

Financial Statements of

MORE THAN A ROOF FOUNDATION

And Independent Auditor's Report thereon

Year ended August 31, 2023



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of More Than a Roof Foundation

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of More Than a Roof Foundation (the "Foundation"), which comprise:

- the statement of financial position as at August 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 Foundation as at August 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 Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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



In preparing the financial statements, management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of 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 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.
- 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.

Report on Other Legal and Regulatory Matters

As required by the Societies Act (British Columbia), we report that, in our opinion, the accounting policies applied in preparing and presenting the financial statements in accordance with Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding period.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants

Vancouver, Canada
December 7, 2023

MORE THAN A ROOF FOUNDATION

Statement of Financial Position

August 31, 2023, with comparative information for 2022

	Operating Fund	Restricted Funds	Endowment Fund	2023 Total	2022 Total
Assets					
Current assets:					
Cash	\$ 163,331	\$ 43,992	\$ -	\$ 207,323	\$ 340,892
Prepaid expenses	3,730	-	-	3,730	4,520
Investments (note 2)	89,588	-	-	89,588	-
	256,649	43,992	-	300,641	345,412
Investments (note 2)	-	-	2,000,000	2,000,000	1,981,257
	\$ 256,649	\$ 43,992	\$ 2,000,000	\$ 2,300,641	\$ 2,326,669

Liabilities and Fund Balances

Current liabilities:					
Accounts payable and accrued liabilities	\$ 10,718	\$ -	\$ -	\$ 10,718	\$ 7,247
Due to related party (note 3)	2,321	-	-	2,321	12,408
	13,039	-	-	13,039	19,655
Fund balances:					
Unrestricted	243,610	-	-	243,610	268,329
Restricted (notes 4 and 5)	-	43,992	2,000,000	2,043,992	2,038,685
	243,610	43,992	2,000,000	2,287,602	2,307,014
	\$ 256,649	\$ 43,992	\$ 2,000,000	\$ 2,300,641	\$ 2,326,669

See accompanying notes to financial statements.

Approved on behalf of the Board:

 Director

 Director

MORE THAN A ROOF FOUNDATION

Statements of Operations and Changes in Fund Balances

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

	Operating Fund	Restricted Funds	Endowment Fund	2023 Total	2022 Total
	(note 4)				
Revenue:					
Donations (note 3)	\$ 55,060	\$ 7,111	\$ -	\$ 62,171	\$ 2,042,188
Dividends	40,327	-	-	40,327	3,351
Interest	15,330	-	-	15,330	10,564
Unrealized gain on investments	73,933	-	-	73,933	-
	184,650	7,111	-	191,761	2,056,103
Expenses:					
Contribution to related party (note 3)	56,516	1,804	-	58,320	11,170
Fundraising administration (note 3)	56,470	-	-	56,470	13,200
Research and marketing	27,004	-	-	27,004	16,663
Contribution to third parties	21,611	-	-	21,611	4,044
Professional fees	18,272	-	-	18,272	7,351
Investment management fees	14,027	-	-	14,027	3,656
Office supplies and other	10,741	-	-	10,741	1,417
Event sponsorship	3,000	-	-	3,000	3,000
Advertising and promotion	1,728	-	-	1,728	-
Unrealized loss on investments	-	-	-	-	422
	209,369	1,804	-	211,173	60,923
Excess (deficiency) of revenue over expenses	(24,719)	5,307	-	(19,412)	1,995,180
Fund balances, beginning of year	268,329	38,685	2,000,000	2,307,014	311,834
Fund balances, end of year	\$ 243,610	\$ 43,992	\$ 2,000,000	\$ 2,287,602	\$ 2,307,014

See accompanying notes to financial statements.

MORE THAN A ROOF FOUNDATION

Statement of Cash Flows

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

	Operating Fund	Restricted Funds	Endowment Fund	2023 Total	2022 Total
Cash provided by (used in):					
Operating activities:					
Excess (deficiency) of revenue over expenses	\$ (24,719)	\$ 5,307	\$ -	\$ (19,412)	\$ 1,995,180
Items not involving cash:					
Unrealized loss (gain) on investments	(73,933)	-	-	(73,933)	422
Changes in non-cash working capital:					
Prepaid expenses	790	-	-	790	(3,999)
Accounts payable and accrued liabilities	3,471	-	-	3,471	(5,000)
	(94,391)	5,307	-	(89,084)	1,986,603
Financing activities:					
Due to related party	1,083	(11,170)	-	(10,087)	(22,842)
Investing activities:					
Net change in operating investments	(15,655)	-	-	(15,655)	-
Net change in endowment investments	-	-	(18,743)	(18,743)	(1,981,679)
	(15,655)	-	(18,743)	(34,398)	(1,981,679)
Decrease in cash	(108,963)	(5,863)	(18,743)	(133,569)	(17,918)
Cash, beginning of year	272,294	49,855	18,743	340,892	358,810
Cash, end of year	\$ 163,331	\$ 43,992	\$ -	\$ 207,323	\$ 340,892

See accompanying notes to financial statements.

MORE THAN A ROOF FOUNDATION

Notes to Financial Statements

Year ended August 31, 2023

More Than a Roof Foundation (the "Foundation") is a charity incorporated on February 22, 2005 and operates under the Societies Act (British Columbia). The Foundation receives, holds and invests bequests, donations, gifts, funds and property, and administers and distributes funds, property, endowments, trusts and financial programs for the funding and support of the programs and activities of More Than a Roof Mennonite Housing Society (the "Society"). The Foundation is a registered charity under the Income Tax Act, and accordingly is exempt from income taxes, and is authorized to issue donation receipts for income tax purposes.

1. Significant accounting policies:

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are as follows:

(a) Fund accounting:

The resources and operations of the Foundation have been segregated for accounting purposes into the following funds:

- The Operating Fund accounts for the Foundation's general operating and administrative activities, and the net investment income earned that is not externally restricted by donors for a specific purpose. This fund reports all unrestricted resources.
- The Restricted Funds account for contributions received to be directed towards special projects or programs, as well as the related expenses.
- The Endowment Fund accounts for externally restricted donations received by the Foundation with certain restrictions under the terms of the endowment agreement (note 5).

(b) Revenue recognition:

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

Externally restricted contributions which can only be used for purposes designated by the contributor are recognized as revenue of the restricted and endowment funds when received.

Restricted contributions received for which no specific restricted fund exists are deferred in the Operating Fund and recognized as revenue when the funds have been spent in accordance with the restrictions.

Unrestricted contributions are recognized as revenue in the Operating Fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Interest and dividends earned on the endowment fund investments are unrestricted and recognized in the Operating Fund when earned.

MORE THAN A ROOF FOUNDATION

Notes to Financial Statements (continued)

Year ended August 31, 2023

1. Significant accounting policies (continued):

(c) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Foundation has elected to carry its investments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

Financial assets carried at cost or amortized cost 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 if 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 or the amount the Foundation expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(d) Related party transactions:

Monetary related party transactions and non-monetary related party transactions that have commercial substance are measured at the exchange amount when they are in the normal course of business, except when the transaction is an exchange of a product or property held for sale in the normal course of operations. Where the transaction is not in the normal course of operations, it is measured at the exchange amount when there is a substantive change in the ownership of the item transferred and there is independent evidence of the exchange amount.

All other related party transactions are measured at the carrying amount.

(e) Measurement uncertainty:

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 revenues and expenses during the year. Actual results could differ from those estimates.

MORE THAN A ROOF FOUNDATION

Notes to Financial Statements (continued)

Year ended August 31, 2023

2. Investments:

Investments consist of the following:

	2023	2022
Pooled fixed income funds	\$ 703,517	\$ 693,715
Pooled equity funds	1,386,071	1,287,542
	<u>\$ 2,089,588</u>	<u>\$ 1,981,257</u>
Operating investments	\$ 89,588	\$ -
Endowment investments	2,000,000	1,981,257
	<u>\$ 2,089,588</u>	<u>\$ 1,981,257</u>

Operating investments are classified as short-term investments on the statement of financial position as they are readily redeemable at the Foundation's option. Endowment investments are classified as long-term investments on the statement of financial position based on the endowment contributor's stipulation that the funds be held until October 31, 2031 (note 5).

3. Due to related party and related party transactions:

The Foundation is related to the Society through common directors. The amounts due to the Society are unsecured, non-interest bearing and with no specific terms of repayment.

In 2023, the Foundation donated \$1,804 from its Restricted Funds (2022 - \$11,170) to the Society in support of specific programs and activities of the Society in accordance with the restrictions on the original contributions received (note 4). In 2023, there were donations of \$56,516 (2022 - nil) from the Foundation's Operating Fund to the Society.

In 2023, \$7,400 (2022 - \$2,007,200) of donations were received from Board members or organizations affiliated with these members and recorded in donations revenue. In 2022, this amount included a \$2,000,000 donation recognized in the Endowment Fund (note 5).

In 2023, the Society charged \$14,000 (2022 - \$13,200) for fundraising administration services provided to the Foundation.

In 2023, employees of the Society performed other administrative services for the Foundation on a no charge basis. These services are not recognized in the financial statements as the value is not readily determinable.

MORE THAN A ROOF FOUNDATION

Notes to Financial Statements (continued)

Year ended August 31, 2023

4. Restricted funds:

	Balance, beginning of year	Donation revenue	Disbursements	Balance end of year
Soul Kitchen - Karis Kitchen	\$ 25,853	\$ 1,986	\$ -	\$ 27,839
Next Step	5,894	-	-	5,894
Tenant rent	-	2,883	(1,804)	1,079
Community garden	2,600	-	-	2,600
Scholarship	-	2,042	-	2,042
Tenant cultural initiatives	500	200	-	700
Other	138	-	-	138
Community Funds	3,700	-	-	3,700
	\$ 38,685	\$ 7,111	\$ (1,804)	\$ 43,992

5. Endowment fund:

In 2022, the Foundation received a \$2,000,000 contribution to establish the DeVries Family Endowment. Income earned on the endowment investments is unrestricted and recorded in the Operating Fund. In 2023, investment income, including unrealized gain/loss, and net of investment management fees, of \$100,233 (2022 - \$5,726) was earned on the endowment investments (note 2). The fund is to support the purposes of Foundation. The Foundation may not encroach on the contributed capital until October 31, 2031.

6. Financial risks:

(a) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Foundation is exposed to fair value risks related to its investment in pooled fixed income funds.

(b) Currency and other price risk :

The Foundation is exposed to financial risks as a result of exchange rate fluctuations and the volatility of these rates.

Other price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Foundation is exposed to currency and other price risk through its \$541,234 of investments in international pooled equity funds.

It is management's opinion that the Foundation is not exposed to any significant liquidity, credit or other market risks. There has been no significant change to the risk exposures from 2022.

MORE THAN A ROOF FOUNDATION

Notes to Financial Statements (continued)

Year ended August 31, 2023

7. Comparative information:

Certain comparative information has been reclassified to conform with the financial statement presentation adopted for the current year. There is no impact on the excess (deficiency) of revenues over expenses as a result of these reclassifications.