

The Yellowknife Community Foundation

Financial Statements

December 31, 2022



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The Yellowknife Community Foundation

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Management's Responsibility for Financial Reporting

The accompanying financial statements have been prepared by management, which is responsible for the reliability, integrity and objectivity of the information provided. They have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. When necessary, the statements include amounts that are based on informed judgments and estimates by management, giving appropriate consideration to reasonable limits of materiality.

In discharging its responsibility for the integrity and fairness of the financial statements and for the accounting systems from which they are derived, management maintains the necessary system of internal controls designed to provide assurance that transactions are authorized, assets are safeguarded and proper records are maintained. These controls include written policies and procedures manuals, and accountability for performance within appropriate and well-defined areas of responsibility. The Foundation's management recognizes its responsibility for conducting the Foundation's affairs in accordance with the requirements of applicable laws and sound business principles, and for maintaining standards of conduct that are appropriate to charitable foundations.

The auditors annually provide an independent, objective audit for the purpose of expressing an opinion on the financial statements in accordance with Canadian generally accepted auditing standards.

Yellowknife Community Foundation



Sophie Kirby, Executive Director

Yellowknife, Northwest Territories

May 24, 2023

Independent Auditors' Report

To the Directors of The Yellowknife Community Foundation

Opinion

We have audited the financial statements of The Yellowknife Community Foundation, which comprise the statement of financial position as at December 31, 2022, and the statements of operations, changes in fund balances, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2022, 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 these 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 account 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 included 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 non-consolidated 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.
- ◆ Evaluate the overall presentation, structure and content of the non-consolidated 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.

**Yellowknife, Canada
May 24, 2023**

Crowe MacKay LLP
Chartered Professional Accountants

The Yellowknife Community Foundation

Statement of Operations

For the year ended December 31,	ADMINISTRATION FUND		INTERNALLY RESTRICTED FUNDS		EXTERNALLY RESTRICTED FUNDS		TOTAL	
	2022	2021	2022	2021	2022	2021	2022	2021
REVENUE								
Investment revenue:								
Dividends	\$ 5,888	\$ 9,745	\$ 26,568	\$ 32,184	\$ 41,556	\$ 47,578	\$ 74,012	\$ 89,507
Interest income	3,864	5,101	17,011	17,229	26,607	25,456	47,482	47,786
Realized gain on securities	10,278	6,790	46,385	22,424	72,552	33,149	129,215	62,363
Unrealized gain (loss) on securities	(24,698)	45,751	(111,464)	151,093	(174,345)	223,363	(310,507)	420,207
Fund contributions received	42,718	17,000	34,098	7,503	1,499,028	277,276	1,575,844	301,779
Fund administration fees	113,814	100,588	-	-	-	-	113,814	100,588
Donated services	8,675	21,802	-	-	-	-	8,675	21,802
Honorarium revenue	16,033	-	-	-	-	-	16,033	-
Gala fundraiser	-	385	-	-	-	-	-	385
Online raffle fundraiser	-	70,885	-	-	-	-	-	70,885
Other revenue	4,003	2,551	-	-	-	-	4,003	2,551
	\$ 180,575	\$ 280,598	\$ 12,598	\$ 230,433	\$ 1,465,398	\$ 606,822	\$ 1,658,571	\$ 1,117,853

The Yellowknife Community Foundation

Statement of Operations (continued)

For the year ended December 31,	ADMINISTRATION FUND		INTERNALLY RESTRICTED FUNDS		EXTERNALLY RESTRICTED FUNDS		TOTAL	
	2022	2021	2022	2021	2022	2021	2022	2021
EXPENSES								
Administration:								
Advertising and promotion	\$ 436	\$ 5,867	\$ -	\$ -	\$ -	\$ -	\$ 436	\$ 5,867
Amortization	15,249	15,696	-	-	-	-	15,249	15,696
Bank charges	4,959	1,984	-	-	-	-	4,959	1,984
Donor and grantee events	1,569	-	-	-	-	-	1,569	-
Education and training	3,775	-	-	-	-	-	3,775	-
Fund administration fees	846	-	41,042	40,588	71,926	60,000	113,814	100,588
Grants and scholarships	-	-	82,300	91,488	93,550	76,300	175,850	167,788
Insurance	2,589	2,540	-	-	-	-	2,589	2,540
Office and administration	4,189	1,503	-	-	-	-	4,189	1,503
Office rent	5,250	5,775	-	-	-	-	5,250	5,775
Online raffle fundraiser	-	63,869	-	-	-	-	-	63,869
Accounting and legal	42,856	54,223	-	-	-	-	42,856	54,223
Subscriptions and memberships	6,561	5,914	-	-	-	-	6,561	5,914
Telephone and internet	1,418	1,958	-	-	-	-	1,418	1,958
Travel and accommodation	1,995	-	-	-	-	-	1,995	-
Wages and benefits	130,444	102,006	-	-	-	-	130,444	102,006
	222,136	261,335	123,342	132,076	165,476	136,300	510,954	529,711
Excess (deficiency) of revenues over expenses	\$ (41,561)	\$ 19,263	\$ (110,744)	\$ 98,357	\$ 1,299,922	\$ 470,522	\$ 1,147,617	\$ 588,142

The Yellowknife Community Foundation

Statement of Changes in Fund Balances

For the year ended December 31,

	Administration Fund	Internally Restricted Funds	Externally Restricted Funds	2022	2021
Fund balances, beginning of year	\$ 597,755	\$ 2,078,506	\$ 3,235,248	\$ 5,911,509	\$ 5,323,367
Excess (deficiency) of revenues over expenses	(41,561)	(110,744)	1,299,922	1,147,617	588,142
Fund balances, end of year	\$ 556,194	\$ 1,967,762	\$ 4,535,170	\$ 7,059,126	\$ 5,911,509

The Yellowknife Community Foundation

Statement of Financial Position

As at December 31,

				2022	2021
	Administration Fund	Internally Restricted Fund	Externally Restricted Funds		
Assets					
Current					
Cash and cash equivalents	\$ 376,585	\$ -	\$ -	\$ 376,585	\$ 235,691
Short term securities (Note 3)	230,533	821,243	1,892,749	2,944,525	1,689,205
Prepaid expenses	1,027	-	-	1,027	502
	608,145	821,243	1,892,749	3,322,137	1,925,398
Capital assets (Note 4)	15,106	-	-	15,106	16,588
Securities (Note 3)	-	1,146,519	2,642,421	3,788,940	3,979,920
	623,251	1,967,762	4,535,170	7,126,183	5,921,906
Liabilities					
Current					
Accounts payable and accrued liabilities (Note 5)	9,024	-	-	9,024	10,397
Deferred revenue (Note 6)	58,033	-	-	58,033	-
	67,057	-	-	67,057	10,397
Fund Balances					
Externally restricted	-	-	4,535,170	4,535,170	3,235,248
Unrestricted	556,194	1,967,762	-	2,523,956	2,676,261
	556,194	1,967,762	4,535,170	7,059,126	5,911,509
	\$ 623,251	\$ 1,967,762	\$ 4,535,170	\$ 7,126,183	\$ 5,921,906

Approved on behalf of the Board

 Director

 Director

The Yellowknife Community Foundation

Statement of Cash Flows

For the year ended December 31, 2022 2021

Cash provided by (used in)

	2022	2021
Operating activities		
Cash receipt from donations and fundraising activities	\$ 78,068	\$ 73,821
Cash receipt from contributions	1,575,844	301,779
Dividends and interest received	121,494	137,293
Cash paid to suppliers and employees	(199,264)	(274,211)
Cash paid to grants and scholarships	(175,850)	(167,788)
	1,400,292	70,894
Investing activities		
Dividends reinvested	(35,642)	(89,507)
Purchase of capital assets	(13,766)	(32,284)
Purchase of securities	(4,077,319)	(907,572)
Proceeds from sale of securities	2,867,329	1,051,834
	(1,259,398)	22,471
Increase in cash and cash equivalents	140,894	93,365
Cash and cash equivalents, beginning of year	235,691	142,326
Cash and cash equivalents, end of year	\$ 376,585	\$ 235,691

The Yellowknife Community Foundation

Notes to Financial Statements

December 31, 2022

1. Nature of Foundation

The Yellowknife Community Foundation ("the Foundation") is a not-for-profit organization incorporated on June 1, 1993 under Part II of the *Canada Corporations Act*. The Foundation is a pooling of charitable gifts in capital funds, these funds and the earnings from which are used to meet a wide range of local needs and interests - the arts and other cultural activities, scholarships, medical and scientific research, environmental concerns and social problems. In some circumstances, the earnings and contributed funds may be allocated to a charitable cause or organization as directed by the donor. The Foundation is a registered charity and is classified as a public foundation for purposes of the *Income Tax Act*.

2. Significant Accounting Policies

Basis of accounting

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

(a) Cash and cash equivalents

Cash and cash equivalents include bank balances, bank deposits, and other highly liquid interest bearing instruments.

(b) Donated services

The Foundation received materials and services at no cost from various businesses and individuals. Donations of these items are recorded in the accounts, where the value can be reasonably determined. If the fair market value is not easily determined, the transactions are not recorded.

(c) 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 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 revenues and expenses during the reporting period. Estimates include useful lives of capital assets and fair value of securities. Actual results could differ from those estimates.

(d) Recognition of grants and scholarship expenses

The Foundation receives applications for grants and scholarships for the various Funds. These applications are approved by the Board when eligibility criteria are met. Once approved the costs are expensed.

(e) Tangible capital assets

Tangible Capital Assets are recorded at cost. The Foundation provides for amortization using the declining balance method at the rates designed to amortize the cost of the assets over their estimated useful lives, as set out in Note 4.

One-half of the year's amortization is recorded in the year of acquisition. No amortization is recorded in the year of disposal.

The Yellowknife Community Foundation

Notes to Financial Statements

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2. Significant Accounting Policies (continued)

(f) Financial instruments

Initial measurement

The Foundation initially measures its financial assets and financial liabilities originated or exchanged in arm's length transactions at fair value. Transaction costs related to financial assets that will be subsequently measured at fair value are recognized in the Statement of Operations in the year in which they are incurred.

Financial assets and financial liabilities originated or exchanged in related party transactions, except for those that involve parties whose sole relationship with the Foundation is in the capacity of management, are initially measured at cost. The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms.

The Foundation subsequently measures all its financial assets and liabilities at cost or 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 subsequently measured at amortized cost include cash and cash equivalents.

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

Financial assets subsequently measured at fair value include all securities.

At the end of each reporting period, management assesses whether there are any indications that financial assets measured at cost or amortized cost may be impaired. If there is an indication of impairment, management determines whether a significant adverse change has occurred in the expected timing or the amount of future cash flows from the asset, in which case the asset's carrying amount is reduced to the highest expected value that is recoverable by either holding the asset, selling the asset or by exercising the right to any collateral. The carrying amount of the asset is reduced directly or through the use of an allowance account and the amount of the reduction is recognized as an impairment loss in operations. Previously recognized impairment losses may be reversed to the extent of any improvement. The amount of the reversal, to a maximum of the related accumulated impairment charges recorded in respect of the particular asset is recognized in operations.

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Notes to Financial Statements

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2. Significant Accounting Policies (continued)

(g) Fund accounting

The Foundation follows the restricted fund method of accounting. Under this method operations are separated between unrestricted and restricted activities with a set of self-balancing accounts for each fund. The Foundation uses the following funds:

The Administration Funds report investment revenues from and expenses of unrestricted contributions, donations and fundraising activities and unrestricted contributions to be used for general operations.

The Internally Restricted Funds report donor contributions, investment revenues and expenses of Board directed grants and scholarships as set out in Note 7.

The Externally Restricted Funds report investment revenues from and expenses of externally restricted contributions by the donors for the purposes of setting up scholarships and grants as set out in Note 7.

(h) Revenue recognition

Contributions and other revenues are recognized in the fund corresponding to the purpose for which they were contributed or raised. Restricted contributions and other revenues contributed to or raised for the administration fund are deferred and recognized in the year in which the related expenses are incurred.

Investment income includes dividends and interest income recorded on the accrual basis, as well as realized investment gains and losses and unrealized gains and losses on financial instruments subsequently measured at fair value. Investment income is included in the Statement of Operations in the fund in which the related financial instrument is recorded. Investment income is allocated to the individual funds based on a percentage of the total fund balance.

Revenues from and expenses of fundraising activities are recognized in operations at the conclusion of the fundraising event. Amounts received and expended prior to conclusion of the event are deferred and taken into operations upon completion of the event.

An administration fee of 2% is earned from the Foundation funds and is based on the funds opening balance net of half of the donations and disbursements in the prior year. This fee is placed in the administration fund to cover administration costs.

Administration fees also include fees for flowthrough contributions received and distributed for which it acts as an agent of the funding contributor.

The Yellowknife Community Foundation

Notes to Financial Statements

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3. Securities

	2022 Fair Value	2022 Cost
RBC Dominion Securities		
Bonds	\$ 307,796	\$ 274,212
Guaranteed Investment Certificates (GICs)	4,037,957	3,997,000
Investment Savings Account (cash)	207,911	207,911
iShares S&P/TSX 60 Index Fund	1,489,768	1,074,359
RBC Canadian Equity Fund	690,033	668,881
	6,733,465	6,222,363
Less short term securities	(2,944,525)	(2,477,371)
	\$ 3,788,940	\$ 3,744,992
	2021 Fair Value	2021 Cost
RBC Dominion Securities		
Bonds	\$ 313,633	\$ 274,212
Guaranteed Investment Certificates (GICs)	2,431,295	2,400,927
Investment savings account (cash)	348,752	348,752
iShares S&P/TSX 60 Index Fund	1,848,664	1,169,895
RBC Canadian Equity Fund	726,781	638,878
	5,669,125	4,832,664
Less short term securities	(1,689,205)	(2,991,452)
	\$ 3,979,920	\$ 1,841,212

RBC Dominion Securities investment portfolio are carried at fair market value together with accrued interest earned. The unrealized gains (losses) for the year ended December 31, 2022 are \$(310,507) (2021 - \$420,207). The unrealized gains and losses were calculated based on the fair market value at December 31, 2021 less the cost on the date of acquisition if the date is within the period, or less the fair market value at December 31, 2022 if the acquisition was in a previous period.

The following table presents the remaining terms to maturity at fair value, along with the average effective yields for each maturity for security investments exposed to interest rate risk as at December 31, 2022.

	Within 1 year	1 - 5 years	5 - 10 years	2022	2021
Bonds and GICs	\$ 546,813	\$ 3,731,473	\$ 57,446	\$ 4,335,732	\$ 2,734,927
Effective yields (%)	2.95	2.52	3.46	2.62	1.98

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4. Tangible Capital Assets

				2022	2021
	Rate	Cost	Accumulated Amortization	Net book value	Net book value
Computer hardware	55%	\$ 1,982	\$ 1,335	\$ 647	\$ 1,437
Computer software	100%	44,069	29,610	14,459	15,151
		\$ 46,051	\$ 30,945	\$ 15,106	\$ 16,588

5. Accounts Payable and Accrued Liabilities

	2022	2021
Government remittances payable	\$ -	\$ 2,592
Trade payables and accruals	9,024	6,465
Accrued wages	-	1,340
	\$ 9,024	\$ 10,397

6. Deferred revenue

	2022	2021
Recovery Fund	\$ 42,000	\$ -
Investment Readiness Program	16,033	-
	\$ 58,033	\$ -

The Yellowknife Community Foundation

Notes to Financial Statements

December 31, 2022

7. Fund Balances

The Board of Directors of the Foundation have established the following funds:

Administration Funds - Funds established to accumulate contributions from donors who have not restricted the use of these funds or the income earned from these funds, and have indicated the funds may be used for Foundation administrative purposes. The fund is also increased or decreased by annual Foundation operational surpluses or deficits. The Foundation has also not restricted the use of these accumulated funds or income earned from these funds.

Internally Restricted Funds - Funds established to accumulate contributions from donors who have not restricted the use of these funds or the income earned from these funds. This includes the following funds:

Community Impact Fund - The Foundation has restricted these funds for Capital Projects in the community of Yellowknife and surrounding area and supplements to other scholarships.

Resilient Communities Fund - This Fund is under development, and will be used to provide grants to organizations that are undergoing stress due to a natural disaster or some other type of emergency or unforeseen circumstances.

Northern Legacy Funds – This fund is established to respond to current community needs through the provision of grants to recipients operating within the Northwest Territories.

Aurora College Scholarship - This fund that provides an annual scholarship to North Slave Campus students of Aurora College.

Externally Restricted Funds - These restricted funds comprise funds that are to be used for specific purposes as specified by the donor or project fund.

Designated Funds - By establishing a designated fund, donors may specify which particular qualified donee or qualified donees they would like to support for the long-term.

Field of Interest Funds - The funds allow donors to identify an area of interest to target their support (e.g. Civic engagement, education, leadership, children and youth).

Hybrid Funds – Donors may establish Funds that have different purposes and types associated with the Fund.

Pending Funds – These funds have not yet been formally established by the donor and the Foundation but have agreed that they will establish the Fund type and purpose within one year of the initial gift.

Student Award Funds - These funds are created from the generosity of donors to enable deserving students to continue their education. Student Awards are made available to students who are registered in educational institutions or structured educational programs.

The Yellowknife Community Foundation

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7. Fund Balances (continued)

	Opening Balance	Current Fund Contributions Received	Disbursements	Admin Fee	Current Excess (Deficiency) of revenue over expenses before fund contributions received, disbursements, and admin fees	Transfer	Closing Balance
Administration Funds	\$ 597,755	\$ 42,718	\$ -	\$ (846)	\$ (33,894)	\$ -	\$ 605,733
Internally Restricted Funds							
Community Impact Fund	2,078,506	14,098	(82,300)	(40,743)	(21,499)	-	1,948,062
Northern Legacy Funds	-	20,000	-	(299)	(1)	-	19,700
Total Internally Restricted fund	2,078,506	34,098	(82,300)	(41,042)	(21,500)	-	1,967,762
Externally Restricted Funds							
Designated Funds	136,303	6,400	(1,750)	(2,719)	(1,410)	-	136,824
Field of Interest Funds	754,395	241,649	(36,300)	(16,198)	(7,934)	-	935,612
Hybrid Funds	584,950	61,295	(17,500)	(12,066)	(6,054)	-	610,625
Pending Funds	210,266	1,036,218	-	(9,512)	(2,203)	-	1,234,769
Student Award Funds	1,549,334	153,466	(38,000)	(31,431)	(16,029)	-	1,617,340
Total Externally Restricted fund	3,235,248	1,499,028	(93,550)	(71,926)	(33,630)	-	4,535,170
	\$ 5,911,509	\$ 1,575,844	\$ (175,850)	\$(113,814)	\$ (89,024)	\$ -	\$ 7,108,665

The Yellowknife Community Foundation

Notes to Financial Statements

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8. Donated Services

During the year, the Foundation receives services from local organizations as a donation. The donated services include accounting.

9. Financial Instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Foundation does have credit risk in cash and cash equivalents, short-term securities, and securities of \$7,110,050 (2021 - \$5,904,816). The Foundation has concentration of credit risk as all of the Foundation's cash is held with one chartered bank in excess of the insurable limit. This risk has not changed from the prior year.

(b) Liquidity risk

Liquidity risk is the risk that the Foundation 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 of \$9,024 (2021 - \$10,397). This risk has not changed from the prior year.

(c) Interest rate risk

Interest rate risk is the risk that the value of a financial instruments will fluctuate due to changes in market interest rates. The Foundation is exposed to interest rate risk through its short-term securities, and securities. This risk has not changed from the prior year.

(d) Other price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether the factors are specific to the instrument or all instruments traded in the market. The Foundation is exposed to market risk through its short-term securities, and securities. This risk has not changed from the prior year.