Community Foundation of Southeastern Alberta

Financial Statements

June 30, 2026

Management's Responsibility

To the Members of Community Foundation of Southeastern Alberta:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors and Audit Committee are composed primarily of Directors who are neither management nor employees of the Foundation. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The committee is also responsible for recommending the appointment of the Foundation's external auditors.

MNP LLP is appointed by the Board of Directors to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the committee and management to discuss their audit findings.

October 15, 2026

Nikki Gray

Executive Director

Independent Auditor's Report

To the Board of Directors of Community Foundation of Southeastern Alberta:

Opinion

We have audited the financial statements of Community Foundation of Southeastern Alberta (the "Foundation"), which comprise the statement of financial position as at June 30, 2026, and the statements of operations, changes in net assets 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 June 30, 2026, and the results of its 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 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.

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 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.

Medicine Hat, Alberta

October 15, 2026

MNP LLP

Chartered Professional Accountants

Community Foundation of Southeastern Alberta
Statement of Financial Position
As at June 30, 2026

	2026	2025
Assets		
Current		
Cash	**7,057**	272,088
Accounts receivable	**23,720**	11,331
Marketable securities *(Note 3)*	**35,159,776**	30,769,558
Prepaid expenses	**17,386**	14,005
Current portion of investments *(Note 5)*	**177,060**	171,320
	35,384,999	31,238,302
Tangible capital assets *(Note 4)*	**90,222**	3,668
Investments *(Note 5)*	**3,492,247**	3,669,306
	38,967,468	34,911,276
Liabilities		
Current		
Accounts payable and accruals *(Note 6)*	**7,409**	22,471
Deferred contributions *(Note 7)*	**63,154**	10,000
Managed funds *(Note 8)*	**338,674**	320,999
	409,237	353,470
Deferred capital contributions *(Note 9)*	**90,679**	-
	499,916	353,470
Fund balances		
Community Endowment Fund	**12,544,738**	11,818,393
Designated Endowment Fund	**22,932,086**	19,979,824
Operating Endowment Fund	**2,516,057**	2,474,322
Flow Through Fund	**192,442**	161,554
Administrative Fund	**282,229**	123,713
	38,467,552	34,557,806
	38,967,468	34,911,276

Approved on behalf of the Board

Director

Director

The accompanying notes are an integral part of these financial statements

Community Foundation of Southeastern Alberta
Statement of Operations
For the year ended June 30, 2026

	Community Endowment Fund	*Designated Endowment Fund*	*Operating Endowment Fund*	*Flow Through Fund*	*Administrative Fund*	*2026*	*2025*
Revenue							
Investments	826,152	1,286,181	182,958	37	10,721	**2,306,049**	4,059,101
Grants, donations & other income	87,751	1,813,854	23,122	184,635	208,013	**2,317,376**	1,593,623
Realized gain (loss) on sale of marketable securities	(55,067)	(57,159)	(9,081)	(20,711)	(712)	**(142,730)**	(17,276)
	858,837	**3,042,876**	**196,999**	**163,961**	**218,022**	**4,480,694**	5,635,448
Expenses							
Grants *(Note 10)*	548,047	1,267,940	7,561	135,514	-	**1,959,062**	1,752,439
Operating expenses (Schedule 1)	-	-	-	-	510,175	**510,175**	530,094
Investment fees	68,536	71,154	10,790	-	471	**150,951**	136,094
	616,583	**1,339,094**	**18,351**	**135,514**	**510,647**	**2,620,188**	2,418,627
Undistributed income (loss) before other items	**242,254**	**1,703,782**	**178,648**	**28,447**	**(292,625)**	**1,860,506**	3,216,821
Other items							
Discount revenue	-	128,680	-	-	-	**128,680**	134,234
Gain (loss) on disposal of tangible capital assets	-	-	-	-	(764)	**(764)**	-
Foreign currency gain (loss) on marketable securities	-	16,548	-	-	-	**16,548**	-
Unrealized gain (loss) on marketable securities	604,898	1,271,761	15,525	2,848	9,744	**1,904,776**	(730,704)
	604,898	**1,416,989**	**15,525**	**2,848**	**8,980**	**2,049,239**	(596,470)
Undistributed income (loss)	**847,152**	**3,120,771**	**194,173**	**31,294**	**(283,645)**	**3,909,745**	2,620,351

Community Foundation of Southeastern Alberta
Statement of Changes in Undistributed Income and Fund Balances
For the year ended June 30, 2026

	Community Endowment Fund	*Designated Endowment Fund*	*Operating Endowment Fund*	*Flow Through Fund*	*Administrative Fund*	***2026***	*2025*
Capital, beginning of year	10,445,549	13,908,815	2,114,833	-	-	**26,469,196**	24,621,977
Donations transferred from undistributed income	85,751	1,783,854	9,545	-	-	**1,879,150**	1,174,473
Preservation of capital adjustment (Note 11)	355,358	529,518	71,683	-	-	**956,559**	672,746
Capital, end of year	10,886,658	16,222,187	2,196,061	-	-	**29,304,906**	26,469,196
Undistributed income, beginning of year	1,372,844	6,071,010	359,489	161,554	123,713	**8,088,610**	7,315,478
Increase (decrease) in undistributed income	847,152	3,120,771	194,173	31,294	(283,645)	**3,909,745**	2,620,351
Preservation of capital adjustment (Note 11)	(355,358)	(529,518)	(71,683)	-	-	**(956,559)**	(672,746)
Administrative charge (Note 12)	(120,807)	(168,510)	(26,938)	(406)	316,661	**-**	-
Operating Endowment Fund Grant (Note 13)	-	-	(125,500)	-	125,500	**-**	-
Donations included in undistributed income transferred to capital	(85,751)	(1,783,854)	(9,545)	-	-	**(1,879,150)**	(1,174,473)
Undistributed income, end of year	1,658,080	6,709,899	319,996	192,442	282,229	**9,162,646**	8,088,610
Fund balances, end of year	12,544,738	22,932,086	2,516,057	192,442	282,229	**38,467,552**	34,557,806

Community Foundation of Southeastern Alberta
Statement of Cash Flows
For the year ended June 30, 2026

	2026	*2025*
Cash provided by (used for) the following activities		
Operating		
Increase in undistributed income	**3,909,745**	2,620,351
Amortization	**11,407**	2,665
Unrealized loss (gain) on disposal of marketable securities	**(1,904,776)**	730,704
Realized loss (gain) on disposal of marketable securities	**142,730**	17,276
Return on managed funds, net of fees	**17,675**	30,219
Discount revenue	**(128,680)**	(134,234)
Recognition of deferred capital contributions	**(19,186)**	-
	2,028,915	3,266,981
Changes in working capital accounts		
Accounts receivable	**(36,404)**	6,094
Prepaid expenses	**(3,382)**	(8,482)
Accounts payable and accruals	**8,953**	(753)
Deferred contributions	**53,154**	(14,667)
Grants payable	**-**	(17,055)
	2,051,236	3,232,118
Financing		
Cash contributions received for capital assets	**109,865**	-
Investing		
Purchase of tangible capital assets	**(98,725)**	-
Purchase of marketable securities	**(7,945,604)**	(5,138,384)
Proceeds on disposal of marketable securities	**5,318,197**	1,028,115
Proceeds on redemption of preferred shares	**300,000**	900,000
	(2,426,132)	(3,210,269)
Increase (decrease) in cash resources	**(265,031)**	21,849
Cash resources, beginning of year	**272,088**	250,239
Cash resources, end of year	**7,057**	272,088

The accompanying notes are an integral part of these financial statements

1. Incorporation and nature of the organization

Community Foundation of Southeastern Alberta (the “Foundation”) was enabled by the Medicine Hat Community Foundation Act, a special statute enacted by the Legislative Assembly of the Province of Alberta on June 26, 1992. The Foundation is a charitable organization registered under the Income Tax Act (Canada) and as such is exempt from income taxes and able to issue donation receipts for income tax purposes.

The Foundation assembles and administers a pool of capital, the income from which is distributed to worthy charitable and community causes as determined by its Board of Directors.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada, which are part of Canadian generally accepted accounting principles, and include the following significant accounting policies:

Fund accounting

The Foundation follows the restricted fund method of accounting for contributions, and maintains five funds: Community Endowment Fund, Designated Endowment Fund, Operating Endowment Fund, Flow Through Fund, and Administrative Fund.

As donors have provided amounts for special purposes, the Statement of Changes in Undistributed Income and Fund Balances and Statement of Operations have been presented in a manner which segregates the Community Endowment Fund (unrestricted) from the Designated Endowment Fund (for specific purposes), the Operating Fund (to aid in administrative expenses), the Flow Through Fund (third-party donations directed through the Foundation) and the Administrative Fund (for administrative expenses).

The revenues and expenses related to the collection of unrestricted donations and fundraising activities are reported in the Community Endowment Fund. The income earned by this fund is to be distributed as determined by the Board of Directors.

The Designated Endowment Fund reports resources contributed to the Foundation with the stipulation that the capital amount be permanently retained. Grants are distributed for the designated purposes from the income earned.

The Operating Endowment Fund reports resources contributed to the Foundation with the stipulation that the capital amount be preserved to fund administrative expenses.

The Flow Through Fund reports resources contributed to the Foundation with the stipulation that the entire capital amount be paid to another charitable organization.

The Administrative Fund reports resources contributed to the Foundation with the stipulation that the capital amount be used to directly fund administrative expenses. Revenue and expenditures for the operations of the Foundation and for the maintenance of the common elements are reported in this fund.

Cash and cash equivalents

Cash and cash equivalents include balances with banks.

Marketable securities

Marketable securities with prices quoted in an active market are measured at fair value for those with prices quoted in an active market, and cost less impairment for those that are not quoted in an active market.

Portfolio investments in entities that are not owned, controlled, or influenced by the Foundation are measured at cost, less any provision for other than temporary impairment.

Investments

Long-term investments are portfolio investments recorded at fair value for those with prices quoted in an active market, and cost less impairment for those that are not quoted in an active market. The preferred shares held by the Foundation have been classified as long-term assets and recorded at cost in concurrence with the fixed nature of the investment.

2. Significant accounting policies *(Continued from previous page)*

Tangible capital assets

Purchased tangible capital assets are recorded at cost. Contributed tangible capital assets are recorded at fair value at the date of contribution plus all costs directly attributable to the acquisition.

Amortization is provided using various methods at rates intended to amortize the cost of assets over their estimated useful lives.

In the year of acquisition, amortization is taken at one half of the below notes rates.

	Method	Rate
Computer equipment	declining balance	55 %
Computer software	declining balance	30 %
Equipment	declining balance	20 %
Office equipment	declining balance	20 %
Leasehold improvements	straight-line	5 years

Long-lived assets

Long-lived assets consist of tangible capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Foundation writes down long-lived assets held for use when conditions indicate that the asset no longer contributes to the Foundation's ability to provide goods and services. The asset is also written-down when the value of future economic benefits or service potential associated with the asset is less than its net carrying amount. When the Foundation determines that a long-lived asset is impaired, its carrying amount is written down to the asset's fair value.

Revenue recognition

The Foundation uses the restricted fund method of accounting for contributions.

Contributions, such as grants, bequests and donations, are recorded when received or receivable if the amount to be received can be reasonable estimated and collection is reasonably assured. Contributions which the donor has required to be held in perpetuity are recognized as revenue in an Endowment Fund. Restricted contributions are recognized as revenue in the Restricted Flow Through Fund. Restricted contributions for which no separate restricted fund exists are reported in the Administrative Fund and are accounted for using the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue and reported in the Community Endowment Fund or the Administrative Fund.

Investment income, which consists of interest, dividends, income distributions from pooled funds and realized capital gains and losses are recognized when earned. Unrealized gains and losses are recognized at the end of each quarter, based on fair market values.

Managed funds

Managed funds are owned by other organizations and pooled with the Foundation's assets for investment purposes. These managed fund assets are presented with the Foundation's marketable securities but are offset by managed funds liabilities on the Statement of Financial Position. Any revenue and expenses accruing to these funds are not reflected in the Statement of Operations or Changes in Undistributed Income and Fund Balances.

Grant expenses

Grant expenses are recorded in the year approved by the Board of Directors.

Donated material and services

Donated materials and services are recognized in the financial statements when their fair value can be reasonably determined and they are used in the normal course of the Foundation's operations and would otherwise have been purchased.

2. Significant accounting policies *(Continued from previous page)*

Deferred capital contributions

Deferred contributions related to tangible capital assets represent the unamortized portion of contributed tangible capital assets and restricted contributions that were used to purchase some of the Foundation's leasehold improvements. Recognition of these amounts as revenue is deferred to periods when the related tangible capital assets are amortized.

Measurement uncertainty

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.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization of tangible capital assets and deferred capital contributions is based on the estimated useful lives of tangible capital assets.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the financial statements of changes in such estimates and assumptions in future years could be material. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues over expenses in the years in which they become known.

Financial instruments

The Foundation recognizes financial instruments when the Foundation becomes party to the contractual provisions of the financial instrument.

Arm's length financial instruments

Financial instruments originated in an arm's length transaction ("arm's length financial instruments") are initially recorded at their fair value.

At initial recognition, the Foundation may irrevocably elect to subsequently measure any arm's length financial instrument at fair value. The Foundation has not made such an election during the year, other than marketable securities.

The Foundation subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost less impairment. With the exception of financial liabilities indexed to a measure of the Foundation's performance or value of its equity and those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in increase in undistributed income. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

2. Significant accounting policies *(Continued from previous page)*

Related party financial instruments

The Foundation initially measures the following financial instruments originated in a related party transaction ("related party financial instruments") at fair value:

- Investments in equity instruments quoted in an active market
- Derivative contracts.

All other related party financial instruments are measured at cost on initial recognition. When the financial instrument has repayment terms, cost is determined using the undiscounted cash flows, excluding interest, dividend, variable and contingent payments, less any impairment losses previously recognized by the transferor. When the financial instrument does not have repayment terms, but the consideration transferred has repayment terms, cost is determined based on the repayment terms of the consideration transferred. When the financial instrument and the consideration transferred both do not have repayment terms, the cost is equal to the carrying or exchange amount of the consideration transferred or received.

At initial recognition, the Foundation may elect to subsequently measure related party debt instruments that are quoted in active market, or that have observable inputs significant to the determination of fair value, at fair value.

The Foundation subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Financial instruments that were initially measured at cost and derivatives that are linked to, and must be settled by, delivery of unquoted equity instruments of another entity, are subsequently measured using the cost method less any reduction for impairment.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of related party financial instruments are immediately recognized in the increase in undistributed income.

Financial asset impairment

The Foundation assesses impairment of all its financial assets measured at cost or amortized cost. The Foundation groups assets for impairment testing when there are numerous assets affected by the same factor. Management considers whether the issuer is having significant financial difficulty and estimated market values in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Foundation determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year.

With the exception of related party debt instruments and related party equity instruments initially measured at cost, the Foundation reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

For related party debt instruments initially measured at cost, the Foundation reduces the carrying amount of the asset (or group of assets), to the highest of: the undiscounted cash flows expected to be generated by holding the asset, or group of similar assets, excluding the interest and dividend payments of the instrument; the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

For related party equity instruments initially measured at cost, the Foundation reduces the carrying amount of the asset (or group of assets), to the amount that could be realized by selling the assets at the statement of financial position date.

Any impairment, which is not considered temporary, is included in current year increase in undistributed income.

The Foundation reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in increase in undistributed income in the year the reversal occurs.

3. Marketable securities

	2026	*2025*
Measured at fair value:		
National Bank Wealth Management, with a cost of $3,104,574 (2025 - $3,013,565)	**4,433,904**	3,711,565
Leith Wheeler Diversified Pooled Fund Series A, with a cost of $29,052,860 (2025 - $28,246,329)	**28,775,400**	26,751,886
Scotia Wealth Management, with a cost of $305,215 (2025 - $305,085)	**341,288**	306,107
Leith Wheeler Private Asset Fund LP, with a cost of $1,278,900	**1,283,545**	-
National Bank Wealth Management, with a cost of $304,230	**325,639**	-
	35,159,776	30,769,558

4. Tangible capital assets

	Cost	***Accumulated amortization***	***2026 Net book value***	*2025 Net book value*
Computer equipment	**6,653**	**4,313**	**2,340**	1,391
Computer software	**12,794**	**11,247**	**1,547**	2,210
Equipment	**48,717**	**4,872**	**43,845**	67
Office equipment	**1,437**	**144**	**1,293**	-
Leasehold improvements	**45,774**	**4,577**	**41,197**	-
	115,375	**25,153**	**90,222**	3,668

5. Investments

	2026	*2025*
Measured at cost:		
2,400,000 (2,550,000 in 2025) Class D, non-voting, preferred shares issues from 1717868 Alberta Ltd., redeemable at $1/share. The unanimous shareholder agreement of the Company establishes that 150,000 Class D shares will be redeemed annually, beginning May 15, 2023.	**1,834,653**	1,920,313
2,400,000 (2,550,000 in 2025) Class D, non-voting, preferred shares issued from 1717875 Alberta Ltd., redeemable at $1/share. The unanimous shareholder agreement of the Company establishes that 150,000 Class D shares will be redeemed annually, beginning May 15, 2023.	**1,834,653**	1,920,313
	3,669,306	3,840,626
Less: current portion	**177,060**	171,320
	3,492,246	3,669,306

The preferred shares included in investments were donated to the Foundation in December 2022. The terms of the donations included a set redemption schedule. A valuation was obtained to support the fair market value of the shares at the time of the donation, which used a discount rate of 3.3% over the period the shares are expected to be redeemed. The discount revenue is recognized over the period of the redemption schedule and included in other items on the statement of operations.

6. Accounts payable and accruals

	2026	*2025*
Trade payables	**179**	15,266
Payroll liabilities	**7,230**	7,205
	7,409	22,471

7. Deferred contributions

	Opening	***Received***	***Recognized***	***2026***	*2025*
Rural Development Grant	**10,000**	**-**	**(10,000)**	**-**	10,000
7/70 Event	**-**	**34,983**	**-**	**34,983**	-
Sustaining Non-Profits Grant	**-**	**81,626**	**(58,455)**	**23,171**	-
Healthy Communities Asset Mapping Initiative	**-**	**5,000**	**-**	**5,000**	-
	10,000	**121,609**	**(68,455)**	**63,154**	10,000

8. Managed funds

Managed funds are not included in the fund balances of the Foundation as they are funds being held for other organizations. These amounts are pooled with the Foundation's endowment funds for investment purposes but belong to the following charitable organizations:

	2026	*2025*
Medicine Hat Catholic Education Foundation	**207,565**	196,022
Medicine Hat Catholic Education Foundation - Knights of Columbus	**105**	1,286
Rotary Club of Medicine Hat	**53,766**	50,768
Town of Oyen - Oyen Handibus	**77,238**	72,923
	338,674	320,999
Income reconciliation		
Opening balance	**320,999**	290,780
Income allocation	**22,952**	34,598
Administrative fee	**(5,277)**	(4,379)
	338,674	320,999

Capital and related income (losses) generated from the investment of these funds are to be distributed in accordance with the other organizations directives.

9. Deferred capital contributions

Deferred capital contributions consist of the unamortized amount of contributions received for the purchase of capital assets. Recognition of these amounts as revenue is deferred to periods when the related tangible capital assets are amortized. Changes in deferred capital contributions are as follows:

	2026	*2025*
Additions	**95,929**	-
Less: Amounts recognized as revenue during the year	**(19,186)**	-
	76,743	-

10. Grants paid allocation

Grants paid are based on the board approved percentage of the previous three year average capital balance for both the Community Endowment Fund and the Designated Endowment Fund. As such the approved amount of grants to be paid for the year were $548,047 (2025 - $459,558) for Community grants and $1,267,940 (2025 - $1,134,760) for the Designated grants, based on 5.00% (2025 - 4.63%). This comprises 100% (2025 - 100%) of the total 5.00% (2025 - 4.63%) disbursement quota of the Foundation. Actual grants disbursed may vary due to several factors, including high quality applications and other identified areas of need.

The Canada Revenue Agency (CRA) minimum disbursement quota is based on percentages of the average value of assets which are not used directly in charitable activities by the Foundation. Since January 1, 2023, these percentages have been 3.5% on the first $1M and 5.0% on values thereafter. CRA does allow for grants above the minimum quota, within a twelve month period, to be carried forward and applied to years when spending is lower than the threshold, for up to five years.

11. Preservation of capital adjustment

As part of its function in administering funds, the Foundation reinvests a portion of the net increase in the value of the investments into the capital funds in order to preserve their intended value and mitigate the effects of inflation. Preservation of capital is only undertaken in those years when investment returns exceed the amounts required for the disbursements of grants and to cover a portion of the administration costs. During 2026, $956,558 (2025 - $672,745) was reinvested into the funds as an optional preservation of capital adjustment. Of that amount, $355,358 (2025 - $265,486) was reinvested into the Community Fund, $529,518 (2025 - $353,509) into the Designated Fund, and $71,683 (2025 - $53,750) into the Operating Fund.

12. Administrative charges

As part of its operations, the Foundation calculates a fee to the endowments funds based on 1.0% (2025 - 1.0%) of the investments held for each fund, calculated quarterly. Administrative charges were $316,256 (2025 - $296,552). Of this balance, $5,277 (2025 - $4,379) relates to managed funds and $310,979 (2025 - $292,173) relates to endowments held by the Foundation and is recognized directly on Statement of Changes in Undistributed Income and Fund Balances.

13. Operating Endowment Fund Grant

As part of its operations, the Foundation calculates an operating endowment fund grant to be paid based on 5.00% (2025 - 4.63%) of the previous three year average Operating Endowment Fund to the Administrative Fund to cover operating costs. This comprises 10% (2025 - 10%) of the total grants approved by the Board during the year ended June 30, 2026.

14. Related party transactions

The following donations were made by directors and staff:

	2026	*2025*
Directors		
Designated Endowment Fund	**26,000**	21,000
Operating Endowment Fund	**2,355**	20
Community Endowment Fund	**150**	30
	28,505	21,050
Staff		
Community Endowment Fund (formerly Smart & Caring)	**50**	-
Operating Endowment Fund	**145**	140
	28,700	21,190

These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties.

15. Charitable fundraising act of Alberta

As required under section 7(2) of the Regulations of the Charitable Fundraising Act of Alberta, the Foundation discloses that the service costs incurred for the purpose of soliciting contributions were $nil (2025 - $nil). The total amount paid as remuneration to employees whose principle duties involve fundraising was $nil (2025 - $nil).

No single disposition of contributions equalled or exceeded 10% of the gross contributions for the 12 month period ended June 30, 2026.

16. Financial instruments

The Foundation, as part of its operations, carries a number of financial instruments. It is management's opinion that the Foundation is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. The Foundation is exposed to interest rate risk primarily through its marketable securities.

Liquidity risk

Liquidity risk is the risk that the Foundation will encounter difficulty in meeting obligations associated with financial liabilities. The Foundation reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due and maintains funds for contingencies.

Community Foundation of Southeastern Alberta

Schedule of Operating Expenses

For the year ended June 30, 2026

	2026	*2025*
Operating Expenses		
Amortization	**11,407**	2,665
Salaries and benefits	**300,930**	303,868
Events	**38,217**	70,672
Professional fees	**26,012**	32,000
Advertising	**26,536**	26,242
Software	**20,317**	18,894
Insurance	**22,533**	18,157
Office expenses	**18,595**	15,291
Travel	**9,150**	10,860
Licenses and fees	**11,109**	10,510
Telephone	**6,608**	8,031
Rent	**9,398**	5,293
Utilities	**4,134**	3,992
Bank charges and interest	**1,987**	2,118
Training and education	**3,242**	1,501
Gifts in kind	**-**	-
	510,175	**530,094**