

## Meeting the Moment, Guided by Our Values

### A Tragedy and its Revelations

Over the past 18 months, Abundance Canada has worked to address a series of significant issues relating to the financial misconduct of a former executive. Following an extensive process, we believe it is now appropriate, and right, to share an update with you: our valued donors.

On January 8, 2024, Rick Braun-Janzen, a long-time colleague, friend, and respected Abundance Canada senior executive died by suicide. Following his death, Abundance Canada's Board became aware of serious financial misconduct perpetrated by Rick, relating to unauthorized investments, falsified documents and reports, and the extensive efforts he made to conceal his activity from the Board, his colleagues, our auditors and our donors.

### Immediate Board Action and Investigation

Upon learning of Rick's unauthorized actions, the Board immediately engaged a leading, global public accounting firm to conduct a thorough forensic audit to fully examine the scope of his actions. Additionally, the Board engaged legal counsel to conduct an internal review to further understand the extent and ramification of his unauthorized activities.

Together, the external forensic audit and independent review found that Rick's unauthorized financial practices extended as far back as 2019 and resulted in significant losses across six specific and individual donor funds under his sole management. Following that extensive review, the final impact of Rick's actions was revealed to be a total loss of \$7.9M across those six funds.

His actions were his alone, and while he did not personally benefit financially from them, they were antithetical to the values of Abundance Canada, and we wholly condemn them.

In keeping with our core value that “our relationship with our donors is a sacred trust”, we engaged directly with those impacted donors within days of Abundance’s discovery of Rick’s actions and have ensured the burden of the unauthorized activities are taken on by Abundance, not our donors or the charities they support. To that end, the impacted funds are being fully restored, and we appreciate the cooperation and grace our six affected donors have shown through this resolution.

## Subsequent Findings and Board Response

Following the forensic audit, the Board initiated a comprehensive internal review and identified three other challenges, which Abundance is addressing. These challenges are:

- Rick had misallocated management fees amongst Abundance’s two significant donor investment pools (Fixed Income and Equity) and, as a result, the value of the Equity Pool was overstated. To correct this, the Board has directed a one-time restatement of the Equity Pool funds to ensure that their values reflect the funds that are there. However, thanks to the strong performance of the Equity Pool in 2024/25, overall investment returns remained positive for the year despite this restatement.
- To align with standard financial practices, the Board has decided to discontinue the “Fixed Income Guarantee.” This guarantee, which had been championed and designed by Rick, resulted in lower annual returns for the Fixed Income Pool and added unnecessary complexity when communicating earnings to donors. We have fully honoured the guarantee on current funds, and effective January 31, each investment pool’s returns will be based on actual market performance, less administrative and investment management fees. This change will provide donors with clearer, more accurate information about their earnings.
- Rick held more control over Abundance Canada’s operations and systems than the Board was aware, which allowed him to conceal his unauthorized trading and falsify reports. After his passing, few staff had the access or knowledge needed to manage our financial records, causing delays in donor fund statements and challenges with implementing our new financial system. Abundance has since hired accounting and IT experts to focus on this priority, and we plan to return to our standard operating timelines by Fall 2025.

## Understanding the Impact to our Donor Advised Funds

While it is important that we do not minimize the impacts of Rick's activities, it is equally important that we put them in context.

Of the 1300 active Donor Advised Funds currently held at Abundance Canada, representing nearly \$280M in donated monies, Rick's unauthorized trading was limited to six funds. Of the Donor Advised Funds invested in the Equity pool who will experience a one-time restatement of their earnings – this will be offset by the strong gains in this year's market. Lastly, removing the "Guarantee" from the Fixed Income pool Donor Advised Funds clarifies return calculations and enhances fund liquidity.

For Abundance Canada, the most significant impact of these past 18 months on Donor Advised Funds has been the reduction in our service to our fundholders. While the rationale for many of these challenges can be traced to Rick's passing and subsequent discoveries, we acknowledge that our responsiveness in dealing with fundholder and professional advisor requests has been slower than what we would normally deliver. We sincerely apologize for that and are committed to addressing it in short order. Despite the delays, we want to reassure our donors that all their Donor Advised Fund capital remains intact.

## Improving our Governance and Management Capabilities

The Board has taken several additional steps to address the identified challenges, improve controls, strengthen management, and enhance our governance capabilities and oversight.

These include:

- Establishing and filling the post of Chief Assurance Officer (CAO), resulting in DeWayne Osborn, CFP, CPA, CGA, MFA-P, joining us in January 2025, to advise and constantly monitor regulatory requirements.
- Conducting a Canada-wide Chief Executive Officer (CEO) search, resulting in Alan Goddard, MPA, MBA, CPA, CMA being appointed in May 2025 to lead our organization,

- Establishing and filling the post of Chief Financial Officer (CFO), resulting in Mara-Lee Statham, CPA, CA, CIA, CIPP/C, joining us in August 2025 to manage our finance team,
- The addition of new, permanent accounting staff and the engagement of specialized consulting support in the areas of investment, treasury management, and IT accounting systems
- The selection of a new audit firm
- Implementing a new financial system with functionality to significantly enhance controls, transparency, and donor support

## Going Forward, Together

In January 2025, Alan Goddard, as Executive Director, Generosity and Impact, initiated the development of Abundance Canada's new, five-year strategic plan. This inclusive process engaged donors, stakeholders, and staff, and incorporated best practices from public foundations nationwide. The resulting plan, set for public release in the Fall, is already being put into action and aims to transform Abundance Canada into a nation-leading public foundation.

Key initiatives include:

- A Charity Partnership Program to provide registered charities across Canada with complex gift acceptance, fund development, and fund management capabilities
- New investment management vehicles to support progressive, ethical, yet impactful options for our Donor Advised Funds
- New governance structures, including the establishment of "grassroot" regional committees to better engage our stakeholders nation-wide
- New finance and IT systems to support online gift acceptance and donor portals
- New policies and procedures that are progressive, transparent, and aligned with community values

To support this new strategic direction, the management team is actively cultivating a work environment rooted in psychological safety, empowering staff to move forward confidently and share concerns openly with leadership.

Together with management, the Board believes this renewed focus, grounded in the values that have defined Abundance Canada for more than fifty years, will strengthen staff engagement with donors, fundholders, and partners as we strive together to achieve our shared goals for generosity and impact.

### Unwavering Commitment to our Charitable Purpose

Despite the tragedy and cumulative effects of the past 18 months, Abundance Canada's Board, Management, and Staff have remained unwavering in our commitment to community generosity and community impact. Through thoughtful and caring gifts made by donors such as yourself, Abundance Canada supported over \$55M in community priorities this past year, with an impact exceeding half a billion dollars in grants since the organization was established over 50 years ago.

We appreciate your continued faith in our work and apologize for any inconvenience these matters may have caused you. Thank you for your continued understanding and grace, and we look forward to greater opportunities to work together with you in the future.