

Financial Statements of
ABUNDANCE CANADA
January 31, 2024

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 January 31, 2024, and the statements of operations and unrestricted net assets, changes in net assets and cash flows for the year 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 January 31, 2024, 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.

The image shows the signature of Deloitte LLP in a cursive, handwritten style.

Chartered Professional Accountants
May 16, 2024

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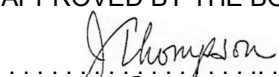
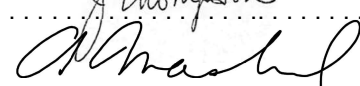
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ABUNDANCE CANADA
Statement of Financial Position
January 31, 2024

	January 31, 2024	January 31, 2023
ASSETS		
CURRENT		
CASH	\$ 5,451,414	\$ 21,557,149
INVESTMENT INCOME RECEIVABLE	773,918	622,860
OTHER ASSETS (Note 3)	135,539	113,121
	6,360,871	22,293,130
INVESTMENTS (Note 4)	253,594,421	215,914,337
CASH SURRENDER VALUE OF LIFE INSURANCE (Note 5)	1,624,575	1,665,161
CAPITAL ASSETS (Note 6)	404,151	214,992
TOTAL ASSETS	\$ 261,984,018	\$ 240,087,620
LIABILITIES		
CURRENT		
ACCOUNTS PAYABLE (Note 7)	\$ 345,712	\$ 265,892
FUND EARNINGS PAYABLE	3,134,266	2,990,325
	3,479,978	3,256,217
MANAGED TRUST FUNDS	34,163,264	48,109,866
TOTAL LIABILITIES	37,643,242	51,366,083
COMMITMENTS (Note 12)		
NET ASSETS		
Endowment funds (Note 8)	35,387,463	34,690,121
Other trust funds (Note 9)	200,165,059	165,855,223
Invested in capital assets (Note 6)	404,151	214,992
Internally restricted funds (Note 10)	929,517	1,504,313
Unrestricted	(12,545,414)	(13,543,112)
TOTAL NET ASSETS	224,340,776	188,721,537
TOTAL LIABILITIES AND NET ASSETS	\$ 261,984,018	\$ 240,087,620

The accompanying notes and schedule are an integral part of the financial statements.

APPROVED BY THE BOARD

 Director
 Director

ABUNDANCE CANADA
Statement of Operations and Unrestricted Net Assets
Year ended January 31, 2024

	January 31, 2024 <u>(12 months)</u>	January 31, 2023 <u>(13 months)</u>
INCOME		
Investment income	\$ 5,723,178	\$ 4,705,474
Interest earned on loans	661,507	635,453
Gains (losses) allocated to trust fund agreements	4,179,697	(3,813,532)
	10,564,382	1,527,395
Other income	927,727	701,473
	11,492,109	2,228,868
EXPENSES		
Earnings paid and payable (received and receivable) on trust and endowment fund accounts	6,695,504	(2,244,505)
Administration and other expenses (Schedule)	4,103,366	4,200,726
	10,798,870	1,956,221
OPERATING INCOME BEFORE UNREALIZED GAINS	693,239	272,647
Unrealized gains (losses) allocated to Abundance Canada operations (Note 13)	304,459	(11,669,862)
OPERATING INCOME (DEFICIT) FOR THE PERIOD	997,698	(11,397,215)
UNRESTRICTED NET ASSETS, BEGINNING OF PERIOD	(13,543,112)	(2,145,897)
INTERFUND TRANSFERS		
Add: Amortization expense borne by investment in capital assets	199,664	212,048
Less: Amounts transferred to other funds	(199,664)	(212,048)
UNRESTRICTED NET ASSETS, END OF PERIOD	\$ (12,545,414)	\$ (13,543,112)

The accompanying notes and schedule are an integral part of the financial statements.

ABUNDANCE CANADA
Statement of Changes in Net Assets
Year ended January 31, 2024

	January 31, 2024 (12 months)				January 31, 2023 (13 months)	
	Internally Restricted Funds	Endowment Funds	Invested in Capital Assets	Other Trust Funds	Unrestricted	Total
BALANCE, BEGINNING OF PERIOD	\$ 1,504,313	\$ 34,690,121	\$ 214,992	\$ 165,855,223	\$ (13,543,112)	\$ 188,721,537
OTHER FUND TRANSACTIONS FOR THE PERIOD						
Investment income (losses) allocated to trust funds	(385,637)	(49,701)	-	5,350,765	-	4,915,427
New gifts from donors	-	237,199	-	82,865,664	-	83,102,863
Gifts transferred from managed and other trust funds	-	597,402	-	(460,269)	-	137,133
Disbursements to charities	-	(65,664)	-	(53,063,111)	-	(53,118,775)
Other withdrawals	-	(21,894)	-	(352,627)	-	(374,521)
Decrease in cash surrender value of life insurance	-	-	-	(40,586)	-	(40,586)
OPERATING INCOME (DEFICIT) FOR THE PERIOD	-	-	-	-	997,698	997,698
TRANSFERS BETWEEN FUNDS						
Acquisitions of capital assets	(388,823)	-	388,823	-	-	-
Amortization expense for the period	-	-	(199,664)	-	199,664	-
Appropriations to/from unrestricted Fund	199,664	-	-	-	(199,664)	-
BALANCE, END OF PERIOD	\$ 929,517	\$ 35,387,463	\$ 404,151	\$ 200,165,059	\$ (12,545,414)	\$ 224,340,776
						\$ 188,721,537

The accompanying notes and schedule are an integral part of the financial statements.

ABUNDANCE CANADA
Statement of Cash Flows
Year ended January 31, 2024

	January 31, 2024 <u>(12 months)</u>	January 31, 2023 <u>(13 months)</u>
OPERATING ACTIVITIES		
Net increase (decrease) in unrestricted net assets for the period	\$ 997,698	\$ (11,397,215)
Item not affecting cash:		
Amortization	199,664	212,048
	<u>1,197,362</u>	<u>(11,185,167)</u>
Changes in non-cash operating working capital items:		
Investment income receivable	(151,058)	(172,282)
Accounts payable	79,820	37,514
Fund earnings payable	143,941	589,302
Other assets	(22,418)	7,648
	<u>1,247,647</u>	<u>(10,722,985)</u>
INVESTMENT ACTIVITIES		
Decrease in managed trust funds	(13,809,469)	(7,164,365)
New deposits to endowment fund and other trust funds	83,102,863	65,349,889
Earnings (losses) allocated to trust funds	4,915,427	(3,684,228)
Disbursements paid to charities	(53,118,775)	(47,077,795)
Other withdrawals	(374,521)	(223,132)
	<u>20,715,525</u>	<u>7,200,369</u>
INVESTING ACTIVITIES		
Acquisition of capital assets	(388,823)	(12,539)
Decrease in mortgages receivable	2,790,086	3,700,529
(Increase) decrease in other investments	(40,470,170)	10,229,828
	<u>(38,068,907)</u>	<u>13,917,818</u>
NET (DECREASE) INCREASE IN CASH POSITION	(16,105,735)	10,395,202
CASH, BEGINNING OF PERIOD	21,557,149	11,161,947
CASH, END OF PERIOD	\$ 5,451,414	\$ 21,557,149

The accompanying notes and schedule are an integral part of the financial statements.

ABUNDANCE CANADA

Notes to the Financial Statements

January 31, 2024

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.

During the prior period, the Organization changed its year-end from December 31 to January 31. Therefore the prior period is a 13 month period ending on January 31, 2023.

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. 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
January 31, 2024

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.

When conditions indicate that a tangible capital asset is impaired, the net carrying amount of the tangible capital asset shall be written down to the asset's fair value or replacement cost. The write-downs of tangible capital assets shall be accounted for as expenses in the statement of operations. A write-down shall not be reversed.

d) Financial instruments

Initial measurement

Financial assets and financial liabilities originated or exchanged in arm's length transactions are initially recognized at fair value when the Organization becomes a party to the contractual provisions of the financial instrument. Financial assets and financial liabilities originated or exchanged in related party transactions, except for those that involve parties whose sole relationship with the Organization is in the capacity of management, are initially recognized at cost.

Subsequent measurement

All financial instruments are subsequently measured at amortized cost except for the following:

- Investments in unlisted shares, which are measured at cost less any reduction for impairment;
- Investments in certain limited partnerships are measured at the Organizations pro rata interest in the net assets of the partnerships;
- Investments in listed shares, bonds, equity mutual funds and fixed income mutual fund units which are measured at fair value at the balance sheet date. The fair value of these investments are based on the latest closing price.

Interest and dividends earned on the investments, dividends received on unlisted shares, and gains and losses on listed shares, bonds, equity mutual funds and fixed income mutual fund units are included in income in the statement of operations.

ABUNDANCE CANADA
Notes to the Financial Statements
January 31, 2024

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Financial instruments (continued)

Transaction costs

Transaction costs related to financial instruments subsequently measured at fair value are expensed as incurred. Transaction costs related to other financial instruments are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the straight line method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the straight line method and recognized in net earnings as interest income or expense.

Impairment

With respect to financial assets measured at cost or amortized cost, the Organization recognizes an impairment loss, if any, in net earnings when there are indicators of impairment and it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to net earnings in the period the reversal occurs.

e) Bequests and other donations

Bequests and other donations are recorded when received.

f) Cash and cash equivalents

Cash is made up of cash on hand and short-term deposits with a term to maturity of 90 days or less at the date of purchase. Cash and cash equivalents held for investing rather than liquidity purposes are classified as investments.

g) Grant commitments

Grant commitments are recorded in the period grants are disbursed.

h) 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.

ABUNDANCE CANADA
Notes to the Financial Statements
January 31, 2024

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) 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. Key components of the financial statements requiring management to make estimates include the valuation of investments and the useful life of capital assets. Actual results could differ from these estimates.

3. OTHER ASSETS

	<u>2024</u>	<u>2023</u>
Prepaid expenses	\$ 77,471	\$ 50,719
GST/HST receivable	58,068	62,402
	<u>\$ 135,539</u>	<u>\$ 113,121</u>

4. INVESTMENTS

	<u>2024</u>	<u>2023</u>
<i>Investments at amortized cost</i>		
Mortgages receivable	\$ 9,872,382	\$ 12,662,468
GIC's, promissory notes and mortgage portfolios	13,812,281	5,344,425
<i>Investments in limited partnerships</i>		
Limited partnership units	1,510,815	1,381,302
<i>Investments at fair value</i>		
Cash and cash equivalents	1,499,499	1,323,029
Shares and equity mutual fund units	73,816,438	64,808,574
Bonds and fixed income mutual fund units	153,083,006	130,394,539
	<u>\$ 253,594,421</u>	<u>\$ 215,914,337</u>

5. CASH SURRENDER VALUE OF LIFE INSURANCE

The Organization is the owner and capital beneficiary of donated life insurance policies with January 31, 2024, face values of \$16,911,796 (2023 - \$14,911,796). The cash surrender value of these policies at January 31, 2024 is \$1,624,575 (2023 - \$1,665,161).

ABUNDANCE CANADA
Notes to the Financial Statements
January 31, 2024

6. CAPITAL ASSETS

	<u>2024</u>			<u>2023</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Furniture and fixtures	\$ 154,228	\$ 131,523	\$ 22,705	\$ 20,920
Leasehold improvements	518,708	325,753	192,955	35,307
Computers and office equipment	75,219	62,706	12,513	13,070
Computer software	1,891,017	1,715,039	175,978	145,695
	\$ 2,639,172	\$ 2,235,021	\$404,151	\$ 214,992

7. ACCOUNTS PAYABLE

Included in accounts payable at January 31, 2024 are government remittances payable of \$29,984 (2023 - \$26,692).

8. ENDOWMENT FUNDS

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

	<u>2024</u>	<u>2023</u>
Capital endowment funds	\$ 30,514,580	\$ 30,760,374
Abundance endowment fund	4,872,883	3,929,747
	\$ 35,387,463	\$ 34,690,121

9. OTHER TRUST FUNDS

The other trust funds are comprised of the following:

	<u>2024</u>	<u>2023</u>
Irrevocable trust funds	\$ 52,268	\$ 52,639
Life interest funds	7,274,669	7,192,006
Gifting and bequest funds	191,213,547	156,945,417
Cash surrender value of life insurance policies	1,624,575	1,665,161
	\$200,165,059	\$165,855,223

10. 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.

11. FINANCIAL INSTRUMENTS

a) *Market Risk*

Market risk is the risk for potential financial loss to the Organization from changes in values of its financial instruments due to changes in interest rates or other price risk. The investments of the Organization are subject to normal market fluctuations and to the risk inherent in investment in capital markets.

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.

The Organization holds mortgage loans receivable totalling \$9,872,382 (2022 - \$12,662,468) bearing interest at rates between 4.15% - 7.05% maturing between February 2024 to December 2027.

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 Organization will fluctuate due to changes in foreign exchange rates. The Organization is directly exposed to currency risk on its foreign market equities.

Other price risk

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. The Organization is exposed to other price risk on its listed shares, bonds, equity mutual funds and fixed income mutual fund units which fluctuate based on the quoted market price. The Organization's investment policy is to control equity price risk by maintaining a diversified portfolio.

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 and is primarily exposed to credit risk on its mortgage loans. The credit risk is mitigated by an investment policy established by the Board of Directors, which sets out various investment thresholds.

ABUNDANCE CANADA
Notes to the Financial Statements
January 31, 2024

12. COMMITMENTS

The Organization has commitments for leased premises to November 30, 2033 comprised of base rents plus a proportionate share of operating costs. The base rent commitments to lease expiry are \$821,980 with payment obligations over the next five years as follows:

2025	\$ 118,216
2026	118,216
2027	108,109
2028	79,196
2029	68,650
Thereafter	329,593

13. UNREALIZED LOSSES ALLOCATED TO ABUNDANCE CANADA OPERATIONS

Unrealized losses allocated to Abundance Canada operations represent the period over period change in value of Abundance Canada's externally managed fixed income portfolio. During the period, no investments from the managed fixed income portfolio were sold and there were no realized gains or losses.

14. LOAN FACILITY

The Organization has a prime rate based loan facility available to it to a maximum of \$500,000. The interest on this loan facility is the bank's prime rate + 0.75% per annum. As at January 31, 2024 the Organization has not drawn on this loan facility (2023 - \$nil).

15. 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 period.

16. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year presentation.

ABUNDANCE CANADA
Schedule of Administration and Other Expenses
Year ended January 31, 2024

Schedule 1

	January 31, 2024	January 31, 2023
	(12 months)	(13 months)
Salaries and benefits	\$ 2,130,749	\$ 2,328,342
Interest, bank charges, and investment management fees	484,354	484,654
Marketing and communication	264,404	306,976
Rent and common area costs	248,690	215,831
Computer	219,166	197,411
Amortization	199,664	212,048
Travel	188,963	128,098
Professional fees	182,381	143,485
Office	87,747	81,333
Staff development, memberships and subscriptions	55,596	52,184
Telephone	25,071	34,456
Insurance	16,581	15,908
	\$ 4,103,366	\$ 4,200,726