

AQUEDUCT FOUNDATION
FINANCIAL STATEMENTS
(EXPRESSED IN THOUSANDS OF DOLLARS)
31 DECEMBER 2023

AQUEDUCT FOUNDATION
Financial Statements
(Expressed in thousands of dollars)
For the Year Ended 31 December 2023

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INDEPENDENT AUDITORS' REPORT

To the Directors,
Aqueduct Foundation

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Aqueduct Foundation (the Foundation), which comprise the statement of financial position as at 31 December 2023, and the statements of changes in net assets, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at 31 December 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 Auditors' 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 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.

INDEPENDENT AUDITORS' REPORT - Continued

Auditors' 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 auditors' 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 these 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 auditors' 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 auditors' report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.

INDEPENDENT AUDITORS' REPORT - Continued

- 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.

Report on Other Legal and Regulatory Requirements

As required by the Societies Act (British Columbia), we report that, in our opinion, the accounting principles in Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

Rolfe Benson LLP

CHARTERED PROFESSIONAL ACCOUNTANTS


Vancouver, Canada
23 May 2024

AQUEDUCT FOUNDATION
Statement of Financial Position
(Expressed in thousands of dollars)
For the Year Ended 31 December 2023

	Administration Fund		Restricted Funds				Total	
	2023	2022	Purpose Fund		Capital Restricted Fund		2023	2022
	\$	\$	\$	\$	\$	\$	\$	\$
Assets								
Current								
Cash	90	16	24,832	44,628	-	-	24,922	44,644
GST receivable	227	255	-	-	-	-	227	255
Interest receivable	-	-	18	15	-	-	18	15
Dividends receivable	-	-	1,242	-	-	-	1,242	-
Other receivable	-	-	-	81	-	-	-	81
	317	271	26,092	44,724	-	-	26,409	44,995
Investments - marketable securities, at market value (Note 3)	2,447	2,076	735,254	635,337	2,217	2,175	739,918	639,588
Investments - preferred shares, at cost (Note 3)	-	-	238,974	240,975	-	-	238,974	240,975
Charitable purposes property (Note 4)	-	-	-	871	-	-	-	871
Loan receivable (Note 5)	-	-	-	-	842	851	842	851
Cash surrender value of life insurance policies	-	-	5,216	3,701	-	-	5,216	3,701
	2,764	2,347	1,005,536	925,608	3,059	3,026	1,011,359	930,981
Liabilities								
Current								
Accounts payable and accrued liabilities	108	74	2,043	1,056	-	-	2,151	1,130
Net Assets								
Restricted	-	-	1,003,493	924,552	3,059	3,026	1,006,552	927,578
Unrestricted	2,656	2,273	-	-	-	-	2,656	2,273
	2,656	2,273	1,003,493	924,552	3,059	3,026	1,009,208	929,851
	2,764	2,347	1,005,536	925,608	3,059	3,026	1,011,359	930,981

APPROVED ON BEHALF OF THE BOARD:

Terri Lynn Brown
 _____ Director


 _____ Director

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

AQUEDUCT FOUNDATION
Statement of Changes in Net Assets
(Expressed in thousands of dollars)
For the Year Ended 31 December 2023

	Administration Fund		Restricted Funds				Total	
			Purpose Fund		Capital Restricted Fund			
	2023	2022	2023	2022	2023	2022	2023	2022
	\$	\$	\$	\$	\$	\$	\$	\$
		(Note 9)		(Note 9)				
Balance - beginning of year	2,273	1,433	924,552	885,245	3,026	2,995	929,851	889,673
Excess (deficiency) of revenue over expenses and grant distributions	(7,560)	(7,144)	86,901	47,291	16	31	79,357	40,178
Fund transfer - expense recovery allocations	8,012	7,403	(8,012)	(7,403)	-	-	-	-
Fund transfer - other allocations	(69)	581	52	(581)	17	-	-	-
Balance - end of year	2,656	2,273	1,003,493	924,552	3,059	3,026	1,009,208	929,851

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

AQUEDUCT FOUNDATION
Statement of Operations
(Expressed in thousands of dollars)
For the Year Ended 31 December 2023

	Administration Fund		Restricted Funds				Total	
	2023	2022	Purpose Fund		Capital Restricted Fund		2023	2022
	\$	\$ (Note 9)	\$	\$ (Note 9)	\$	\$	\$	\$ (Note 9)
Revenue								
Gifts - net (Note 6)	-	-	124,341	184,083	-	-	124,341	184,083
Increase in cash surrender value of life insurance policies	-	-	1,447	899	-	-	1,447	899
Gain on sale of marketable securities	39	38	11,943	12,687	-	-	11,982	12,725
Dividends	34	16	12,529	8,330	-	-	12,563	8,346
Interest and other	64	32	13,756	6,895	-	-	13,820	6,927
Minister of Canadian Heritage grant	-	-	-	-	16	31	16	31
Unrealized gain (loss) on investments	278	-	30,923	(61,011)	-	-	31,201	(61,011)
	415	86	194,939	151,883	16	31	195,370	152,000
Expenses								
Management fees	7,228	6,679	1,678	1,722	-	-	8,906	8,401
Life insurance policy premiums	-	-	2,594	2,808	-	-	2,594	2,808
Charitable purposes expense	-	-	19	5	-	-	19	5
Accounting, legal and other	91	136	15	3	-	-	106	139
Consulting	230	240	41	51	-	-	271	291
Directors costs	113	103	-	-	-	-	113	103
Insurance	9	10	-	-	-	-	9	10
Office costs	62	39	1	-	-	-	63	39
Software subscription	242	23	-	-	-	-	242	23
	7,975	7,230	4,348	4,589	-	-	12,323	11,819
Excess (deficiency) of revenue over expenses before grant distribution	(7,560)	(7,144)	190,591	147,294	16	31	183,047	140,181
Grants to registered charities and other qualifying donees	-	-	103,336	100,003	-	-	103,336	100,003
Scholarships granted	-	-	354	-	-	-	354	-
	-	-	103,690	100,003	-	-	103,690	100,003
Excess (deficiency) of revenue over expenses and grant distributions	(7,560)	(7,144)	86,901	47,291	16	31	79,357	40,178

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

AQUEDUCT FOUNDATION
Statement of Cash Flows
(Expressed in thousands of dollars)
For the Year Ended 31 December 2023

	Administration Fund \$	Purpose Fund \$	Capital Restricted Fund \$	2023 Total \$	2022 Total \$
Cash provided by (used in):					
Operating activities					
Excess (deficiency) of revenue over expenses and grant distributions	(7,560)	86,901	16	79,357	40,178
Items not affecting cash					
Donation of preferred shares in private companies	-	(4,000)	-	(4,000)	(101,000)
Unrealized (gain) loss on investments	(278)	(30,923)	-	(31,201)	61,011
Increase in cash surrender value of life insurance	-	(1,447)	-	(1,447)	(899)
Donation of life insurance policy	-	(69)	-	(69)	-
	(7,838)	50,462	16	42,640	(710)
Changes in non-cash working capital balances					
Gifts receivable	-	-	-	-	1,202
GST receivable	28	-	-	28	(63)
Dividends receivable	-	(1,242)	-	(1,242)	-
Other receivable	-	81	-	81	(52)
Accounts payable and accrued liabilities	34	989	-	1,023	(53)
	(7,776)	50,290	16	42,530	324
Investing activities					
(Increase) decrease in marketable securities	(93)	(68,994)	(42)	(69,129)	4,413
Redemption of preferred shares in private companies	-	6,000	-	6,000	501
Interest receivable	-	(3)	-	(3)	25
Loan receivable	-	-	9	9	-
Purchase of charitable purposes property	-	-	-	-	(871)
Sale of non-monetary investments (Note 4)	-	871	-	871	-
Interfund transfers	7,943	(7,960)	17	-	-
	7,850	(70,086)	(16)	(62,252)	4,068
Net (decrease) increase in cash	74	(19,796)	-	(19,722)	4,392
Cash - beginning of year	16	44,628	-	44,644	40,252
Cash - end of year	90	24,832	-	24,922	44,644

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

AQUEDUCT FOUNDATION
Notes to the Financial Statements
(Amounts are expressed in thousands of dollars)
For the Year Ended 31 December 2023

1. Incorporation and Nature of Operations

Aqueduct Foundation (the “Foundation”), incorporated pursuant to the Societies Act (British Columbia), is a public foundation registered under the Income Tax Act (Canada) (the “Tax Act”) and, as such, is exempt from income taxes and is able to issue donation receipts for income tax purposes. To maintain its status as a public foundation registered under the Tax Act, the Foundation must meet certain requirements within the Tax Act. In the opinion of management, these requirements are being met.

The Foundation's activities and investments are administered by Bank of Nova Scotia Trust Company (“Scotiabank”). The Foundation receives gifts from donors and creates donor advised funds whereby a donor may make grant recommendations to the Foundation. The Foundation’s revenue is derived from donor gifts and the investment income earned on these invested funds (Note 2(c)).

2. Summary of Significant Accounting Policies

The Foundation prepares its financial statements in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

(a) Financial Instruments

(i) Measurement of Financial Instruments

The Foundation initially measures its financial assets and liabilities at fair value and subsequently measures all of its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost include cash, other receivable, interest receivable, loan receivable and preferred shares of private companies.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

The Foundation’s financial assets measured at fair value include investments - marketable securities. Life insurance policies are measured at the cash surrender value.

AQUEDUCT FOUNDATION
Notes to the Financial Statements
(Amounts are expressed in thousands of dollars)
For the Year Ended 31 December 2023

2. Summary of Significant Accounting Policies - continued

(a) Financial Instruments - continued

(ii) Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the statement of operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations.

(iii) Transaction Costs

The Foundation recognizes its transaction costs in the statement of operations in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

(b) Fund Accounting

The Foundation follows the restricted fund method of accounting for gifts. The Foundation ensures, as part of its fiduciary responsibilities, all funds received with a restricted purpose are expended for that purpose.

For financial reporting purposes, the accounts have been classified into the following funds:

(i) The Administration Fund

The Administration Fund accounts for the Foundation's program delivery and administrative activities. The general cost of supporting these activities are reported as expenses in the Administration Fund.

AQUEDUCT FOUNDATION
Notes to the Financial Statements
(Amounts are expressed in thousands of dollars)
For the Year Ended 31 December 2023

2. Summary of Significant Accounting Policies - continued

(b) Fund Accounting - continued

(ii) Restricted Funds

The Foundation currently maintains the following restricted funds:

a. Purpose Funds

The Purpose Funds are comprised of (a) donor advised funds, (b) legacy funds, and (c) charity designated funds. A donor advised fund is a fund where the donor retains the ability to recommend grants to registered charities, qualified and non-qualified donees based on the purpose of the fund. A legacy fund is a fund without a living donor, grant advisor, or successor advisor. A charity designated fund is a fund established by a charity or not-for-profit organization that supports the charity. All Purpose Funds are the property of the Foundation.

b. Capital Restricted Funds

These are funds where the donor has restricted the expenditure of capital. The capital is invested and the returns on this invested capital, including realized and unrealized gains (losses), are recorded in the corresponding Purpose Fund and expended in accordance with the terms of such fund.

(c) Revenue Recognition

Gifts received are considered contributions to the capital of the Foundation and are therefore reflected as revenue of the respective restricted fund. Gifts are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Gifts from estates are recognized when received and are based on the fair market value of the gift when received.

Investment income from both the Purpose Fund and Capital Restricted Fund is recorded in the Purpose Fund as these amounts are available for immediate distribution. Investment income, which is recorded on an accrual basis, includes interest income, dividends, realized gains or losses on the sale of securities and unrealized gains or losses from changes in the market value of securities.

Donated non-monetary investments and preferred shares of private companies are recorded in the statement of financial position at their estimated fair value on the date of donation, based on independent appraisals. These investments continue to be carried at these amounts which becomes the cost base of the investment (Note 2(d)).

AQUEDUCT FOUNDATION
Notes to the Financial Statements
(Amounts are expressed in thousands of dollars)
For the Year Ended 31 December 2023

2. Summary of Significant Accounting Policies - continued

(c) Revenue Recognition - continued

Donated life insurance policies are recorded in the statement of operations as gifts at the cash surrender value, the increase or decrease in cash surrender value of life insurance policies each year is recorded in the statement of operations.

(d) Investments

The Foundation reports investments in marketable securities at fair value, determined on the basis of market value. Investments in preferred shares and land are carried at cost (based on fair value when the gift was received). If there is a decline in the fair value below cost, the investment is written down accordingly.

(e) Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and disclosure of contingencies at the date of the statement of financial position. Accounts subject to significant estimates include the redemption value of preferred shares in private companies. Management believes that estimates utilized in preparing its financial statements are prudent and reasonable; however, actual results could differ from those estimates.

(f) Legacy Accounts

Gifts are granted to the Foundation in the form of legacies contained in the wills of donors, insurance policy designations and named beneficiaries of remainder trusts. These amounts are not recognized and recorded in the financial statements until the death of the donor, at which time the amount of the donation can be quantified. At 31 December 2023 there were 692 (2022 - 649) legacy accounts.

AQUEDUCT FOUNDATION
Notes to the Financial Statements
(Amounts are expressed in thousands of dollars)
For the Year Ended 31 December 2023

3. Investments

Investments are made and retained in accordance with the Foundation's investment policy as approved by the Board. The goal of the policy is to ensure that funds are maintained and grown while achieving maximum returns consistent with prudent investment. The investment policy includes guidelines regarding the minimum and maximum amount of equity holdings, foreign equity holdings and a maximum to be invested in any one related group or industry.

(a) Marketable Securities

	2023	2022
GICs	\$ 100	\$ 100
Pooled funds and marketable securities	739,818	639,488
	\$ 739,918	\$ 639,588

(b) Preferred Shares

	2023	2022
Preferred shares of private companies	\$ 238,974	\$ 240,975

The Foundation receives gifts that include preferred shares of private companies with fixed redemption amounts. The preferred shares of private companies are recorded at cost which represents their estimated redemption value (Note 2(e)).

4. Charitable Purposes Property

	2023	2022
Land	\$ -	\$ 871

During the year, the Foundation sold at cost its land held for charitable purposes to another registered charity for \$871.

5. Loan Receivable

	2023	2022
Loan receivable is unsecured, due on maturity date, 31 October 2032 and bears interest at 5% per annum.	\$ 842	\$ 851

The loan was granted in 2017 in the amount of \$1,000. There is no repayment schedule and the loan is due on the maturity date.

AQUEDUCT FOUNDATION
Notes to the Financial Statements
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For the Year Ended 31 December 2023

6. Gifts (Note 2(c))

During the year, the Foundation received life insurance policies with an estimated fair value in excess of the cash surrender value as follows:

	2023	2022
Total gifts received	\$ 125,767	\$ 184,083
Less: estimated fair value of life insurance policies in excess of cash surrender value at the time of donation (Note 2(c))	(1,426)	-
	\$ 124,341	\$ 184,083

7. Financial Instruments

The Foundation is exposed to various risks through its financial instruments. The following analysis provides a measure of the Foundation's risk exposure and concentrations at the statement of financial position date, 31 December 2023.

(a) Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Foundation is exposed to this risk mainly in respect of its accounts payable and accrued liabilities. The Foundation manages liquidity risk by maintaining adequate cash and highly liquid investments. There has been no change to the risk exposure from the prior year.

(b) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Foundation's main credit risks relate to its cash, gifts receivable and loans receivable. The Foundation manages credit risk by holding balances of cash and cash equivalents with a reputable top rated financial institution. The Foundation periodically reviews its investments and is satisfied with the credit rating of the financial institution. In addition, loans receivable are assessed for collectibility and security on a regular basis. There has been no change to the risk exposure from the prior year.

(c) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Foundation is exposed to all three types of risk.

AQUEDUCT FOUNDATION
Notes to the Financial Statements
(Amounts are expressed in thousands of dollars)
For the Year Ended 31 December 2023

7. Financial Instruments - continued

(d) Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Foundation's currency risks arise from marketable securities denominated in a foreign currency. There has been no change to the risk assessment from the prior year.

(e) 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. The Foundation is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed-rate instruments subject the Foundation to a fair value risk while the floating-rate instruments subject it to a cash flow risk. There has been no change to the risk exposure from the prior year.

(f) 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 (other than those arising from interest rate risk or currency 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 other price risk through its investments. There has been no change to the risk exposure from the prior year.

8. Remuneration of Directors, Employees and Contractors

For the fiscal year ended 31 December 2023, the amounts paid to directors of the Foundation for acting in their noted capacity was \$Nil (2022 - \$Nil). One contractor (2022 - one contractor) received in excess of \$75, and the amount of remuneration was \$105 (2022 - \$81) and is included in consulting expense.

9. Comparative figures

Certain comparative figures have been reclassified to conform to the current year's financial statement presentation.