundation registered under the *Act*, the Foundation must meet certain requirements within the *Act*. In the opinion of management, these requirements have been met.

In 2014 the Foundation applied for and received its Certificate of Continuance under the *Canada Not-for-profit Corporations Act* (Date of Continuance July 28, 2014).

**2. ACCOUNTING POLICIES**

Outlined below are those accounting policies adopted by the Foundation considered to be particularly significant:

**(a) Basis of Accounting**

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations.



**COMMUNITY FOUNDATION FOR KINGSTON & AREA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**2. ACCOUNTING POLICIES (Cont'd)**

**(b) Fund Accounting**

The Foundation follows the restricted fund method for accounting for contributions. The Foundation ensures, as part of its fiduciary responsibilities, that all funds received with a restricted purpose are expended for that purpose.

For financial reporting purposes, the accounts have been classified into the following funds:

The Endowment Fund reports resources that are required to be maintained by the Foundation on a permanent basis.

The Restricted Funds for Charitable Distribution reports resources that are available to be used for purposes specified by the donor and do not form part of the Endowment Fund.

Included in Restricted Funds for Charitable Distribution are Spend-Down Funds and Flow-Through Funds. Spend-Down Funds are established by the donor to function similar to an endowment in that the principal is to be retained and invested. However, the entire principal and income will be spent over a period of time as provided for in the spending policy. Flow-Through funds are not intended to be held permanently, or for the funds to be invested. The Foundation will hold the capital of the Fund until direction is received by the donor.

The Operating Fund reports resources available for the Foundation's general operating activities. These activities include fund development, grant making, community leadership projects, and philanthropic services to the community. The general costs of supporting these activities are reported as expenditures in the Operating Fund.

**(c) Accounting Estimates**

The preparation of financial statements in conformity 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. Significant items subject to such estimates and assumptions include valuation of accounts receivables and investments. Actual results could differ from those estimates.

**COMMUNITY FOUNDATION FOR KINGSTON & AREA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**2. ACCOUNTING POLICIES (Cont'd)**

**(d) Tangible Capital Assets**

Tangible capital assets are recorded at cost and amortized over their useful lives. Amortization based on the estimated useful life of the asset is calculated as follows:

<b>Asset</b>	<b>Basis</b>	<b>Rate</b>
Office equipment	Declining balance	20%
Computer equipment	Declining balance	30%

In the year of acquisition, amortization is calculated on capital assets at half-rates.

**(e) Investments**

The investments of the Foundation are recorded at market values. Investment income includes dividends, interest, realized gains (losses) and the net change in unrealized gains (losses) for the year.

**(f) Revenue Recognition**

The Endowment Fund recognizes revenue from donor-restricted contributions. Investment income earned on assets invested in perpetuity in accordance with endowment agreements is included in Restricted Funds for Charitable Distribution.

Restricted Funds for Charitable Distribution recognize revenue from donor contributions and investment income earned on assets held for short-term or medium terms. Flow-Through Funds and Spend-Down Funds are included in Restricted Funds for Charitable Distribution and recognize donor-restricted purposes and time horizons for distribution to qualified grantees.

The Operating Fund recognizes revenue from restricted and unrestricted donor contributions, fundraising events, sponsorships, grants, administration fees and investment income earned on assets of the Operating Fund and the Operating Endowment Fund. Donations specifically earmarked for facilitating the Foundation's operations in the short term and administrative fees charged to all endowment and funds for charitable distribution, are also reported in the Operating Fund.

Contributions are recognized as revenue when received, except where amounts are received for specific longterm projects. In these cases, contributions are deferred and recorded as revenue when the related expenditures are recorded.

Investment income includes dividend and interest income and realized and unrealized investment gains and losses.

**COMMUNITY FOUNDATION FOR KINGSTON & AREA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**2. ACCOUNTING POLICIES (Cont'd)**

**(g) Financial Instruments**

**(i) Measurement of Financial Instruments**

The Foundation initially measures its financial assets and liabilities at fair value. It subsequently measures all its financial assets and financial liabilities, with the exception of investments and trust fund liabilities, at amortized cost. Investments and trust fund liabilities are measured at fair market value.

Financial assets subsequently measured at amortized cost include cash, accounts receivables and prepaid expenses. Financial liabilities measured at amortized cost include accounts payable and accrued charges.

**(ii) Impairment**

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recorded in net income. When events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in net income up to the impairment amount previously recognized.

**(h) Contributed services**

Volunteers contribute a substantial number of hours each year to assist the Foundation in carrying out its activities. Because of the difficulty of determining the fair value, contributions of such services are not recognized in the financial statements.

**(i) Foreign Currency Translation**

Foreign currency accounts are translated into Canadian dollars as follows:

At the transaction date, each asset, liability, revenue and expense is translated into Canadian dollars by the use of the exchange rate in effect at that date. At the year-end date, monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at that date. The resulting foreign exchange gains and losses are included in income and expenses in the current period.

**(j) Income Taxes**

The corporation is exempt from paying income taxes, as it is a registered charity.

**(k) Cash and Equivalents**

Cash and equivalents consist of cash on deposit.

**COMMUNITY FOUNDATION FOR KINGSTON & AREA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**3. CASH**

The Foundation holds bank accounts and money market funds at two credit unions and two investment dealers. The accounts earn interest from 0.00% to 0.87%.

The Foundation holds U.S. currency totaling CAN\$82,880 (2020 - \$84,080) with an investment dealer.

**4. INVESTMENTS**

Investments for the Endowment Fund, Restricted Funds for Charitable Distribution and Operating Fund are pooled and investment income is allocated to these funds on a prorated basis based on monthly market value.

The Foundation holds U.S. investments totaling CAN\$10,725,643 (2020 - \$10,013,505) with an investment dealer.

	2021 \$	2020 \$
Fixed income	12,684,266	7,673,414
Equities, mutual and segregated funds	18,020,415	16,278,405
	30,704,681	23,951,819

The fixed income investments are guaranteed investment certificates and strip bonds, with values totalling between \$68,584 to \$958,752. The investments mature between March 2022 and December 2025 with annual yields ranging between 0.44% and 2.95%.

**5. TANGIBLE CAPITAL ASSETS**

	2021		2020	
	Cost \$	Accumulated amortization \$	Cost \$	Accumulated amortization \$
Computer equipment	5,041	756		
Office equipment	17,449	1,745		
	22,490	2,501		
	19,989	NIL		

In 2021 the Foundation purchased tangible capital assets with cash totaling \$22,490 (2020 - \$Nil).

**COMMUNITY FOUNDATION FOR KINGSTON & AREA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**6. TRUST FUND LIABILITY**

The Foundation has entered into various agreements to manage funds on behalf of charitable organizations.

	<b>Year of Agreement</b>	<b>2021</b>	2020
		\$	\$
Cataraqi Conservation Foundation	<b>2012</b>		39,844
Seniors Association Kingston Region	<b>2015</b>	<b>107,095</b>	96,160
Rotary Club of Kingston	<b>2016</b>	<b>59,970</b>	55,772
		<b>167,065</b>	191,776

In accordance with the 2012 Managed Fund agreement, the Cataraqi Conservation Foundation requested that all amounts in the Managed Fund be returned to the Cataraqi Conservation Foundation for their use. In 2021, the balance of this fund (\$43,038) was repaid to the Cataraqi Conservation Foundation.

**7. RESTRICTED FUNDS FOR CHARITABLE DISTRIBUTION AND ENDOWMENT FUND**

The Foundation has various Restricted Funds for Charitable Distribution and Endowment Fund that must be used for specific purposes and in accordance with short, medium and long-term time horizons established by the specific fund.

**Internally Restricted Funds**

Internally Restricted Funds are established for specific purposes and may be redesignated at any time by the Board of Directors.

The Smart and Caring Community Fund is designed to support community projects and was established in 2014 as a spend-down Restricted Fund for Charitable Distribution, meaning that the encroachment on capital is subject to the Enhanced Spending Policy. In prior years \$25,000 was internally restricted for this purpose.

The Community Fund and the Operating Endowment Fund are considered permanent endowment funds and are reflected in the Endowment Fund balances in these financial statements. In prior years the Foundation internally restricted bequests of \$263,236, representing \$116,118 for the Community Fund, \$141,118 for the Operating Endowment Fund and \$6,000 for the Regina Rosen Food First Endowment Fund.

**COMMUNITY FOUNDATION FOR KINGSTON & AREA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**7. RESTRICTED FUNDS FOR CHARITABLE DISTRIBUTION AND ENDOWMENT FUND**  
(Cont'd)

**Donor Restricted Funds**

Donor Restricted Funds are established by the donor for specific purposes and may not be redesignated.

In 2011, the Foundation's Board of Directors approved an annual transfer between the Operating Fund and the Operating Endowment Fund. Significant volatility in the markets had resulted in large fluctuations in investment income being earned by the Operating Endowment Fund. To stabilize the transfer of investment income to operations, the Board agreed to transfer between the Operating Endowment Fund and operations, on an annual basis, the amount equal to the difference between the income earned on the Operating Endowment Funds and the three year average rate of return multiplied by the balance of the Operating Endowment Fund at January 1 of each year. In 2021, \$109,671 was transferred to the Operating Endowment Fund (2020 - \$31,976).

Periodically, donors of Restricted Funds for Charitable Distribution request that grant amounts be made to the Foundation's operations or to Endowment Funds held by the Foundation. During 2021, donors of Restricted Funds for Charitable Distribution requested the transfer of \$29,853 to Endowment Funds (2020 - \$82,842) and \$337 to the Operating Fund (2020 - \$366).

During 2021, the Foundation realized that a fund established in 2019 as an Endowment Fund had incorrectly been recorded as a Spend-Down Fund. This was corrected in 2021. As a result, during 2021 the capital of this fund (\$50,595) was transferred from Endowment Funds to Restricted Funds for Charitable Purposes.

During 2021, an organization that had previously set up a Spend-Down fund transferred the balance of this fund to an Endowment Fund. As a result, during 2021 the capital of the Spend-Down Fund (\$7,300) was transferred from Restricted Funds for Charitable Purposes to Endowment Funds.

**Sisters of Providence of St. Vincent de Paul**

The Sisters of Providence of St. Vincent de Paul have made a \$5,000,000 transformational gift to help our Kingston community respond to two of the greatest needs among our youngest and oldest residents – to build resiliency in children and reduce loneliness and isolation among seniors.

The Sisters gifted these funds for investment in high-impact, local initiatives that will support sustainable, systems-level change in these two areas where both of our organizations see critical community needs.

The newly established "Sister of Providence of St. Vincent de Paul Community Impact Fund" will be fully expended on high-impact community initiatives and programs over the next five to 10 years. The work began with an initial gift of \$100,000 made in 2020 with the balance of \$4,900,000 being entrusted to the Foundation in 2021.

During 2021, \$18,397 was spend on programs pursuant to the terms of this fund and provided \$14,900 in grants for a total of \$33,297. The program will be expanded in future years in consultation with the community.

**COMMUNITY FOUNDATION FOR KINGSTON & AREA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**7. RESTRICTED FUNDS FOR CHARITABLE DISTRIBUTION AND ENDOWMENT FUND**  
(Cont'd)

**Matching Campaign**

In 2021, the Foundation launched an Agency Fund Matching Campaign to help charities rebuild financial stability after the damaging effects of the COVID-19 pandemic. The Foundation offered matching funding of up to \$10,000 for local charities wishing to establish a new endowment fund and up to \$1,000 for local charities which had existing funds with the Foundation.

As a result of this initiative, during 2021 the Foundation transferred \$4,000 to Restricted Funds for Charitable Purposes and \$59,500 to Endowment Funds.

The summary of transfers in 2021 is as follows:

	Operating Fund \$	Restricted Funds for Charitable Distribution \$	Endowment Fund \$
Transfer to Operating Endowment	(109,671)	109,671	
Flow-through to Operating Fund	337	(337)	
Transfer of funds to Endowment Fund	(63,500)	(25,853)	89,353
Transfer from Endowment Fund to Restricted Funds for Charitable Distribution		43,295	(43,295)
	<u>(172,834)</u>	<u>126,776</u>	<u>46,058</u>

**COMMUNITY FOUNDATION FOR KINGSTON & AREA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**8. GRANTS**

The Foundation incurs expenditures on an annual basis in the form of grants to qualified donees. The funds received for granting purposes are derived from three sources. The first source is through investment income earned on the Foundation's endowed capital. The second source is through gifts received from donors, whereby the donor has designated that the amount of the gift, less an agreed upon administrative fee, is to be directed to an agency or agencies specified by the donor (provided that the agency is a 'qualified donee'). These are referred to as 'flow-through' grants. The third source is the capital portion of the disbursements from spend-down funds.

**9. LIFE INSURANCE POLICIES**

The Foundation is the assignee and owner of eight separate life insurance policies (2020 - eight) providing for death benefits totaling \$1,690,752 (2020 - \$1,686,671).

No value related to the ownership of these policies is included in these financial statements. Annual ongoing costs of maintaining the policies are generally funded by the original donors each year, however the Foundation has ultimate responsibility for continuing payments to maintain the policies in the future. During the year, payments of \$36,475 were received from donors and paid to maintain the policies.

**10. FINANCIAL RISKS AND CONCENTRATION OF RISKS**

The fair values of cash, accounts receivable, prepaid expenses and accounts payable and accrued charges, are equivalent to their respective carrying values given the short term nature of the accounts.

Investments are measured at fair value on the statement of financial position as quoted by the Foundation's investment brokers.

Unless otherwise noted, it is management's opinion that the Foundation is not exposed to significant interest, currency or credit risks arising from these financial instruments.

As a result of holding financial instruments, the Foundation is exposed to investment risk, market risk, and interest rate risk.

In 2015 the Foundation launched a microloan program ("First Capital Community Development Loan Program"). As a result of this program, the Foundation is exposed to some credit risk.

The following is a description of those risks and how the Foundation manages its exposure to them:



**COMMUNITY FOUNDATION FOR KINGSTON & AREA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**10. FINANCIAL RISKS AND CONCENTRATION OF RISKS (Cont'd)**

**(a) Investment Risk**

Risk management relates to the understanding and active management of risks associated with all areas of the business and the associated operating environment. Investments are primarily exposed to market risk, interest rate risk and currency risk.

The Foundation mitigates these risks with an investment policy designed to limit exposure and concentration while achieving optimal return within reasonable risk tolerances.

**(b) Market and Interest Rate Risk**

The risks associated with the investments are the risks associated with the securities in which the funds are invested. The value of equity securities, as disclosed in Note 4, changes with stock market conditions, which are affected by general economic and market conditions. The value of securities will vary with developments within the specific companies or governments which issue the securities. The value of fixed income securities, as disclosed in Note 4, will generally rise if interest rates fall and fall if interest rates rise. Changes in interest rates may also affect the value of equity securities.

**(c) Currency Risk**

The risks associated with the investments are the risks associated with the securities in which the funds are invested. Currency risk relates to the Foundation operating in different currencies and converting non-Canadian earnings at different points in time at different foreign exchange levels when adverse changes in foreign currency exchange rates occur.

The Foundation enters into foreign currency purchase and sale transactions and has assets that are denominated in foreign currencies, as disclosed in Note 3 and 4, and thus are exposed to the financial risks of earnings fluctuations arising from changes in foreign exchange rates and the degree of volatility of these rates.

**(d) Credit Risk**

The risk associated with the microloan program is the risk of borrowers defaulting on loan payments that have been guaranteed by the Foundation. In the event of a loan default, the lender is entitled to claim the full amount of the outstanding loan from the Foundation. The Foundation mitigates this risk by: limiting its exposure only to the amount of funds in its First Capital Community Development Loan Program (2021 - \$75,414, 2020 - \$75,915); conducting credit checks before guaranteeing a loan; maintaining a Due Diligence Committee to review, approve and follow up with loan applicants; maintaining procedures guiding the loan approval process; and reserving the right to pursue collections on defaulted loans.

While there were no significant changes from the previous year in the policies and procedures, a new methodology for risk assessment was adopted by the Board in November 2021 and will be used to identify and manage risks moving forward.

**COMMUNITY FOUNDATION FOR KINGSTON & AREA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**11. COMMITMENTS**

In December 2017, the Foundation entered into an agreement to lease 2,679 square feet of office space from J.S.M. Corporation (Ontario) Ltd. for \$17,199 per annum plus common costs. This lease expires on January 31, 2023. The Foundation has an option to extend this lease for 3 periods of 5 years each. Minimum annual lease payments for the next 5 years, excluding common costs, are as follows:

	<b>\$</b>	
2022		17,199
2023		1,433
		18,632
		18,632

The common area costs for 2021 were \$27,783 and are subject to annual adjustments under the terms of the lease agreement.

**12. CAPITAL DISCLOSURE**

The Foundation defines its capital as the amounts included in its fund balances.

The Foundation manages its capital in accordance with its Investment Policy.

The Foundation's objective when managing capital is to safeguard its ability to sustain itself as a going concern so that it can continue to provide the appropriate level of benefits and services to its beneficiaries and stakeholders.

A portion of the Foundation's capital is restricted in that the Foundation is required to meet certain requirements to utilize its externally and internally restricted fund balances. The Foundation has internal control procedures to ensure that the restrictions are met prior to the utilization of these resources and has been in compliance with these restrictions throughout the year.

**13. IMPACT OF COVID-19**

During 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization, resulting in significant global and local impacts. The Foundation maintained its core business activities through a combination of work at home and core staff working at the office. As of December 31, 2021, the local community was still dealing with the pandemic, which continues to have the potential to create financial stress on the organization.

While global investment markets experienced substantial volatility and downward valuation in the beginning of the year, the markets rebounded towards the end of the year. Although there was initial concern that donations to the Foundation may be negatively affected by COVID-19, donations remained consistent through the year compared to previous years.

## SCHEDULE A

**COMMUNITY FOUNDATION FOR KINGSTON & AREA  
SCHEDULE OF OPERATING EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	2021	2020
	\$	\$
Bank and credit card fees	6,525	5,872
Fundraising expenditures		208
Information technology	20,425	27,276
Insurance	4,096	4,081
Marketing	4,518	2,929
Meetings and promotions	1,102	465
Membership fees	8,042	6,577
Miscellaneous	292	
Office	13,467	11,114
Professional fees	11,256	10,736
Publication and printing	18,736	11,695
Rent	50,122	53,737
Subcontract		9,964
Wages, benefits and consulting fees	284,096	257,709
	<b>422,677</b>	<b>402,363</b>