

Financial statements

**Max Bell Foundation**

December 31, 2023

# Independent auditor's report

To the Members of the  
**Max Bell Foundation**

## Opinion

We have audited the financial statements of the **Max Bell Foundation** [the "Foundation"], which comprise the statement of financial position as at December 31, 2023 and the statement of operations, statement of changes in net assets and the statement of 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 December 31, 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 *Auditor's responsibilities for audit of the financial statements* section of our report. We are independent of the Foundation in accordance with 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 audit 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 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.

## Auditor's responsibility 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 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 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 Foundation 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.

Calgary, Canada  
May 16, 2024

*Ernst & Young LLP*

Chartered Professional Accountants



## Max Bell Foundation

### Statement of financial position

[in thousands of dollars]

As at December 31

	2023	2022
	\$	\$
<b>ASSETS</b>		
<b>Current</b>		
Cash	204	163
Accounts receivable and prepaid expenses	283	186
<b>Total current assets</b>	<b>487</b>	<b>349</b>
<b>Investments [note 4]</b>		
Shares	60,063	55,689
Bonds	16,831	16,276
Alternative - Limited Partnership	19,931	18,651
Alternative - Immigrant Access Fund Canada	350	250
<b>Total investments</b>	<b>97,175</b>	<b>90,866</b>
Capital assets, net [note 5]	34	39
	<b>97,696</b>	<b>91,254</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current</b>		
Accounts payable and accrued charges	104	182
Current portion of long-term debt [note 6]	—	4
Deferred lease inducement [note 7]	—	2
	<b>104</b>	<b>188</b>
Commitments [note 8]		
<b>Net assets</b>		
Contributed capital	15,854	15,854
Surplus	81,738	75,212
<b>Total net assets</b>	<b>97,592</b>	<b>91,066</b>
	<b>97,696</b>	<b>91,254</b>

See accompanying notes

On behalf of the Board:

Director

Director

## Max Bell Foundation

### Statement of operations

[in thousands of dollars]

Year ended December 31

	2023	2022
	\$	\$
<b>REVENUE (NET)</b>		
Interest	354	304
Dividends	3,401	4,764
Unrealized gain (loss) on investments <i>[note 4]</i>	5,385	(10,546)
Realized gain on sale of investments <i>[note 4]</i>	1,819	1,771
	<u>10,959</u>	<u>(3,707)</u>
<b>EXPENSES</b>		
Grants <i>[schedule]</i>	2,723	1,946
Charitable projects <i>[schedule]</i>	333	173
Grant administration	625	762
Investment management and other expenses <i>[note 5]</i>	752	796
	<u>4,433</u>	<u>3,677</u>
<b>Excess of revenue over expenses</b>	<u>6,526</u>	<u>(7,384)</u>

*See accompanying notes*

**Max Bell Foundation**

**Statement of changes in net assets**

[in thousands of dollars]

	<b>Contributed capital</b>	<b>Surplus</b>	<b>Total</b>
	\$	\$	\$
<b>Balance, December 31, 2021</b>	15,854	82,596	98,450
Excess of revenue over expenses	-	(7,384)	(7,384)
<b>Balance, December 31, 2022</b>	15,854	75,212	91,066
Excess of revenue over expenses	-	6,526	6,526
<b>Balance, December 31, 2023</b>	<b>15,854</b>	<b>81,738</b>	<b>97,592</b>

*See accompanying notes*

## Max Bell Foundation

### Statement of cash flows

[in thousands of dollars]

Year ended December 31

	2023	2022
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses	6,526	(7,384)
Add (deduct) amounts not involving cash		
Unrealized gain on investments	(5,385)	10,545
Realized gain on sale of investments	(1,819)	(1,770)
Income and expenses within investment funds	(950)	—
Depreciation	15	40
	<u>(1,613)</u>	<u>1,431</u>
Net change in non-cash working capital related to operations	(175)	(97)
<b>Cash used in operating activities</b>	<u>(1,788)</u>	<u>1,334</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of capital assets	(10)	—
Purchase of investments <i>[note 4]</i>	(3,989)	(8,234)
Proceeds from disposal of investments <i>[note 4]</i>	5,834	6,927
<b>Cash provided by investing activities</b>	<u>1,835</u>	<u>(1,307)</u>
<b>FINANCING ACTIVITIES</b>		
Deferred lease inducement	(2)	(7)
Repayment of long term debt	(4)	(16)
<b>Cash used in financing activities</b>	<u>(6)</u>	<u>(23)</u>
<b>Net increase in cash for the year</b>	41	4
Cash, beginning of year	163	159
<b>Cash, end of year</b>	<u>204</u>	<u>163</u>

*See accompanying notes*

# Max Bell Foundation

## Notes to the financial statements

[in thousands of dollars]

December 31, 2023

### 1. Basis of operation

Max Bell Foundation [the "Foundation"] is established exclusively for charitable purposes. Its purpose is to seek better educational, health, and environmental outcomes for Canadians. It pursues these goals by supporting innovative projects that inform public policy change. It supports civic engagement and resilient democratic institutions.

### 2. Summary of significant accounting policies

The financial statements of the Foundation have been prepared in accordance with Part III of the Chartered Professional Accountants of Canada Handbook – Accounting Standards for Not-for-Profit Organizations, which sets out generally accepted accounting principles for not-for-profit organizations in Canada and include the significant accounting policies described hereafter.

#### Investments

Investments in shares, bonds and limited partnership units that are quoted in an active market, acquired by the Foundation are recorded at fair market value, and the net change in unrealized market value for the year is reflected in the statement of operations.

#### Capital assets

Capital assets are recorded at cost less accumulated depreciation. The Foundation provides for depreciation using the declining balance method at rates designed to depreciate the cost of the capital assets over their estimated lives. Tenant improvements is amortized over five years. The annual depreciation rates are as follows:

Furniture	20%
Telecom equipment	30%
Computer equipment	55%
Computer software	50%
Tenant improvements	Straight line



# **Max Bell Foundation**

## **Notes to the financial statements**

[in thousands of dollars]

December 31, 2023

### **Revenue recognition**

The Foundation follows the deferral method of accounting for contributions. Dividends are recorded as income on the record date and interest is recorded when earned. Realized gains and losses on investment sales are calculated on the average cost basis. Unrealized gains and losses represent the change in market value since the last reporting period.

### **Grants**

Grants are recorded when disbursed.

### **Expenses**

Expenses are allocated to grant administration and investment management and other expenses based on an estimate of expenses incurred applicable to each category.

### **Foreign currency translation**

Foreign investment purchases, sales and income are recorded in Canadian dollars at exchange rates in effect at the transaction date. Foreign-denominated investments and accrued investment income are translated at year-end exchange rates. The exchange differences arising from this translation are included in the statement of operations.

### **Financial instruments**

Financial instruments, including cash, accounts receivable and accounts payable and accrued charges, are initially recorded at their fair value and are subsequently measured at amortized cost, net of any provisions for impairment.

# Max Bell Foundation

## Notes to the financial statements

[in thousands of dollars]

December 31, 2023

### 3. Charitable status

The Foundation is a registered charity designated as a private foundation and, while registered, is exempt from income taxes. As part of maintaining its registration, the Foundation must meet an annual Disbursement Quota. The Foundation has amounts carried forward from prior years for a total disbursement excess as at December 31, 2023 of approximately \$63. The Disbursement Quota for the fiscal year ending December 31, 2024 will be approximately \$4,705.

### 4. Investments

	2023			2022	
	Shares	Bonds	Alternative Investments	Total	
	\$	\$	\$	\$	
<b>Balance, beginning of year</b>	<b>55,689</b>	<b>16,276</b>	<b>18,901</b>	<b>90,866</b>	98,334
Purchase of investments	<b>1,930</b>	<b>332</b>	<b>1,727</b>	<b>3,989</b>	8,234
Proceeds from disposal of investments	<b>(3,999)</b>	—	<b>(250)</b>	<b>(4,249)</b>	(6,927)
Fund distributions	—	—	<b>(1,585)</b>	<b>(1,585)</b>	—
Income and expenses within investment funds, net	—	—	<b>950</b>	<b>950</b>	—
Gain on sale of investments	<b>1,722</b>	—	<b>97</b>	<b>1,819</b>	1,771
Adjustments to market value	<b>4,721</b>	<b>223</b>	<b>441</b>	<b>5,385</b>	(10,546)
<b>Balance, end of year</b>	<b>60,063</b>	<b>16,831</b>	<b>20,281</b>	<b>97,175</b>	90,866

# Max Bell Foundation

## Notes to the financial statements

[in thousands of dollars]

December 31, 2023

### Shares

	2023		2022	
	Market value \$	Cost \$	Market value \$	Cost \$
Canadian	10,578	6,932	9,119	6,337
Foreign	49,485	28,731	46,570	29,657
	<b>60,063</b>	<b>35,663</b>	55,689	35,994

The Foundation's equity investments are held as portfolio investments and are generally readily marketable. Investments are limited to shares that are publicly traded on a recognized securities market. Any exceptions require Board of Directors approval prior to their purchase. As at December 31, 2023, all equity investments were publicly traded on a recognized exchange.

### Bonds

The Foundation's investment managers have invested in bonds and pooled bond funds. As at December 31, 2023, the Foundation held bonds at cost of \$18,647 [2022 – \$18,316] and a market value of \$16,831 [2022 – \$16,276].

### Alternative investments

Alternative investments may include promissory notes receivable, units in hedge funds, private equity, infrastructure or real estate pooled funds. These funds are offered by prospectus or offering memorandum, and by allowable investment structures for private foundations in Canada, including limited partnerships. They have been approved by the Board of Directors prior to investment. Alternative Investments had a cost of \$14,352 [2022 – \$13,412] and a market value of \$20,281 [2022 – \$18,901].

### Credit risk

Credit risk arises from the potential for an investee to fail or for a counterparty to default on its contractual obligations to the Foundation. The Foundation limits the credit risk by dealing with counterparties that are considered high quality.

# Max Bell Foundation

## Notes to the financial statements

[in thousands of dollars]

December 31, 2023

### 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's interest-bearing investments are exposed to interest rate risk. The most significant exposure to interest rate risk is investment in bonds.

### Other price risk

Other price risk is the risk that the fair value of an investment will fluctuate because of changes in market prices (other than those arising from foreign currency or interest rate risk), whether those changes are caused by factors specific to the individual investments or factors affecting all securities traded in the market.

### Foreign currency risk

Foreign currency exposure arises from the Foundation's foreign equity holdings. As at December 31, 2023, total foreign equity holdings are 68.10%% [December 31, 2022 – 62.99%] of the Foundation's investments based on market value.

## 5. Capital assets

	2023		
	Cost	Accumulated depreciation	Net book value
	\$	\$	\$
Furniture	75	65	10
Office equipment	10	1	9
Telecom equipment	8	8	–
Computer equipment	76	74	2
Computer software	110	108	2
Art	11	–	11
Tenant improvement	138	138	–
	<b>428</b>	<b>394</b>	<b>34</b>

## Max Bell Foundation

### Notes to the financial statements

[in thousands of dollars]

December 31, 2023

	2022		
	Cost	Accumulated depreciation	Net book value
	\$	\$	\$
Furniture	75	63	12
Telecom equipment	8	8	–
Computer equipment	77	72	5
Computer software	110	106	4
Art	11	–	11
Tenant improvement	138	131	7
	419	380	39

The amount of depreciation recorded in 2023 included in investment management and other expenses in the statement of operations was \$15 [2022 – \$40].

#### 6. Long-term debt

In October 2017, the Foundation entered into a lease arrangement with the Kahanoff Centre for Charitable Activities [“the Landlord”] for the use of office space, Suite 970, 105 – 12 Avenue SE Calgary, commencing April 1, 2018. Under the terms of the arrangement, the Landlord provided a five-year loan at an interest rate of 3% to complete the cost of certain leasehold improvements. The loan balance outstanding at December 31, 2023 is \$nil [December 31, 2022 – \$4].

#### 7. Lease inducement

As part of the lease arrangement referred to in note 6, the Foundation received a tenant improvement allowance of \$41 from the Landlord to be applied against the cost of the leasehold improvements. The amount has been determined to be inseparable from the lease arrangement and, as a lease inducement, to be recognised in income (as an off-set to lease expense) over the period of the lease. At December 31, 2023 \$nil [December 31, 2022 – \$2] has been recorded as a deferred lease inducement on the statement of financial position and \$2 has been recorded in the statement of operations.

# Max Bell Foundation

## Notes to the financial statements

[in thousands of dollars]

December 31, 2023

### 8. Commitments

#### (i) Grants

The Foundation has approved grants to fund projects, other than McGill University, aggregating \$5,187 payable in the years ending December 31 as follows:

	\$
2023	2,429
2024	1,691
2025	747
2026	320

Payment of some of these commitments is subject to certain terms and conditions, which must be fulfilled by recipients prior to disbursement of the funds.

In addition, and in accordance with the Foundation's letters patent, at least 30% of all grants will be donated to McGill University subject to certain terms and conditions.

#### (ii) Investments

The Foundation has future commitments in relation to certain investments in the amount of \$450 [2022 – \$1,360].

#### (iii) Operating lease

As referred to in note 6, the Foundation has entered into a lease arrangement for the use of office space. The 10-year lease to March 31, 2028 requires minimum annual lease payments of \$27 for the year to December 31, 2023. During the year, the lease was amended to fix the minimum annual lease payments for the remainder of the lease. Minimum annual lease payments of \$26 will be required for the remaining four years of the lease.

## Schedule of grant payments

[in thousands of dollars]

Year ended December 31

	2023	2022
	\$	\$
Barth Syndrome Foundation of Canada	10	12
Blueprint ADE	10	—
Boys and Girls Clubs of Canada	19	—
C.D. Howe Institute	2	—
Calgary Chamber Voluntary Organization	—	1
Canada West Foundation	2	—
Canadian Children's Literacy Foundation	135	5
Canadian Institute for Advanced Research	80	80
Carmichael Outreach	—	1
Centre for Suicide Prevention	—	5
Child Welfare League	78	67
CIVIX	35	110
Dalhousie University	—	(60)
Environment Funders Canada	—	1
Family Enterprise Foundation	5	12
Governors of the University of Alberta	4	55
Governors of the University of Calgary	99	—
Imagine Canada	5	—
Indspire	5	6
Institute for Research on Public Policy	50	—
Ma Mawi Wi Chi Itata Centre Inc.	—	7
Martin Family Initiative	55	—
McGill University	1,000	850
McGill University - Advancement	3	—
McGill University - Faculty of Arts	—	2
Momentum	—	5
Muttart Foundation	50	2
National Music Centre	100	—
Nature Conservancy of Canada	5	6
North Central Family Center	—	1
Ontario Nature	23	17
Ophea	60	98
Philanthropic Foundations Canada	9	9
Phoenix Residential Society	6	6
Planned Parenthood Regina	—	1
Policy Wise for Children & Families	—	5
Prosper Canada	150	—
Public Policy Forum	1	—
Regina Symphony Orchestra	1	—
Regina Sexual Assault Centre	—	1
Regina United Way	—	2
Regina YWCA	1	1
Sage Seniors Association	150	—
Sagesse Domestic Violence Prev.	5	182
Simon Fraser University	100	—

**Schedule of grant payments**

[in thousands of dollars]

Year ended December 31

	<b>2023</b>	<b>2022</b>
	\$	\$
St. Boniface Hospital Foundation	40	—
St. Michael's Hospital Foundation	195	100
Street Worker's Advocacy Project	—	1
Study School Foundation (The)	3	10
The Natural Step (Canada) Inc.	5	175
Transition Accelerator (The)	—	15
United Way - Regina	—	3
United Way Halifax	—	25
United Way of Winnipeg	10	5
Univerity of British Columbia - Okanagan	—	5
University of Ottawa	85	—
University of Regina	3	—
University of Victoria	5	4
University of Waterloo	41	—
Victoria Hospice & Palliative Care	5	8
WCS Wildlife Conservation Society	5	95
Wilfrid Laurier University	3	10
Windmill Microlending	65	—
	<b>2,723</b>	<b>1,946</b>

*See accompanying notes*



**Schedule of charitable projects**

[in thousands of dollars]

Year ended December 31

	<b>2023</b>	<b>2022</b>
	\$	\$
Public Policy Training Institute	<b>155</b>	98
Max Bell School Public Policy Evaluation	<b>23</b>	—
Youth and Civic Engagement Project	<b>35</b>	—
PPTI Master Class	<b>19</b>	(37)
Policy Collaborative Evaluation	<b>5</b>	19
Policy Forward Event	<b>22</b>	—
Partner Network Event	<b>20</b>	16
50th Anniversary Events	<b>54</b>	40
Calgary Hosted Gala 50%	—	10
PPTI Alumni Events	—	27
	<b>333</b>	173

*See accompanying notes*