

Financial Statements of

ONTARIO TRILLIUM FOUNDATION

And Independent Auditor's Report thereon

Year ended March 31, 2024



KPMG LLP

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Ontario Trillium Foundation

Opinion

We have audited the financial statements of Ontario Trillium Foundation (the Entity), which comprise:

- the statement of financial position as at March 31, 2024
- the statement of operations for the year then ended
- the statement of changes in net assets 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 Entity as at March 31, 2024, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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 Entity 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 public sector accounting standards, 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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- 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 Entity'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 Entity 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P', with a small arrowhead pointing to the right.

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

June 20, 2024

ONTARIO TRILLIUM FOUNDATION

Statement of Financial Position

March 31, 2024, with comparative information for 2023

| | 2024 | 2023 |
|-------------------------------|-----------------------|-----------------------|
| Assets | | |
| Cash | \$ 795,208 | \$ 1,033,599 |
| Accounts receivable and other | 721,000 | 1,020,156 |
| Investments (note 2) | 107,178,299 | 131,804,191 |
| Capital assets (note 3) | 135,546 | 273,511 |
| | <u>\$ 108,830,053</u> | <u>\$ 134,131,457</u> |

Liabilities and Net Assets

Liabilities:

| | | |
|--|--------------------|--------------------|
| Accounts payable and accrued liabilities | \$ 2,145,818 | \$ 1,848,653 |
| Deferred contributions (note 4(a)) | 7,275,743 | 8,846,081 |
| Grants payable (note 4(b)) | 96,836,450 | 120,864,681 |
| | <u>106,258,011</u> | <u>131,559,415</u> |

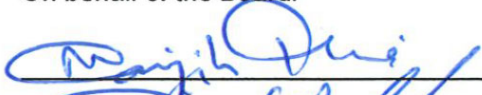
Net assets:

| | | |
|----------------------------|------------------|------------------|
| Invested in capital assets | 135,546 | 273,511 |
| Unrestricted | 2,436,496 | 2,298,531 |
| | <u>2,572,042</u> | <u>2,572,042</u> |

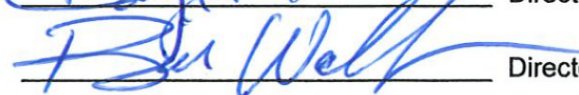
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|--|-----------------------|-----------------------|
| | <u>\$ 108,830,053</u> | <u>\$ 134,131,457</u> |
|--|-----------------------|-----------------------|

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

ONTARIO TRILLIUM FOUNDATION

Statement of Operations

Year ended March 31, 2024, with comparative information for 2023

| | 2024 | 2023 |
|---|--------------------|--------------------|
| Revenue: | | |
| Ontario government funding (note 4(a)) | \$ 122,066,038 | \$ 122,644,869 |
| Grants rescinded or recovered (note 4(a)) | 5,118,255 | 5,788,783 |
| Investment income (note 4(a)) | 3,203,778 | 3,588,420 |
| | <u>130,388,071</u> | <u>132,022,072</u> |
| Expenses: | | |
| Program activities: | | |
| Grants pledged (notes 4(a) and (b)) | 110,300,100 | 110,148,900 |
| Grantmaking expenses (notes 4(a) and 5) | 15,545,024 | 15,824,669 |
| Agent grants paid (note 4(a)) | 89,800 | 1,070,000 |
| Partnership grants (notes 4(a), 5 and 6) | 1,594,480 | 2,465,599 |
| | <u>127,529,404</u> | <u>129,509,168</u> |
| Support services (notes 4(a) and 5) | 2,730,869 | 2,393,769 |
| Amortization of capital assets | 127,798 | 119,135 |
| | <u>130,388,071</u> | <u>132,022,072</u> |
| Excess of revenue over expenses | \$ — | \$ — |

See accompanying notes to financial statements.

ONTARIO TRILLIUM FOUNDATION

Statement of Changes in Net Assets

Year ended March 31, 2024, with comparative information for 2023

| | | | 2024 | 2023 |
|---|-------------------------------|--------------|--------------|--------------|
| | Invested in capital assets | Unrestricted | Total | Total |
| Net assets, beginning of year | \$ 273,511 | \$ 2,298,531 | \$ 2,572,042 | \$ 2,572,042 |
| Excess (deficiency) of revenue over expenses | (139,444) | 139,444 | – | – |
| Purchase of capital assets | 1,479 | (1,479) | – | – |
| Net assets, end of year | \$ 135,546 | \$ 2,436,496 | \$ 2,572,042 | \$ 2,572,042 |

See accompanying notes to financial statements.

ONTARIO TRILLIUM FOUNDATION

Statement of Cash Flows

Year ended March 31, 2024, with comparative information for 2023

| | 2024 | 2023 |
|------------------------------------|-----------------|-----------------|
| Cash provided by (used in): | | |
| Operating activities: | | |
| Items not involving cash: | | |
| Amortization of capital | \$ 127,798 | \$ 119,135 |
| Loss on disposal of capital assets | 11,646 | – |
| Change in non-cash operating items | (25,002,248) | (94,101,868) |
| | (24,862,804) | (93,982,733) |
| Capital activities: | | |
| Net purchase of capital assets | (1,479) | (60,432) |
| Investing activities: | | |
| Purchase of investments | (1,154,388,600) | (1,281,834,428) |
| Disposal of investments | 1,179,014,492 | 1,363,367,793 |
| | 24,625,892 | 81,533,365 |
| Decrease in cash | (238,391) | (12,509,800) |
| Cash, beginning of year | 1,033,599 | 13,543,399 |
| Cash, end of year | \$ 795,208 | \$ 1,033,599 |

See accompanying notes to financial statements.

ONTARIO TRILLIUM FOUNDATION

Notes to Financial Statements

Year ended March 31, 2024

Ontario Trillium Foundation (the "Foundation" or "OTF"), an agency of the Ministry of Tourism, Culture and Sports ("MTCS"), is financially supported by the Ontario government. OTF began operations as an arm's-length agency of the Ontario government on August 23, 1982 and was incorporated without share capital under the laws of Ontario under letters patent dated November 17, 1982. The mission of OTF is to build healthy and vibrant communities throughout Ontario by investing in community-based initiatives and strengthening the impact of Ontario's non-profit sector.

Government funding is subject to Memoranda of Understanding that define how the funds must be invested and distributed.

1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards, including the 4200 standards for government not-for-profit organizations.

(a) Revenue recognition:

OTF follows the deferral method of accounting for contributions, which includes government funding. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Externally restricted contributions are deferred and recognized as revenue in the year in which the related expenses are incurred.

Investment income is recorded on accrual basis.

(b) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. 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 not elected to carry any such financial instruments at fair value.

Financial instruments are adjusted by transaction amortized costs incurred on acquisition and financing costs, which are amortized using the effective interest rate method.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations.

ONTARIO TRILLIUM FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2024

1. Significant accounting policies (continued):

As financial instruments are recorded at cost or amortized costs, a statement of remeasurement of gains and losses has not been included.

(c) Grants:

Grants awarded by the Foundation are recorded as grants pledged expenses in the year that the Foundation approves the grant.

Grants awarded by third party organizations for which the Foundation acts as an administrative agent are recorded as agent grant payments when payments are issued.

(d) Allocation of support services expenses:

The Foundation classifies expenses on the statement of operations by function. The Foundation allocates certain costs by identifying the appropriate basis of allocating and applying that basis consistently each year. The Foundation allocates its support services expenses proportionately on a per capita basis.

(e) Capital assets:

Capital assets are recorded at cost less accumulated amortization. Amortization is provided on a straight-line basis over the following periods:

| | |
|------------------------|---------|
| Furniture and fixtures | 5 years |
| Computer hardware | 4 years |
| Computer software | 3 years |

(f) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Items subject to estimates and assumptions include the allocation of expenses. Actual results could differ from those estimates.

ONTARIO TRILLIUM FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2024

2. Investments:

| | 2024 | 2023 |
|-------------------------|-----------------------|-----------------------|
| Short-term investments | \$ 32,605,485 | \$ 57,276,373 |
| Laddered bond portfolio | 74,572,814 | 74,527,818 |
| | <u>\$ 107,178,299</u> | <u>\$ 131,804,191</u> |

All investments, excluding the laddered bond portfolio, are in cash or cash equivalents, or in fixed income securities and mature within the next 11 months (2023 - 43 months). These fixed income investments bear interest from 4.500% to 5.180% (2023 - 4.419% to 4.80%).

In OTF's laddered bond portfolio, all bond investments are in fixed income securities and have maturity dates between 3 months and 3 years (2023 - 2 months and 3 years). These investments bear interest from 0.738% to 4.558% (2023 - 0.546 % to 3.867%).

The Ontario Financing Authority acts as OTF's investment manager under an investment management agreement that adheres to OTF's policies and procedures governing risk and also includes additional risk concern measures.

All investments purchased starting April 1, 2019 are recorded at cost. Investments purchased prior to April 1, 2019 are recorded at amortized cost.

3. Capital assets:

| | | | 2024 | 2023 |
|------------------------|-------------------|-----------------------------|-------------------|-------------------|
| | Cost | Accumulated amortization | Net book value | Net book value |
| Furniture and fixtures | \$ - | \$ - | \$ - | \$ 26,629 |
| Computer hardware | 384,293 | 273,386 | 110,907 | 208,804 |
| Computer software | 267,249 | 242,610 | 24,639 | 38,078 |
| | <u>\$ 651,542</u> | <u>\$ 515,996</u> | <u>\$ 135,546</u> | <u>\$ 273,511</u> |

ONTARIO TRILLIUM FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2024

4. Deferred contributions and grants payable:

- (a) Deferred contributions represent funding received from Ministries that has not yet been pledged as grants or spent on operations. These funds are restricted until grants are approved by the Board of Directors and pledged to third parties, and payments are made or until operating expenditures are made. OTF has controls in place to ensure that the restrictions on grant pledges are met prior to utilization of these funds.

| | | | | | 2024 | 2023 |
|---|--------------------|--------------------------|--|-------------------------|---------------|---------------|
| | General operations | Youth Opportunities Fund | Employment and Social Development Canada | Community Building Fund | Total | Total |
| Deferred contributions, beginning of year | \$ 6,688,177 | \$ 629,418 | \$ – | \$ 1,528,486 | \$ 8,846,081 | \$ 13,164,732 |
| Funding received or receivable: | | | | | | |
| Ministry of Tourism, Culture and Sports | 103,557,000 | – | – | – | 103,557,000 | 103,557,000 |
| Ministry of Children, Community and Social Services | – | 16,846,700 | – | – | 16,846,700 | 15,247,426 |
| Employment and Social Development Canada | – | – | 92,000 | – | 92,000 | 657,500 |
| Funding reimbursed: | | | | | | |
| Ministry of Children, Community and Social Services | – | – | – | – | – | (1,135,708) |
| | 103,557,000 | 16,846,700 | 92,000 | – | 120,495,700 | 118,326,218 |
| Investment income recorded as revenue | 2,902,328 | 301,450 | – | – | 3,203,778 | 3,588,420 |
| Grants pledged | (96,126,700) | (14,173,400) | – | – | (110,300,100) | (110,148,900) |
| Agent grants paid | – | – | – | (89,800) | (89,800) | (1,070,000) |
| Grantmaking expenses | (11,726,220) | (3,426,158) | (5,520) | (387,126) | (15,545,024) | (15,824,669) |
| Support services | (2,730,869) | – | – | – | (2,730,869) | (2,393,769) |
| Amortization | (126,679) | (1,119) | – | – | (127,798) | (119,135) |
| Partnership grants | (1,508,000) | – | (86,480) | – | (1,594,480) | (2,465,599) |
| Grants rescinded or recovered | 3,378,655 | 674,300 | – | 1,065,300 | 5,118,255 | 5,788,783 |
| Amounts recognized as Ontario government funding | (105,937,485) | (16,624,927) | (92,000) | 588,374 | (122,066,038) | (122,644,869) |
| Change during the year | (2,380,485) | 221,773 | – | 588,374 | (1,570,338) | (4,318,651) |
| Deferred contributions, end of year | \$ 4,307,692 | \$ 851,191 | \$ – | \$ 2,116,860 | \$ 7,275,743 | \$ 8,846,081 |

ONTARIO TRILLIUM FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2024

4. Deferred contributions and grants payable (continued):

Youth Opportunities Fund:

On November 7, 2013, the Foundation signed an agreement with the Ministry of Children and Youth Services ("MCYS") to administer the Youth Opportunities Fund ("YOF") to provide grants for community-based and positive youth development projects that improve conditions for youth who face multiple barriers to positive outcomes in the Greater Toronto Area.

Community Building Fund:

On February 11, 2021, the Foundation signed an agreement with MTCS to administer the Community Building Fund Program. The total funding received from MTCS was \$105,000,000. The purpose of the program was to provide recovery support to municipalities, Indigenous communities and non-profit organizations in the heritage, sport and recreation, tourism, and culture sectors impacted by COVID-19. The program was a time-limited, application-based program that will provide funding to eligible organizations through three funding streams: (i) Operating Funding; (ii) Capital Funding; and (iii) Strategic Initiatives. Operating Funding provided emergency operating relief. Capital Funding supported investments in infrastructure repairs, rehabilitation and renovation, in order to meet public health protocols and local community needs. Strategic Initiative Grants were approved by the MTCS for organizations that required more than the maximum program threshold and/or did not meet program parameters.

Employment and Social Development Canada: Investment Readiness Program:

On March 25, 2022, the Foundation signed an agreement with Employment and Social Development Canada ("ESDC") to administer the Social Innovation and Social Finance Strategy: Investment Readiness Program. The purpose of the program was to support social purpose organizations to improve their capacity and ability to participate in the social finance market, access new investment opportunities, and move along the investment readiness continuum. The program ended March 31, 2024.

ONTARIO TRILLIUM FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2024

4. Deferred contributions and grants payable (continued):

(b) Once OTF pledges grants for distribution, the grants are recorded as grants payable. Grants pledged and not yet distributed are payable, subject to the receipt of funds by OTF and to certain performance conditions placed on the recipients. The continuity of Community Investment grants payable is as follows:

| | 2024 | 2023 |
|-----------------------------------|----------------|----------------|
| Grants pledged | \$ 110,300,100 | \$ 110,148,900 |
| Grants rescinded | (3,744,000) | (4,291,900) |
| Grants paid | (130,106,200) | (194,959,700) |
| | (23,550,100) | (89,102,700) |
| Grants payable, beginning of year | 119,477,800 | 208,580,500 |
| Grants payable, end of year | \$ 95,927,700 | \$ 119,477,800 |

Grants are payable to various organizations in the fiscal years ending March 31 as follows:

| | |
|------------|---------------|
| 2025 | \$ 65,068,400 |
| 2026 | 21,629,260 |
| 2027 | 7,338,340 |
| 2028 | 1,528,000 |
| 2029 | 338,700 |
| Thereafter | 25,000 |
| | \$ 95,927,700 |

Included in grants payable is \$908,750 (2023 - \$1,386,881) relating to partnership grants.

5. Allocation of expenses:

The Foundation allocates certain of its support services expenses based on the proportion of the total staff directly involved with grantmaking and partnership grants. The following percentages were used to calculate the allocation: grantmaking: 56.24% (2023 - 55.28%) and partnership grants: 0.78% (2023 - 0.75%).

Support services reported in the statement of operations of \$2,730,869 (2023 - \$2,393,769) are reported after allocation of \$3,576,327 (2023 - \$3,384,036) to grantmaking expenses and \$41,971 (2023 - \$37,809) to partnership grants.

ONTARIO TRILLIUM FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2024

6. Partnership grants:

Partnership grants are grants to non-profit organizations that perform activities such as research and development, convening, knowledge sharing, capacity building and providing technical assistance to the sector. These partnerships are innovative in nature and their objective is to maximize impact across the sector and the province. Grants are issued in accordance with OTF's Partnership Investment Policy introduced in 2021.

7. Indemnification of officers and directors:

OTF has indemnified its past, present and future directors, officers, employees and volunteers against expenses (including legal expenses), judgments, and any amount actually or reasonably incurred by them in connection with any action, suit or proceeding in which the directors are used as a result of their service, if they acted honestly and in good faith with a view to the best interests of OTF. The nature of the indemnity prevents OTF from reasonably estimating the maximum exposure. OTF has purchased directors' and officers' liability insurance with respect to this indemnification.

8. Financial risks:

(a) Liquidity risk:

Liquidity risk is the risk that the Foundation will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Foundation manages its liquidity risk by monitoring its operating requirements. The Foundation prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

Accounts payable and accrued liabilities are generally due within 60 days of receipt of an invoice.

(b) Market risk:

Market risk is the risk that changes in market prices, such as foreign exchange rates or interest rates, will affect the Foundation's income or the value of its holdings of financial instruments. The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing return on investment.

ONTARIO TRILLIUM FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2024

8. Financial risks (continued):

(c) Interest rate risk:

Interest rate risk is the risk that the fair value of future cash flows or a financial instrument will fluctuate because of changes in the market interest rates.

Financial assets and financial liabilities with variable interest rates expose the Foundation to cash flow interest rate risk. The Foundation is exposed to this risk through its investments.

As at March 31, 2024, had prevailing interest rates increased or decreased by 1%, assuming a parallel shift in the yield curve, with all other variables held constant, the estimated impact on the market value of bonds would approximate \$910,000.

The Foundation's investments are disclosed in note 2.

There have been no significant changes to the risk exposures from 2023.