

Financial Statements of
ABUNDANCE CANADA
December 31, 2020

Independent Auditor's Report

To the Board of Directors of
Abundance Canada

Opinion

We have audited the financial statements of Abundance Canada (the "Organization"), which comprise the statement of financial position as at December 31, 2020, and the statements of operations and unrestricted net assets, changes in net assets and cash flows for the year then ended, and notes to the 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 Organization as at December 31, 2020, 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 ("ASNPO").

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 Organization 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 ASNPO, 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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 Organization'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 Organization'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 Organization 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.

Deloitte LLP

Chartered Professional Accountants

Winnipeg, Manitoba
May 7, 2021


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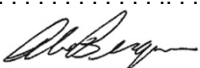
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ABUNDANCE CANADA
Statement of Financial Position
December 31, 2020

	2020	2019
ASSETS		
CASH	\$ 20,395,867	\$ 8,950,113
INVESTMENT INCOME RECEIVABLE	508,210	613,694
INVESTMENTS		
Loans receivable	20,134,449	29,548,297
Money market funds	1,025,294	1,020,220
Shares and equity mutual fund units	41,904,235	40,059,350
Bonds and fixed income mutual fund units	130,803,877	120,831,631
OTHER ASSETS (Note 3)	151,815	516,827
CASH SURRENDER VALUE OF LIFE INSURANCE (Note 4)	1,725,263	1,811,162
CAPITAL ASSETS (Note 5)	612,288	804,279
TOTAL ASSETS	\$ 217,261,298	\$ 204,155,573
LIABILITIES		
ACCOUNTS PAYABLE (Note 6)	\$ 213,801	\$ 198,595
FUND EARNINGS PAYABLE	1,643,884	1,095,475
TOTAL LIABILITIES	1,857,685	1,294,070
COMMITMENTS (Note 11)		
CAPITAL HELD FOR INVESTMENT		
MANAGED TRUST FUNDS	56,994,452	57,789,580
NET ASSETS		
Endowment funds (Note 7)	34,163,748	36,376,155
Other trust funds (Note 8)	120,657,981	108,902,879
Invested in capital assets (Note 5)	612,288	804,279
Internally restricted funds (Note 9)	1,124,025	915,025
Unrestricted	1,851,119	(1,926,415)
TOTAL NET ASSETS	158,409,161	145,071,923
TOTAL CAPITAL HELD FOR INVESTMENT	215,403,613	202,861,503
TOTAL LIABILITIES AND CAPITAL HELD FOR INVESTMENT	\$ 217,261,298	\$ 204,155,573

APPROVED BY THE BOARD


..... Director


..... Director

ABUNDANCE CANADA
Statement of Operations and Unrestricted Net Assets
Year ended December 31, 2020

	<u>2020</u>	<u>2019</u>
INCOME		
Investment and dividend income	\$ 3,779,113	\$ 4,405,515
Interest earned on loans	958,279	1,191,539
Gains allocated to trust fund agreements	5,911,860	1,705,793
Gains (losses) allocated to Abundance Canada operations	63,373	(1,172,225)
	<u>10,712,625</u>	<u>6,130,622</u>
Other income	629,559	634,361
	<u>11,342,184</u>	<u>6,764,983</u>
EXPENSES		
Earnings paid and payable on trust and endowment fund accounts	4,004,940	4,134,857
Administration and other expenses (Schedule)	3,559,710	3,738,292
	<u>7,564,650</u>	<u>7,873,149</u>
OPERATING INCOME (DEFICIT) FOR THE YEAR	<u>3,777,534</u>	<u>(1,108,166)</u>
Add: Amortization expense borne by investment in capital assets	218,502	235,249
Less: Amounts transferred to other funds	(218,502)	(235,249)
NET INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS FOR THE YEAR	<u>3,777,534</u>	<u>(1,108,166)</u>
UNRESTRICTED NET ASSETS, BEGINNING OF YEAR	<u>(1,926,415)</u>	<u>(818,249)</u>
UNRESTRICTED NET ASSETS, END OF YEAR	<u>\$ 1,851,119</u>	<u>\$ (1,926,415)</u>

ABUNDANCE CANADA
Statement of Changes in Net Assets
Year ended December 31, 2020

	2020					2019	
	Internally Restricted Funds	Endowment Funds	Invested in Capital Assets	Other Trust Funds	Unrestricted	Total	Total
BALANCE, BEGINNING OF YEAR	\$ 915,025	\$ 36,376,155	\$ 804,279	\$ 108,902,879	\$ (1,926,415)	\$ 145,071,923	\$ 116,408,035
OTHER FUND TRANSACTIONS FOR THE YEAR							
Investment income including capitalized earnings	-	38,420	-	2,756,651	-	2,795,071	1,667,208
New gifts from donors	-	-	-	43,426,818	-	43,426,818	56,846,375
Gifts transferred from managed and other trust funds	17,009	(417,244)	-	1,070,971	-	670,736	107,751
Disbursements to charities	-	(1,833,583)	-	(35,413,439)	-	(37,247,022)	(28,939,432)
(Decrease) increase in cash surrender value	-	-	-	(85,899)	-	(85,899)	90,152
NET INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS FOR THE YEAR	-	-	-	-	3,777,534	3,777,534	(1,108,166)
TRANSFERS BETWEEN FUNDS							
Acquisitions of capital assets	(26,511)	-	26,511	-	-	-	-
Amortization expense for the year	-	-	(218,502)	-	218,502	-	-
Appropriations to/from Unrestricted Fund	218,502	-	-	-	(218,502)	-	-
BALANCE, END OF YEAR	\$ 1,124,025	\$ 34,163,748	\$ 612,288	\$ 120,657,981	\$ 1,851,119	\$ 158,409,161	\$ 145,071,923

ABUNDANCE CANADA
Statement of Cash Flows
Year ended December 31, 2020

	<u>2020</u>	<u>2019</u>
OPERATING ACTIVITIES		
Net increase (decrease) in unrestricted net assets for the year	\$ 3,777,534	\$ (1,108,166)
Item not affecting cash:		
Amortization	218,502	235,249
	3,996,036	(872,917)
Changes in non-cash operating working capital items:		
Investment income receivable	105,484	89,271
Accounts payable	15,206	(6,158)
Fund earnings payable	548,409	336,984
Other assets	365,012	(391,236)
	5,030,147	(844,056)
INVESTMENT ACTIVITIES		
Decrease in managed trust funds	(124,392)	(33,733,361)
New deposits to endowment fund and other trust funds	43,426,818	56,846,375
Capitalized earnings on funds	2,795,071	1,667,208
Disbursements paid to charities	(37,247,022)	(28,939,432)
	8,850,475	(4,159,210)
INVESTING ACTIVITIES		
Acquisition of capital assets	(26,511)	(203,542)
Decrease in loans receivable	9,413,848	1,845,457
Increase in money market funds, shares and equity mutual fund units	(1,849,959)	(16,282,177)
(Increase) decrease in bonds and fixed income mutual fund units	(9,972,246)	26,215,853
	(2,434,868)	11,575,591
NET INCREASE IN CASH POSITION	11,445,754	6,572,325
CASH, BEGINNING OF YEAR	8,950,113	2,377,788
CASH, END OF YEAR	\$ 20,395,867	\$ 8,950,113

ABUNDANCE CANADA

Notes to the Financial Statements

December 31, 2020

1. NATURE OF THE ORGANIZATION

Abundance Canada (the “Organization”) was established by the Founding Mennonite Church Conferences in 1973 as a non-profit service agency to accumulate, manage and distribute financial resources exclusively for charitable purposes. The Organization is a registered charity and is classified as a public foundation for purposes of the Income Tax Act (Canada). The Organization had previously been operating as the Mennonite Foundation of Canada prior to changing its name.

The Organization manages investments and administers various types of funds as follows:

- **Managed Trust Funds** – Depositors may withdraw the principal amount at any time, with due notice. Investment earnings on these funds are paid to charities or depositors, at the discretion of the depositor of the funds.
- **Other Trust Funds** – Depositors gift the principal amount to the Organization. The earnings and principal are available for distribution to charities as advised by the donor.
- **Endowment Funds** – These funds are established from gifts by donors which are designated to remain under the Organization’s management for at least ten years. Thereafter, the principal may be distributed to charity. Earnings on these funds are paid to charity or capitalized as advised by the donor.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

a) Internally restricted funds

The Organization maintains several internally restricted funds for use in operations or various programs based on the priorities identified by the Board of Directors of the Organization.

b) Income and expense recognition

The Organization uses the deferral method of accounting for contributions. Under this method endowment and other trust fund contributions and earnings are added directly to the Organization’s net assets. Expenses are recorded on the accrual basis of accounting. Investment earnings are recorded in the statement of operations and unrestricted net assets as revenue of the unrestricted net assets. Fund earnings obligations, as set out in trust and endowment agreements between the Organization and the settlor or benefactor, are recognized in accordance with the terms of the agreements.

ABUNDANCE CANADA
Notes to the Financial Statements
December 31, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Capital assets

The Organization records its capital assets, consisting of furniture and fixtures, leasehold improvements, computers and office equipment, and computer software, at their historical cost. Amortization on all capital assets except leasehold improvements are provided for at rates ranging between 10% and 33%, calculated on a straight-line basis. Leasehold improvements are amortized on a straight-line basis over the term of the lease.

d) Financial instruments

The Organization initially measures its financial assets and financial liabilities at fair value. The Organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for bonds and fixed income investments, money market funds, and shares and equity mutual funds traded in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of operations and unrestricted net assets.

Financial assets measured at amortized cost include cash, investment income receivable, loans receivable, and other assets.

Financial liabilities measured at amortized cost include accounts payable, fund earnings payable and managed trust funds.

e) Bequests and other donations

Bequests and other donations are recorded when received.

f) Grant commitments

Grant commitments are recorded in the year grants are disbursed.

g) Cash surrender value of life insurance

The Organization is owner and beneficiary of donated life insurance policies where annual premiums are paid by benefactors of the Organization. These entitlements are recorded as assets at an amount equal to the cash surrender value of such life insurance policies.

h) Use of 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 affects the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

ABUNDANCE CANADA
Notes to the Financial Statements
December 31, 2020

3. OTHER ASSETS

	<u>2020</u>	<u>2019</u>
Prepaid expenses	\$ 87,827	\$ 91,587
GST/HST receivable	38,988	50,240
Temporary wage subsidy receivable	25,000	-
Life insurance receivable	-	375,000
	<u>\$ 151,185</u>	<u>\$ 516,827</u>

4. CASH SURRENDER VALUE OF LIFE INSURANCE

The Organization is the owner and capital beneficiary of donated life insurance policies with face values of \$15,359,405 (2019 - \$15,395,967). The cash surrender value of these policies at December 31, 2020 is \$1,725,263 (2019 - \$1,811,162).

5. CAPITAL ASSETS

	<u>2020</u>			<u>2019</u>
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Furniture and fixtures	\$ 193,976	\$ 149,117	\$ 44,859	\$ 58,177
Leasehold improvements	352,811	298,815	53,996	63,341
Computers and office equipment	198,275	173,545	24,730	22,555
Computer software	1,715,040	1,226,337	488,703	660,206
	<u>\$ 2,460,102</u>	<u>\$ 1,847,814</u>	<u>\$ 612,288</u>	<u>\$ 804,279</u>

6. ACCOUNTS PAYABLE

Included in accounts payable at December 31, 2020 are government remittances payable of \$nil (2019 - \$17,378).

7. ENDOWMENT FUNDS

The endowment funds of the Organization are comprised of the following:

	<u>2020</u>	<u>2019</u>
Capital endowment funds	\$ 33,183,354	\$ 35,563,906
Abundance endowment fund	980,394	812,249
	<u>\$ 34,163,748</u>	<u>\$ 36,376,155</u>

ABUNDANCE CANADA
Notes to the Financial Statements
December 31, 2020

8. OTHER TRUST FUNDS

The other trust funds are comprised of the following:

	<u>2020</u>	<u>2019</u>
Irrevocable trust funds	\$ 52,077	\$ 52,115
Life interest funds	7,095,868	7,017,470
Gift annuity funds	2,659	3,822
Gifting and bequest funds	111,782,114	100,018,310
Cash surrender value of life insurance policies	1,725,263	1,811,162
	\$120,657,981	\$108,902,879

9. INTERNALLY RESTRICTED FUNDS

Internally restricted funds are restricted for use in operations or various programs based on the priorities identified by the Board of Directors of the Organization.

10. FINANCIAL INSTRUMENTS

a) *Interest rate risk*

Interest rate risk refers to the adverse consequences of interest rate changes in the Organization's cash flows, financial position, and income. This risk arises from differences in the timing and amount of cash flows related to the Organization's assets.

The value of the Organization's assets are affected by nominal changes in interest rates and equity markets.

The term to maturity and related book values of cash and investments in money market funds, loans receivable and bonds, excluding shares and equity mutual funds, held by the Organization at December 31, 2020 are as follows:

Rate on Face Value	Term			Total
	0-5 years	6-10 years	+ 10 years	
0.00-5.99%	\$ 171,696,740	\$ 601,747	\$ -	\$ 172,298,487
6.00-12.00%	61,000	-	-	61,000

The Organization holds units in a bond mutual fund, a mortgage fund, equity mutual funds as well as shares, bonds and cash which have an aggregate fair value as at December 31, 2020 of \$193,779,273 (2019 – \$170,861,314).

Earnings paid to managed trust, endowment funds and other trust funds are set at the Organization's pooled rate, less a fixed percentage for administration fees.

ABUNDANCE CANADA
Notes to the Financial Statements
December 31, 2020

10. FINANCIAL INSTRUMENTS (continued)

b) Credit risk

Credit risk arises when a counterparty does not fully honor its financial or contractual obligations. The Organization has established credit and investment policies to mitigate this risk.

Credit risk is increased where a significant portion of the portfolio is invested in securities which have similar characteristics or which are expected to follow similar variations relating to economic or political conditions. The risk of excess concentration is mitigated by an investment policy established by the Board of Directors, which sets out various investment thresholds.

11. COMMITMENTS

The Organization has commitments for leased premises to August 31, 2027 comprised of base rents plus a proportionate share of operating costs. The base rent commitments to lease expiry are \$418,904 with payment obligations over the next five years as follows:

2021	93,027
2022	57,152
2023	57,657
2024	24,256
2025	24,256
Thereafter	40,427

12. CAPITAL MANAGEMENT

The Organization manages its capital held for investments according to the terms and restrictions of the donors and depositors who have placed funds with the Organization. The Organization's own capital, comprised of net assets invested in capital assets, internally restricted funds and unrestricted net assets, has accumulated from the excess of revenues over expenditures over the life of the Organization. The Organization's Board annually approves the Organization's operating plan which provides for a financial result that is modestly better than break-even, ignoring the impact of unrealized gains on investments accruing to the Organization's benefit. Capital management objectives, policies and procedures are unchanged since the preceding year.

13. COVID-19

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, leading to economic uncertainties. At this time it is not possible for the Organization to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Organization's operations.

ABUNDANCE CANADA

Schedule of Administration and Other Expenses

Year ended December 31, 2020

	<u>2020</u>	<u>2019</u>
Salaries and benefits	\$ 2,006,768	\$ 1,959,871
Interest, bank charges, and investment management fees	433,103	475,115
Marketing and communication	235,666	291,368
Rent and common area costs	231,075	200,140
Amortization	218,502	235,249
Computer	157,292	116,766
Office	77,348	68,491
Staff development, memberships and subscriptions	63,960	54,956
Professional fees	55,002	78,466
Telephone	40,080	35,956
Travel	28,180	209,502
Insurance	12,734	12,412
	\$ 3,559,710	\$ 3,738,292