

Consolidated Financial Statements of

**EDMONTON COMMUNITY
FOUNDATION**

December 31, 2019

Independent Auditor's Report

To the Board of Directors of
Edmonton Community Foundation

Opinion

We have audited the consolidated financial statements of Edmonton Community Foundation (the "Foundation"), which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated statements of changes in endowment funds, changes in non-endowment funds and cash flow for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2019, and the results of its 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 ("Canadian GAAS"). 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 audit 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 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 GAAS 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 GAAS, 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Foundation to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Deloitte LLP

Chartered Professional Accountants
March 18, 2020

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EDMONTON COMMUNITY FOUNDATION

Consolidated Statement of Financial Position

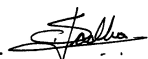
December 31, 2019

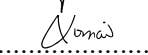
(thousands of dollars)

| | Note | 2019 | 2018 |
|--|------|-------------------|------------|
| ASSETS | | | |
| CURRENT | | | |
| Cash and cash equivalents | | \$ 2,908 | \$ 2,342 |
| Amounts receivable | | 476 | 292 |
| | | 3,384 | 2,634 |
| INVESTMENTS | 4 | 632,607 | 574,090 |
| CAPITAL ASSETS | 5 | 9,789 | 10,051 |
| | | \$ 645,780 | \$ 586,775 |
| LIABILITIES | | | |
| CURRENT | | | |
| Accounts payable and accrued liabilities | | \$ 1,939 | \$ 1,327 |
| Funds administered for others | 6 | 27,139 | 24,568 |
| | | 29,078 | 25,895 |
| COMMITMENTS | 7 | | |
| FUND BALANCES | | | |
| Endowment funds | 8 | 578,840 | 530,811 |
| Non-endowment funds | 8 | 35,811 | 28,018 |
| Restricted fund | 9 | 2,051 | 2,051 |
| | | 616,702 | 560,880 |
| | | \$ 645,780 | \$ 586,775 |

The accompanying notes are an integral part of these consolidated financial statements

APPROVED BY THE BOARD

.....  Director

.....  Director

EDMONTON COMMUNITY FOUNDATION
Consolidated Statement of Changes in Endowment Funds
Year ended December 31, 2019
(thousands of dollars)

| | | 2019 | | | | | | | | | 2018 |
|-----------------------------------|------|-------------------|-------------------|------------------------------------|-------------------|------------------|------------------|-----------------|-------------------|-------------------|-------------------|
| | Note | Community | Field of Interest | Scholarships, Bursaries and Awards | Designated | Donor Advised | Combined Purpose | Operating | Social Enterprise | Total | Total |
| Contributions | | \$ 114 | \$ 312 | \$ 90 | \$ 5,121 | \$ 5,408 | \$ 1,984 | \$ - | \$ 5 | \$ 13,034 | \$ 20,335 |
| Investment income | 4 c) | 11,728 | 17,420 | 3,785 | 15,498 | 10,405 | 3,046 | 346 | 196 | 62,424 | 1,109 |
| Expenditures - net | 11 | (1,469) | (2,202) | (499) | (1,950) | (1,297) | (385) | (44) | (25) | (7,871) | (6,625) |
| Distributions approved | | (3,399) | (6,072) | (1,270) | (5,106) | (3,337) | (1,015) | (117) | (67) | (20,383) | (19,039) |
| CHANGE DURING THE YEAR | | 6,974 | 9,458 | 2,106 | 13,563 | 11,179 | 3,630 | 185 | 109 | 47,204 | (4,220) |
| BALANCE, BEGINNING OF YEAR | | 100,099 | 147,954 | 33,771 | 130,353 | 88,500 | 25,525 | 2,940 | 1,669 | 530,811 | 535,036 |
| Transfers (to) from: | 8 a) | | | | | | | | | | |
| Non-endowment funds | | - | 5 | (10) | 830 | - | - | - | - | 825 | 8 |
| Endowment funds | | (32) | (234) | - | 244 | 21 | - | - | 1 | - | - |
| Funds administered for others | 6 | - | - | - | - | - | - | - | - | - | 30 |
| Classification adjustments | | 46 | 865 | 23 | 70 | (1,099) | 95 | - | - | - | (43) |
| BALANCE, END OF YEAR | | \$ 107,087 | \$ 158,048 | \$ 35,890 | \$ 145,060 | \$ 98,601 | \$ 29,250 | \$ 3,125 | \$ 1,779 | \$ 578,840 | \$ 530,811 |

The accompanying notes are an integral part of these consolidated financial statements

EDMONTON COMMUNITY FOUNDATION
Consolidated Statement of Changes in Non-endowment Funds
Year ended December 31, 2019
(thousands of dollars)

| | Note | 2019 | | | | | | | 2018 |
|-----------------------------------|------|-------------------|------------|---------------|-------------------|-----------|--------------|-----------|-----------|
| | | Field of Interest | Designated | Donor Advised | Social Enterprise | Operating | Flow Through | Total | Total |
| Contributions | | \$ - | \$ 1,295 | \$ 5,399 | \$ - | \$ - | \$ 4,698 | \$ 11,392 | \$ 8,589 |
| Investment income | 4 c) | - | 749 | 2,649 | 13 | - | - | 3,411 | 19 |
| Expenditures - net | 11 | - | (94) | (363) | (2) | 227 | - | (232) | (282) |
| Distributions approved | | | | | | | | | |
| General | | - | (443) | (1,307) | - | - | (4,114) | (5,864) | (5,705) |
| Insurance premiums/other | | - | - | - | - | - | (89) | (89) | (86) |
| CHANGE DURING THE YEAR | | - | 1,507 | 6,378 | 11 | 227 | 495 | 8,618 | 2,535 |
| BALANCE, BEGINNING OF YEAR | | 208 | 5,983 | 19,629 | 107 | 569 | 1,522 | 28,018 | 25,448 |
| Transfers (to) from: | 8 a) | | | | | | | | |
| Endowment funds | | - | - | (610) | - | - | (215) | (825) | (8) |
| Classification adjustment | | - | - | - | - | - | - | - | 43 |
| BALANCE, END OF YEAR | | \$ 208 | \$ 7,490 | \$ 25,397 | \$ 118 | \$ 796 | \$ 1,802 | \$ 35,811 | \$ 28,018 |

The accompanying notes are an integral part of these consolidated financial statements

EDMONTON COMMUNITY FOUNDATION

Consolidated Statement of Cash Flow

Year ended December 31, 2019

(thousands of dollars)

| | 2019 | 2018 |
|---|-----------------|-----------------|
| Cash flows from operating activities | | |
| Contributions to funds administered for others | \$ 815 | \$ 620 |
| Contributions to endowment funds | 7,910 | 15,726 |
| Contributions to non-endowment funds | 10,083 | 6,087 |
| Investment income | 6,181 | 8,066 |
| Distributions from funds administered for others | (865) | (887) |
| Distributions from endowment funds | (20,544) | (18,916) |
| Distributions from non-endowment funds | (5,964) | (5,912) |
| Expenditures - net | (7,493) | (6,699) |
| Net cash used in operating activities | (9,877) | (1,915) |
| Cash flows from investing activities | | |
| Capital assets purchased | (28) | (12) |
| Net cash provided from the purchase and sale of investments | 10,471 | 1,700 |
| Net cash generated through investing activities | 10,443 | 1,688 |
| NET CHANGE IN CASH | 566 | (227) |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | 2,342 | 2,569 |
| CASH AND CASH EQUIVALENTS, END OF YEAR | \$ 2,908 | \$ 2,342 |

The accompanying notes are an integral part of these consolidated financial statements

EDMONTON COMMUNITY FOUNDATION

Notes to the Consolidated Financial Statements

Year ended December 31, 2019
(thousands of dollars)

1. NATURE OF THE ORGANIZATION

The Edmonton Community Foundation (the “Foundation”) was created by the Edmonton Community Foundation Act, a special statute enacted by the Legislative Assembly of the Province of Alberta. The Foundation is a charitable public foundation registered under the Income Tax Act and, as such, is exempt from income taxes and able to issue donation receipts for income tax purposes.

The Foundation encourages and promotes philanthropy in the community, creates and manages a variety of funds to meet community needs and responds to emerging needs that come with changing times.

2. ACCOUNTING POLICIES

The Foundation’s accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and reflect the following policies:

Basis of presentation

These consolidated financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations (“ASNPO”) issued by the Accounting Standards Board of CPA Canada and set out in Part III of the CPA Canada Handbook.

The consolidated financial statements include the accounts of the Foundation and its beneficially owned entities: 1073122 Alberta Ltd., the Edmonton Community Foundation Investment Trust, the Edmonton Community Foundation Real Estate Investment Trust, the Edmonton Community Foundation Investment Trust (Local) and the Alberta Social Enterprise Venture Fund Inc. These statements also include the operating results of the Alberta Social Enterprise Venture Fund LP.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and highly liquid temporary money market instruments, cashable without penalty after 29 days. Cash and cash equivalents exclude cash held in investments.

Fund accounting

The accounts of the Foundation are maintained in accordance with the principles of restricted fund accounting for contributions. The accounts have been segregated into endowment funds, non-endowment funds and a restricted fund as described in Notes 8 and 9.

EDMONTON COMMUNITY FOUNDATION
Notes to the Consolidated Financial Statements
Year ended December 31, 2019
(thousands of dollars)

2. ACCOUNTING POLICIES (continued)

Capital assets

Capital assets are recorded at cost less accumulated amortization. Amortization is recorded on a straight-line basis over the estimated useful life of the related asset. Leasehold improvements are amortized on a straight-line basis over the term of the lease.

Estimated useful lives are as follows:

| | |
|------------------------|----------------|
| Land Improvements | 10 to 30 years |
| Building | 25 years |
| Furniture & fixtures | 10 years |
| Office equipment | 5 years |
| Computer equipment | 5 years |
| Leasehold improvements | 5 years |

When a capital asset no longer has any long-term service potential to the Foundation, the excess of its net carrying amount over any residual value is recognized as an expense in the appropriate fund.

Revenue recognition

Restricted contributions related to operations are recognized as revenue in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate endowment, non-endowment or restricted fund in the period of receipt.

Unrestricted contributions are recognized as revenue in the period of receipt in the operating non-endowment fund.

Investment income is comprised of interest, dividends, net rental income and realized and unrealized gains and losses, net of direct investment expenses. Dividend income is recognized based on the ex-dividend date, and interest income and real estate income are recognized on the accrual basis as earned. Since real estate income is based on fair value adjustments, a charge for depreciation and amortization is excluded from the determination of real estate income. Certain management and performance fees for externally-managed private equity are offset against investment income. Investment income is allocated to each fund proportionately, based on the fair value of each fund.

Contributed services

The Foundation is governed and supported by numerous volunteers. Contributed services are not reflected in these consolidated financial statements as determining their fair value is not practicable.

Foreign exchange

Investment transactions in foreign currencies are translated to Canadian dollars at the rate of exchange in effect at the date of the transaction. Investments held in foreign currencies are translated to Canadian dollars at the rate of exchange in effect at year-end. Foreign exchange gains or losses are recorded in investment income.

EDMONTON COMMUNITY FOUNDATION
Notes to the Consolidated Financial Statements
Year ended December 31, 2019
(thousands of dollars)

2. ACCOUNTING POLICIES (continued)

Financial instruments

Financial assets include cash and cash equivalents, investments and amounts receivable. Cash and cash equivalents and amounts receivable are measured at amortized cost which approximates fair value due to the short term nature of the assets. Financial assets and financial liabilities are initially recognized at fair value when the Foundation becomes a party to the contractual provisions of the financial instrument.

Changes in the fair value of investments are recorded in the consolidated statements of changes in endowment funds, changes in non-endowment funds and changes in the restricted fund, and are presented as investment income. Purchases and sales of investments are recorded at the trade date. Transaction costs are expensed as incurred.

Publicly traded investments, comprised of money market funds, bonds, debentures, mortgage funds and equities, are recorded at fair value using quoted market values. Investments in core real estate are recorded at fair value as appraised at year-end using a direct comparison approach. Rental revenue earned on investments in real estate is recorded as investment income.

Investments in certain limited partnerships include private equity, infrastructure and real estate investments and represent the Foundation's pro rata interest in the net assets of the partnerships as at year-end.

Private equity and infrastructure investments are held through limited partnerships, or other appropriate legal structures. Fair value is determined based on carrying values and other relevant information reported by the investment managers using accepted valuation methods and adjusted for any transactions during the interim period up to the reporting date of these financial statements.

Absolute return funds are recorded at fair value, as reported by the investment managers.

As at December 31, 2019, the Foundation had not designated any derivative financial instruments as hedges for accounting purposes.

Derivative financial instruments are required to be carried at fair value and are included in the consolidated statement of financial position in investments. Changes in the fair value of these derivative financial instruments are recorded in the consolidated statements of changes in endowment funds, changes in non-endowment funds and changes in the restricted fund, and presented as investment income. The fair value of foreign exchange forward contracts is determined based on valuations provided by the instrument managers. The foreign exchange forward contracts are not eligible for hedge accounting.

EDMONTON COMMUNITY FOUNDATION
Notes to the Consolidated Financial Statements
Year ended December 31, 2019
(thousands of dollars)

2. ACCOUNTING POLICIES (continued)

Use of estimates

The preparation of the consolidated financial statements in accordance with ASNPO 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 income and expenses during the year. Key areas of estimation where management has made subjective judgments, often as a result of matters that are inherently uncertain, include those relating to useful life of capital assets and corresponding depreciation rates, fair values of investments, certain custodian and investment counsel fees, accrued liabilities for items where the invoice has not been received, accruals for investment income not yet received and disclosure of the amount of deferred gifts. Actual results could differ materially from those estimates.

3. RISK MANAGEMENT

In the normal course of operations, the Foundation is exposed to a variety of financial risks which are actively managed by the Foundation. The Foundation adheres to an Asset Management Plan (“Plan”) and Investment Policies and Guidelines (“Policy”) that outline the objectives to ensure that the Foundation’s investments are managed effectively, prudently and in compliance with all applicable requirements. The Foundation’s investment policy does not pertain to investments contributed to the Foundation by donors or contributions by donors with specific investment instructions until those investments or contributions are allocated to an investment manager subject to this policy.

The Plan and Policy are reviewed on a regular basis, along with the investment portfolio, to ensure all activities are in compliance. The Policy includes a list of permitted investments, restrictions on minimum and maximum amounts in each asset class, the maximum amounts of the fair value of the investment manager’s holdings invested in the securities of a single issuer and the maximum amounts of non-Canadian investments, and it prescribes limits around the quality and concentration of the investment portfolio. Borrowing is not permitted. The Foundation may hold derivative financial, commodity or currency-related instruments in accordance with a program accepted in writing by the Investment Committee and approved by the Board.

The Foundation’s exposure to and management of risk has not changed materially since December 31, 2018.

Market risk

Market risk is the risk that the fair value or future cash flows of the Foundation’s financial instruments will fluctuate because of changes in market prices. Market risk comprises five types of risk: currency risk, interest rate risk, liquidity risk, credit risk and other price risk.

EDMONTON COMMUNITY FOUNDATION
Notes to the Consolidated Financial Statements
Year ended December 31, 2019
(thousands of dollars)

3. RISK MANAGEMENT (continued)

a) Currency risk

Currency risk is the risk that the fair value or future cash flows of financial instruments denominated in currencies other than the functional currency of the Foundation will fluctuate due to changes in foreign exchange rates. The Foundation is directly exposed to currency risk on its foreign market equities and limited partnerships portfolio investments. Within the limited partnerships investments are various portfolio companies, of which some are denominated in functional currencies other than that of the limited partnership.

b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate risk arises when the Foundation invests in interest-bearing financial instruments. The Foundation is directly exposed to interest risk on its bonds, debentures, mortgages and loans receivable. The Foundation is indirectly exposed to interest rate risk on certain limited partnership investments that are comprised of both equity and debt instruments. The objective of the Foundation's investment policy is to control interest rate risk by managing its interest rate exposure.

c) Liquidity risk

Liquidity risk is the risk that the Foundation cannot meet a demand for cash or fund its obligations as they come due. Liquidity risk is managed as the majority of the Foundation's assets are in investments that are traded in an active market and can be readily liquidated. Liquidity is achieved by limiting the amount invested in closed-ended funds. In addition, the Foundation maintains a sufficient cash position to manage liquidity as per the cash management policy. The Foundation's contractual liabilities are all due within one year, with the exception of the following: investment commitments, future years' distributions and lease commitments as set out in Note 7.

d) Credit risk

Credit risk is the potential for financial loss should a counterparty in a transaction fail to meet its obligations. The Foundation's investments in short-term investments, bonds, debentures and mortgage funds are subject to credit risk. The maximum exposure to credit risk on these financial instruments is their carrying value. The fair value of debt investments included in limited partnerships' portfolios includes consideration of the creditworthiness of the portfolio company, and accordingly, represents the maximum credit risk exposure to the Foundation. The investment policy of the Foundation mandates that fixed income portfolios are expected to have credit quality substantially like that of the index to which they are benchmarked. For example, any mandate that is benchmarked to the FTSE TMX Canada Universe Overall Index is expected to be made up of investment grade securities in proportions roughly like that of the index.

EDMONTON COMMUNITY FOUNDATION
Notes to the Consolidated Financial Statements
Year ended December 31, 2019
(thousands of dollars)

3. RISK MANAGEMENT (continued)

d) Credit risk (continued)

The investment manager will be entirely responsible for establishing the credit-worthiness of issuers. A cumulative level of defaults that is, in the judgement of the Committee, excessive will result in a formal review of that manager that may lead to the manager's dismissal. The investment policy also mandates that short-term investments will have a minimum credit rating of R-1 or its equivalent when purchased. The Foundation monitors its credit risk policies on a regular basis.

Management periodically assesses the loans held directly, and in situations where, for economic or legal reasons related to a borrower's financial condition, The Foundation's management may, grant a concession for other than an insignificant period of time and/or may alter the original repayment terms to assist the borrowers with cash management and liquidity timing issues.

e) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Foundation is exposed to price risk on its investments in common equities and on the portion of the limited partnerships portfolio invested in equities. The objective of the Foundation's investment policy is to control equity price risk by maintaining a portfolio which is diversified across geographic and industry sectors. The geographic breakdown of the Foundations equity investments are detailed in the table below:

| | 2019 | 2018 |
|--------------------------|---------------|--------|
| Canada | 18.2% | 17.5% |
| United States of America | 35.8% | 35.6% |
| International | 46.0% | 46.9% |
| Total | 100.0% | 100.0% |

EDMONTON COMMUNITY FOUNDATION
Notes to the Consolidated Financial Statements
Year ended December 31, 2019
(thousands of dollars)

4. INVESTMENTS

a) Other Trust Fund investments

Certain endowment funds are held outside of the Consolidated Trust Fund. They are either governed under separate policies until those investments are allocated to an investment manager subject to the Consolidated Trust Fund policy or are administered under a specific program based on the agreements with the donors.

| | 2019 | 2018 |
|-------------------------------------|----------------|----------|
| <hr/> | | |
| Other Trust Fund investments | | |
| Bonds and debentures | \$ 152 | \$ 294 |
| Real Estate | 493 | 332 |
| Equities | | |
| Canada | 217 | 256 |
| United States | 565 | 304 |
| International | 554 | 284 |
| | 1,336 | 844 |
| | \$1,981 | \$ 1,470 |
| <hr/> | | |

EDMONTON COMMUNITY FOUNDATION
Notes to the Consolidated Financial Statements
Year ended December 31, 2019
(thousands of dollars)

4. INVESTMENTS (continued)

b) Consolidated Trust Fund investments

The Foundation holds most of the endowment and non-endowment funds (excluding flow-through funds) and all funds administered for others within the Consolidated Trust Fund which is subject to the Foundation's Asset Management Plan and Investment Policies and Guidelines as discussed in Note 3.

| | 2019 | 2018 |
|--|-------------------|-------------------|
| Consolidated Trust Fund investments | | |
| Cash on account | \$ 4,651 | \$ 5,647 |
| Money market funds | 2,176 | 6,599 |
| | 6,827 | 12,246 |
| Bonds and debentures | | |
| Government of Canada | 8,426 | 7,375 |
| Provincial governments | 8,674 | 9,136 |
| Municipal governments - Canada | 514 | 441 |
| Corporate debt - Canada | 46,664 | 33,351 |
| Corporate debt - United States of America | 15,683 | 14,343 |
| Corporate debt - International | 14,501 | 13,479 |
| | 94,462 | 78,125 |
| Mortgage funds | 46,459 | 48,402 |
| Absolute return | 20,732 | 24,519 |
| Infrastructure - including limited partnership | 28,996 | 30,561 |
| Real estate- including limited partnership | 45,331 | 40,698 |
| Equities | | |
| Canada | 70,374 | 59,039 |
| United States | 109,212 | 103,772 |
| United States - private equity limited partnerships | 29,665 | 16,550 |
| International | 171,282 | 155,528 |
| International - private equity limited partnerships | 7,286 | 3,180 |
| | 387,819 | 338,069 |
| Total Consolidated Trust Fund investments | 630,626 | 572,620 |
| Total Other Trust Fund investments (brought forward) | 1,981 | 1,470 |
| Total investments | \$ 632,607 | \$ 574,090 |

EDMONTON COMMUNITY FOUNDATION
Notes to the Consolidated Financial Statements
Year ended December 31, 2019
(thousands of dollars)

4. INVESTMENTS (continued)

The underlying purpose of the Foundation's Consolidated Trust Fund investments is to support endowment, non-endowment, restricted and administered funds. Endowment, non-endowment and restricted funds are expected to be held for the long term. Administered funds may be withdrawn by the charitable organization at any time with appropriate notice. The majority of the Foundation's investments are highly liquid and publicly traded. As a result, the Foundation may buy or sell investments to improve investment returns or to meet obligations as they come due.

After the reporting period, there was pronounced downturn in financial markets worldwide as a result of global responses to the Covid-19 pandemic. The impact of this global event, and related impact on financial markets, on the fair value of investments held by the Foundation cannot be practically estimated.

c) Investment income

Investment income earned is comprised of:

| | Note | 2019 | 2018 |
|--|------|---------------|-------------|
| Unrealized gains (losses) | \$ | 52,735 | \$ (32,622) |
| Realized gains | | 6,664 | 25,244 |
| Rental | | 5,633 | 4,549 |
| Dividends | | 3,706 | 3,135 |
| Interest | | 3,613 | 5,074 |
| Direct fund expenses | | (185) | (170) |
| Direct investment expenses | | (3,430) | (4,026) |
| Total investment income | \$ | 68,736 | \$ 1,184 |
| Reported as investment income to the following funds: | | | |
| Endowment | \$ | 62,424 | \$ 1,109 |
| Non-endowment | | 3,411 | 19 |
| Funds administered for others | 6 | 2,901 | 56 |
| Total investment income | \$ | 68,736 | \$ 1,184 |

EDMONTON COMMUNITY FOUNDATION
Notes to the Consolidated Financial Statements
Year ended December 31, 2019
(thousands of dollars)

5. CAPITAL ASSETS

| | Unrestricted Capital Assets | | | | | Restricted Capital Assets | | | | | Total |
|---|-----------------------------|------------------|--------------------|------------------------|---------------|---------------------------|---------------|-----------------|------------------|------------------|-------|
| | Furniture & fixtures | Office equipment | Computer equipment | Leasehold improvements | Subtotal | Land improvements | Land Building | Subtotal | | | |
| Cost | | | | | | | | | | | |
| Beginning balance January 1, 2018 | \$ 219 | \$ 88 | \$ 351 | \$ 104 | \$ 762 | \$ 4,547 | \$ 219 | \$ 5,836 | \$ 10,602 | \$ 11,364 | |
| Additions | - | 2 | 10 | - | 12 | - | - | - | - | 12 | |
| Ending balance December 31, 2018 | 219 | 90 | 361 | 104 | 774 | 4,547 | 219 | 5,836 | 10,602 | 11,376 | |
| Additions | 21 | - | 7 | - | 28 | - | - | - | - | 28 | |
| Ending balance December 31, 2019 | \$ 240 | \$ 90 | \$ 368 | \$ 104 | \$ 802 | \$ 4,547 | \$ 219 | \$ 5,836 | \$ 10,602 | \$ 11,404 | |
| Accumulated amortization | | | | | | | | | | | |
| Beginning balance January 1, 2018 | \$ 121 | \$ 39 | \$ 268 | \$ 96 | \$ 524 | \$ - | \$ 27 | \$ 485 | \$ 512 | \$ 1,036 | |
| Amortization | 15 | 16 | 11 | 2 | 44 | - | 12 | 233 | 245 | 289 | |
| Ending balance December 31, 2018 | 136 | 55 | 279 | 98 | 568 | - | 39 | 718 | 757 | 1,325 | |
| Amortization | 15 | 16 | 12 | 2 | 45 | - | 12 | 233 | 245 | 290 | |
| Ending balance December 31, 2019 | \$ 151 | \$ 71 | \$ 291 | \$ 100 | \$ 613 | \$ - | \$ 51 | \$ 951 | \$ 1,002 | \$ 1,615 | |
| Carrying amounts | | | | | | | | | | | |
| At December 31, 2018 | 83 | 35 | 82 | 6 | 206 | 4,547 | 180 | 5,118 | 9,845 | 10,051 | |
| At December 31, 2019 | 89 | 19 | 77 | 4 | 189 | 4,547 | 168 | 4,885 | 9,600 | 9,789 | |

The land, land improvements and building are controlled by the Foundation but are restricted assets of the Endowment and Restricted Funds.

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6. FUNDS ADMINISTERED FOR OTHERS

These funds belong to other charitable organizations and are pooled for investment purposes with the Foundation's endowment and non-endowment funds. Accordingly, these consolidated financial statements include assets administered for other charitable organizations with a corresponding liability comprised of the following:

| | Note | 2019 | 2018 |
|------------------------------|------|------------------|------------------|
| Contributions | | \$ 815 | \$ 620 |
| Investment income | 4 c) | 2,901 | 56 |
| Administrative fees | 11 | (280) | (277) |
| Distributions | | (865) | (887) |
| Transfers to endowment funds | | - | (30) |
| Change during the year | | 2,571 | (518) |
| Balance, beginning of year | | 24,568 | 25,086 |
| Balance, end of year | | \$ 27,139 | \$ 24,568 |

7. COMMITMENTS

The Foundation has unfunded investment commitments related to the limited partnerships denominated in multiple currencies. The amount in the invested currency and that amount translated into Canadian dollars is in the following table:

| | 2019 | | 2018 | |
|---|--------------|-------------------------------------|-----------------|-------------------------------------|
| | Euro | Translated into Canadian dollars | Euro | Translated into Canadian dollars |
| Unfunded Euro commitments | | | | |
| Private equity | € 246 | \$ 358 | € 246 | \$ 384 |
| Unfunded U.S. dollar commitments | U.S. Dollars | Translated into Canadian dollars | U.S. Dollars | Translated into Canadian dollars |
| Private equity | \$ 29,073 | \$ 37,701 | \$ 37,416 | \$ 51,103 |
| Infrastructure | 6,523 | 8,458 | 756 | 1,032 |
| | \$ 35,596 | \$ 46,159 | \$ 38,172 | \$ 52,135 |
| Unfunded Canadian dollar commitments | | Canadian dollars | | Canadian dollars |
| Infrastructure | | \$ 439 | | \$ 5,607 |
| Real Estate | | 3,400 | | 3,400 |
| | | \$ 3,839 | | \$ 9,007 |
| Total investment commitments | | \$ 50,356 | | \$ 61,526 |

The Foundation has approved at December 31, 2019, approximately \$9,310 (2018 - \$12,394) for distribution from future years' income attributable to the endowment and non-endowment funds.

Subsequent to year end, The Foundation has committed \$7,500 U.S. dollars (\$9,726 Canadian dollars) to an infrastructure limited partnership investment.

The Foundation has guaranteed a \$2,000 loan for an unrelated charity. As of December 31, 2019, the loan is in good standing.

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8. ENDOWMENT AND NON-ENDOWMENT FUNDS

Endowment funds, comprised of permanent contributions and attributed cumulative net growth, are administered in accordance with the objectives established by the donor.

Within endowment funds are transferable endowment funds of \$5,767 (2018 - \$4,054). These funds are held by the Foundation under agreements with two Alberta based community foundations. These funds are permanently endowed and are an asset of the Foundation until the community foundations request a transfer of the funds and the terms set out in the endowment agreement are met.

Non-endowment funds, comprised of externally restricted contributions and attributed cumulative net growth, are not required to be maintained in perpetuity.

On an annual basis, the Foundation distributes a portion of the fair value of each fund and capitalizes growth in excess of the distributions. Generally, this results in a net increase in each fund from year to year. Decreases in endowment funds may occur during the year when distributions exceed the growth for the period. In such cases, the decreases are applied to reduce the cumulative capitalized growth in excess of fund distributions. The Foundation monitors the extent of distributions on an ongoing basis, giving consideration to current and expected investment returns.

Restrictions relating to the distributions from endowment and non-endowment funds are described below:

Community

Donors indicate that distributions are to be made according to the Foundation's general distribution policies and guidelines, primarily in response to applications received from community agencies.

Field of interest

Donor agreements indicate the area(s) of special interest for support.

Scholarships, bursaries and awards

Scholarships, bursaries and awards are granted to students for a wide range of continuing education opportunities.

Designated

Donors indicate one or more specific charities for support.

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8. ENDOWMENT AND NON-ENDOWMENT FUNDS (continued)

Donor-advised

Donors consult with the Foundation and regularly advise regarding the distributions from these funds.

Combined purpose

Donors indicate that portions of the net proceeds are to be distributed using some different strategies including discretionary, donor advised and designated.

Operating

Endowment - Donors indicate they wish to support the operations of the Foundation.
Non-Endowment – This is the general fund of the Foundation.

Social enterprise

Social enterprise funds provide alternative financing, leverage mainstream funding and technical assistance support to charities undertaking social enterprises.

Flow through

Donors designate their gifts as being non-endowed and request that the entire gift is distributed to specific charities, usually within two years.

a) Fund transfers and classification adjustments

Transfers between funds and classification adjustments reflect updates or changes to how grants from a fund are managed. This may be a result of managing the terms of fund agreements, funds emerging, changes to fund agreements or reinterpretation of fund agreements.

9. RESTRICTED FUND

A restricted fund has been established, at the discretion of the Board of Directors, to report the unrealized gain on the core real estate investment that houses the operations of the Foundation. The Foundation's Board of Directors maintains disbursement and capital preservation policies and procedures to both maximize support for charitable activities and to protect the value of the funds. Due to the different operating nature of this investment, the unrealized gains will not be available for distribution until such gains are realized.

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10. DEFERRED GIFTS

The Foundation is the beneficiary of certain trusts, the value of which approximates \$5,431 at December 31, 2019 (2018 - \$4,517). The residual value of these trusts will be recorded in the consolidated financial statements when the proceeds are received by the Foundation.

The Foundation also is the owner and beneficiary of several life insurance policies. The benefit from these policies will be recorded in the consolidated financial statements when proceeds are received by the Foundation.

11. EXPENDITURES

| | Note | 2019 | 2018 |
|---|------|-----------------|-----------------|
| Custodian and investment counsel | | \$ 3,898 | \$ 2,774 |
| Salaries and contract services | | 2,519 | 2,536 |
| Communications | | 1,004 | 921 |
| Office | | 538 | 577 |
| Amortization | | 291 | 290 |
| Occupancy | | 136 | 192 |
| Program and community support | | 125 | 122 |
| Professional fees | | 123 | 97 |
| Donor services | | 100 | 101 |
| | | 8,734 | 7,610 |
| Less: | | | |
| Contributions to offset expenditures (net) | | (351) | (426) |
| Fees charged on funds administered for others | 6 | (280) | (277) |
| | | (631) | (703) |
| Total expenditures - net | | \$ 8,103 | \$ 6,907 |
| Allocated to: | | | |
| Endowment funds | | \$ 7,871 | \$ 6,625 |
| Non-endowment funds | | 232 | 282 |
| Total expenditures - net | | \$ 8,103 | \$ 6,907 |

The Foundation allocates expenditures to each endowment and non-endowment fund proportionately based on the fair value of each fund. Administrative fees are allocated to funds administered for others in accordance with the agreements. Expenses incurred for a specific fund are charged to that fund.

12. FUND-RAISING EXPENSES AND OTHER

As required under Section 7(2) of the Regulations of the Charitable Fund-raising Act of Alberta, the Foundation discloses that the expenses for the purposes of soliciting contributions were \$22 (2018 - \$22). Total amount paid as remuneration to employees of the Foundation whose principal duties involve fundraising was \$nil (2018 - \$nil).

No single disposition of contributions equalled or exceeded 10% of the gross contributions received for the 12-month period ended December 31, 2019 (2018 - \$nil).