

The Terry Fox Foundation

Financial Statements

March 31, 2024

To the Board of The Terry Fox Foundation:

Qualified Opinion

We have audited the financial statements of The Terry Fox Foundation (the "Foundation"), which comprise the statement of financial position as at March 31, 2024, 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, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2024, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Foundation derives revenue from cash donations the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of this revenue was limited to the amounts recorded in the records of the Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to annual giving revenue, excess of revenue over expenses/distributions and cash provided by (used in) operating activities for the year ended March 31, 2024, current assets as at March 31, 2024 and net assets as at the beginning and the end of the year ended March 31, 2024. Our audit opinion on the financial statements for the year ended March 31, 2023 was modified accordingly because of the possible effects of this limitation in scope.

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 qualified 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.

Vancouver, British Columbia

June 25, 2024

MNP LLP

Chartered Professional Accountants

The Terry Fox Foundation

Statement of Financial Position

As at March 31, 2024

	2024 \$	2023 \$
Assets		
Current assets		
Cash and cash equivalents (note 3)	14,482,791	9,461,610
International funds held on behalf of the Foundation	345,102	1,352,354
Short-term investments (note 4)	31,591,684	31,336,556
Merchandise inventory (note 5)	670,007	805,621
Accounts receivable and other assets (note 6)	747,603	595,991
	<u>47,837,187</u>	<u>43,552,132</u>
Long-term investments (note 4)	40,000,000	40,000,000
Capital and intangible assets (note 7)	39,899	89,030
	<u>87,877,086</u>	<u>83,641,162</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 8)	1,103,650	1,439,407
Liability for post-retirement benefits (note 10)	49,055	53,996
Deferred revenue (note 11)	611,581	973,222
	<u>1,764,286</u>	<u>2,466,625</u>
Net Assets		
Invested in capital assets	39,899	89,030
Internally restricted (note 12)	40,000,000	40,000,000
Unrestricted	46,072,901	41,085,507
	<u>86,112,800</u>	<u>81,174,537</u>
	<u>87,877,086</u>	<u>83,641,162</u>
Commitments (notes 13 and 14)		

Approved by the Board of Directors



Director

Diane Dou



Director

Michael Rossi

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

The Terry Fox Foundation

Statement of Operations

For the year ended March 31, 2024

	2024 \$	2023 \$
Revenue		
Annual giving		
Canada	28,867,299	27,697,979
International	1,057,349	880,867
Bequests and memorials	515,800	715,721
Government student grants	111,969	88,855
Royalties	101,379	3,816
	<hr/>	<hr/>
Total fundraising revenue	30,653,796	29,387,238
Investment (loss) income, net (note 4)	7,567,962	(257,080)
Sale of merchandise	2,486,184	1,458,820
	<hr/>	<hr/>
	40,707,942	30,588,978
Expenses		
Fundraising (note 9)	5,174,499	4,283,425
Administration	4,304,545	3,973,233
	<hr/>	<hr/>
Total operating expenses	9,479,044	8,256,658
Cost of merchandise sold (note 5)	1,194,313	842,548
	<hr/>	<hr/>
	10,673,357	9,099,206
	<hr/>	<hr/>
Excess of revenue over expenses before distribution of funds	30,034,585	21,489,772
Distribution of funds and other charitable activities		
The Terry Fox Research Institute (note 8)	23,087,711	15,756,334
International cancer research organizations	1,948,611	976,423
Other distributions	60,000	240,000
	<hr/>	<hr/>
	25,096,322	16,972,757
	<hr/>	<hr/>
Excess of revenue over expenses/distributions	4,938,263	4,517,015

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

The Terry Fox Foundation

Statement of Changes in Net Assets

For the year ended March 31, 2024

	Invested in capital assets \$	Internally restricted \$	Unrestricted \$	Total \$
Balance – March 31, 2023	89,030	40,000,000	41,085,507	81,174,537
Excess (deficiency) of revenue over expenses/distributions	(54,955)	-	4,993,218	4,938,263
Investment in capital assets	5,824	-	(5,824)	-
Balance – March 31, 2024	39,899	40,000,000	46,072,901	86,112,800

	Invested in capital assets \$	Internally restricted \$	Unrestricted \$	Total \$
Balance – March 31, 2022	138,371	40,000,000	36,519,151	76,657,522
Excess (deficiency) of revenue over expenses/distributions	(92,372)	-	4,609,387	4,517,015
Investment in capital assets	43,031	-	(43,031)	-
Balance – March 31, 2023	89,030	40,000,000	41,085,507	81,174,537

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

The Terry Fox Foundation

Statement of Cash Flows

For the year ended March 31, 2024

	2024 \$	2023 \$
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenses/distributions	4,938,263	4,517,015
Items not affecting cash		
Capital assets – amortization	54,955	92,372
Investment income reinvested	(2,763,607)	(1,784,471)
Change in unrealized (gain) loss on investments	(4,491,521)	2,144,948
Change in liability for post-retirement benefits	(4,941)	(8,983)
	<u>(2,266,851)</u>	4,960,881
Changes in non-cash operating working capital		
International funds held on behalf of the Foundation	1,007,252	87,142
Merchandise inventory	135,614	(151,646)
Accounts receivable and other assets	(151,612)	136,489
Accounts payable and accrued liabilities	(335,757)	867,544
Deferred revenue	(361,641)	774,153
	<u>(1,972,995)</u>	6,674,563
Investing activities		
Proceeds on sale of investments	7,000,000	-
Purchase of investments	-	(8,000,000)
Additions to capital assets	(5,824)	(43,031)
	<u>6,994,176</u>	(8,043,031)
Increase (decrease) in cash and cash equivalents	5,021,181	(1,368,468)
Cash and cash equivalents – Beginning of year	9,461,610	10,830,078
Cash and cash equivalents – End of year	<u>14,482,791</u>	<u>9,461,610</u>

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

The Terry Fox Foundation

Notes to Financial Statements

For the year ended March 31, 2024

1 General

The Terry Fox Foundation (the Foundation) was established in 1988 to maintain the vision and principles of Terry Fox while raising money for innovative cancer research. In recent years' the Foundation has approved annual Terry Fox runs in many countries around the world and provides funding for cancer research in those countries.

The Foundation is a registered charitable organization under the Income Tax Act and, accordingly, is exempt from income taxes.

The Foundation was established as a Trust on May 26, 1988. On March 12, 1993, the Trustees of the Trust caused the incorporation of an entity known as The Terry Fox Foundation under the laws of Canada. On March 31, 1994, the Trustees transferred all assets and operations of the Trust to the new corporation and the corporation assumed the liabilities of the Trust.

The Terry Fox Research Institute (TFRI) oversees the Foundation's cancer research programs and works with various other organizations that specialize in managing cancer research projects. TFRI has a separate board and is not considered a controlled entity and, accordingly, is not consolidated in these financial statements.

2 Significant accounting policies

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the Chartered Professional Accountants of Canada (CPA Canada) Handbook – Accounting. The Foundation's significant accounting policies are as follows.

Revenue recognition

The Foundation follows the deferral method of accounting for contributions. Restricted contributions are deferred and recognized as revenue in the period in which the related expenses are incurred or the restrictions are met. Unrestricted contributions are recognized as revenue in the current period, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenue from donations, royalties, planned giving and in memoriam gifts received in Canada are recorded in the year received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenue from the sale of merchandise is recognized when the good is sold, the amount to be received can be estimated and collection is reasonably assured.

Revenue from donations received outside of Canada and used for cancer research in those countries has been combined in these financial statements. The Foundation approves these international activities. Investment income comprises interest and dividends earned on investments. Fair value changes in investments are recognized separately and comprise realized and unrealized gains and losses on investments.

The Terry Fox Foundation

Notes to Financial Statements

For the year ended March 31, 2024

Interest income on short-term and long-term investments is recorded on an accrual basis.

Government grants are recorded as revenue in the fiscal year that the grants are designated to support and when collection is reasonably assured.

Cash and cash equivalents

Cash consists of short-term, highly liquid investments that are subject to insignificant changes in fair value, including cash on hand and deposits with financial institutions that can be withdrawn without prior notice. Cash is carried at cost, which approximates its fair value due to its short-term nature.

International funds held on behalf of the Foundation

The mission and vision of Terry Fox transcends beyond Canadian borders as many nations hold events to raise funds in Terry's name to support and promote cancer research in their countries. The Foundation and TFRI collaborate with local charitable organizations and research institutions to identify cancer research projects and programs for funding. International funds held on behalf of the Foundation represent amounts fundraised internationally and are held on behalf of the Foundation by various international organizations and financial institutions.

Distribution of funds

Research distributions to TFRI support cancer research including translational and discovery projects, research centres and training and the operating costs of managing those research programs. The Foundation recognizes a research distribution expense to TFRI when the transfer of funds has been approved for payment.

The Foundation recognizes international research distribution expenses when an approved research recipient has complied with the conditions of the grant or charitable activities and the Foundation has authorized the release of funds to the grant recipient.

Financial instruments

Financial instruments are recorded at fair value on initial recognition and subsequently at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Foundation has elected to carry its investments at fair value, as there are readily available market prices.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

The Terry Fox Foundation

Notes to Financial Statements

For the year ended March 31, 2024

Investments

Short-term investments include any term deposits, guaranteed investment certificates, treasury bills, bankers' acceptances, income funds, bonds or equities, with a term to maturity more than 90 days and less than one year. Short-term investments are measured at fair value with subsequent changes to fair value recognized as income in the year.

Long-term investments include any term deposits, guaranteed investment certificates, treasury bills, bankers' acceptances, income funds, bonds or equities, with a term to maturity of more than one year or that are related to internally restricted capital where the board intends to hold them for the long term. Long-term investments are measured at fair value with subsequent changes in fair value recognized as income in the year.

Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined by the weighted average method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated cost of completion and selling costs.

Capital and intangible assets

Capital and intangible assets are stated at cost, less accumulated amortization. Donated equipment is recorded at fair market value when received. Amortization is provided using the straight-line method and following annual rates:

Furniture and equipment	5 years
Computer equipment	3 years
Leasehold improvements	5 years
Software customization	5 years

Donated goods and services

Donated goods and services are recorded at fair value if they would have otherwise been purchased and if fair value can be determined.

Employee future benefit plans

The Foundation participates in a registered pension plan as an Affiliated Organization of the Registered Pension Plan for the Employees of the Canadian Cancer Society and Affiliated Organizations. In the past the plan offered both a defined contribution plan and a defined benefit plan.

As of January 1, 2016, the defined benefit provision of the pension plan was closed and no further defined benefit current service contributions were added, only grandfathering existing staff. All new and active members are under the defined contribution provision of the pension plan.

The Terry Fox Foundation

Notes to Financial Statements

For the year ended March 31, 2024

The defined benefit plan provides pensions based on length of service and final average earnings. Retired employees in the plan are eligible for certain post-retirement benefits. The benefits include medical services, life insurance, and extended health care benefits. The cost of these benefits is actuarially determined using the projected benefit method prorated on service and management's best estimate of salary escalation, retirement ages of employees and expected health care costs.

The Foundation's contributions to the defined benefit pension plan and defined contribution plan are expensed when paid. Defined pension benefits and assets are estimated for all members of the plan. The liabilities for the defined benefit plan are unfunded and are not segregated by the entity and therefore no plan assets are reported.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated to Canadian dollars at the prevailing rates of exchange at the statement of financial position date. Revenue and expenses are translated to Canadian dollars at the exchange rates prevailing on the transaction date. Realized and unrealized exchange gains and losses are included in expenses.

Use of estimates

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations, which require management estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Significant areas requiring management estimates include accrued liabilities and accrued payroll-related liabilities. Actual results could differ from those estimates.

3 Cash and cash equivalents

At year-end, total cash and cash equivalents of \$14,482,791 (2023 – \$9,461,610) were held primarily to fund operations and anticipated disbursements to TFRI. Cash and cash equivalents is being held in bank accounts generating between 4.7% and 5.2% interest (2023 – between 1.2% and 4.7%).

The Terry Fox Foundation

Notes to Financial Statements

For the year ended March 31, 2024

4 Investments

	2024 \$	2023 \$
Term deposits and GICs	1,568,207	8,543,834
Fixed income fund	35,027,620	35,686,238
Canadian equities fund	7,015,369	5,329,481
Foreign equities fund	24,469,743	19,148,384
Global infrastructure	1,752,230	1,358,202
Global real estate	1,758,515	1,270,417
	<hr/>	<hr/>
Total investments	71,591,684	71,336,556
	<hr/>	<hr/>
Short-term investments	31,591,684	31,336,556
	<hr/>	<hr/>
Long-term investments	40,000,000	40,000,000
	<hr/>	<hr/>

Investment income and gains comprise of the following:

	2024 \$	2023 \$
Interest and dividends	3,605,883	2,206,858
Change in unrealized gain (loss) on investments	4,491,521	(2,144,948)
Realized loss on investments	(203,159)	(5,686)
Less: investment management fees	(326,283)	(313,304)
	<hr/>	<hr/>
	7,567,962	(257,080)
	<hr/>	<hr/>

5 Merchandise inventory

The costs of inventories recognized as an expense and included in cost of merchandise sold amounted to \$1,120,375 (2023 - \$731,433).

6 Accounts receivable and other assets

	2024 \$	2023 \$
Sales tax receivable	104,077	139,963
Prepaid expenses	359,517	302,912
Accounts receivable and other assets	284,009	153,116
	<hr/>	<hr/>
	747,603	595,991
	<hr/>	<hr/>

The Terry Fox Foundation

Notes to Financial Statements

For the year ended March 31, 2024

7 Capital and intangible assets

			2024	2023
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Furniture and equipment	48,975	48,975	-	4,898
Computer equipment	26,188	23,689	2,499	9,334
Leasehold improvements	49,663	34,542	15,121	25,054
Software customization	302,373	280,094	22,279	49,744
	<u>427,199</u>	<u>387,300</u>	<u>39,899</u>	<u>89,030</u>

Amortization for the year amounted to \$54,955 (2023 – \$92,372) and is included in administration expenses.

8 Related party transactions and balances

During the year, the Foundation distributed funds of \$23,087,711 (2023 – \$15,756,334) to TFRI, which included restricted funding of \$1,908,711 (2023 - \$731,334) towards future expenses under the Marathon of Hope Cancer Center network and Digital Health and Discovery Platform projects. TFRI then distributed \$19,089,600 (2023 – \$12,812,510) of the total funds received to various institutes for cancer research.

Included in accounts payable and accrued liabilities is a balance of NIL (2023 – \$218,122) owing to TFRI relating to the transactions noted above.

Information on the distribution is provided in the audited financial statements of TFRI. The total amount of funding provided to TFRI since its inception in 2007 has been \$261,257,692 (unaudited).

TFRI is a not-for-profit organization incorporated by letters patent to promote, advance and fund scientific research into the diagnosis, treatment and prevention of cancer.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

9 Fundraising

Included in fundraising expenses is \$2,279,609 (2023 – \$2,189,832) paid as remuneration to employees whose principal duties involve fundraising.

The Terry Fox Foundation

Notes to Financial Statements

For the year ended March 31, 2024

10 Employee future benefit plans

The Foundation participates in a registered pension plan with a defined contribution component and a defined benefit component as disclosed in note 2.

Defined contribution component

The Foundation made employer contributions to the pension plan in the amount of \$194,611 (2023 – \$168,635).

Defined benefit component

Defined benefit obligations are measured using actuarial valuations prepared for accounting purposes, based on the projected benefit method prorated on service (which incorporates estimates of future salary levels, other cost escalation, retirement ages of employees and other actuarial assumptions). The measurement date of the plan assets and defined obligations is January 31. The Registered Pension Plan for the Employees of the Canadian Cancer Society and Affiliated Organizations had an unfunded liability for the defined benefit plan of \$19,099,000 as of January 31, 2024 (January 31, 2023 - \$19,599,000), the date of the last actuarial valuation. The unfunded liability is not allocated to individual employers such as the Foundation.

The Foundation has 8 employees or retirees eligible under this Plan and made contributions of \$86,340 (2023 – \$64,175).

Liability for post-retirement benefits

The Foundation participates in a defined benefit post retirement plan offered by the Canadian Cancer Society to certain employees of the Foundation. The liability as allocated to the Foundation was estimated at \$49,055 (2023 – \$53,996). The following assumptions were used:

	2024	2023
	%	%
Discount rate	4.8	4.7
Annual health & dental cost trend	3.0 – 6.5	3.0 – 6.5

Subsequent to year end, the Foundation terminated the registered pension plan and entered into a new defined contribution plan, DBPlus, with The Colleges of Applied Arts and Technology Pension Plan (CAAT). The impact is not expected to be material to the Foundation.

The Terry Fox Foundation

Notes to Financial Statements

For the year ended March 31, 2024

11 Deferred revenue

	2024 \$	2023 \$
Deferred contributions	-	16,667
Other deferred revenue	611,581	956,555
	<u>611,581</u>	<u>973,222</u>

Deferred contributions represent unspent funds donated to the Foundation that are restricted for specific purposes or future periods operating expenses as well as funds for capital purposes.

Balance – Beginning of year \$	Contributions \$	Amounts recognized as revenue \$	2024 Balance – End of year \$
16,667	1,910,000	1,926,667	-
<hr/>			
Balance – Beginning of year \$	Contributions \$	Amounts recognized as revenue \$	2023 Balance – End of year \$
199,069	1,400,000	1,582,402	16,667

Included in other deferred revenue are \$611,581 (2023 – \$937,184) of pre-sold merchandise for the up coming run season.

12 Internally restricted net asset

Internally restricted net assets consist of the Research Fund, representing funds received from the Province of BC and the Marathon of Hope Legacy Fund. The funds have been internally restricted by the Board of Directors for future use and are as follows:

	2024 \$	2023 \$
Research Fund	30,000,000	30,000,000
Marathon of Hope Legacy Fund	10,000,000	10,000,000
	<u>40,000,000</u>	<u>40,000,000</u>

The Terry Fox Foundation

Notes to Financial Statements

For the year ended March 31, 2024

13 Commitments

Future minimum rental commitments under operating leases on leased premises are as follows:

	\$
2025	261,872
2026	189,128
2027	147,279
2028	129,378
2029 and thereafter	<u>57,174</u>
	<u>784,831</u>

In addition, a number of the lease commitments for premises and equipment are typically short-term and are subject to annual renewal.

14 Distribution commitments

The Foundation's single mission is to raise funds for cancer research. As such, it seeks advice and management for its cancer research programs from other organizations.

TFRI was established in 2007 to focus on translational cancer research projects and the Foundation committed to provide TFRI funding for its research programs and operations. TFRI is also developing and managing training and new investigator programs on behalf of the Foundation. In October 2009, TFRI was given the responsibility of overseeing all of the Foundation's cancer research programs, working in collaboration with others who also specialize in managing cancer research projects.

Subject to available funds, the Foundation has committed to fund cancer research programs to TFRI over the next 5 years as follows:

	\$
2025	18,319,749
2026	14,994,152
2027	12,382,565
2028	5,966,988
2029	2,235,649
	<u>53,899,103</u>

In addition, the Foundation committed to contribute \$345,102 to international cancer research programs as required.

The Terry Fox Foundation

Notes to Financial Statements

For the year ended March 31, 2024

15 Risk management

- Interest rate risk

The Foundation's fixed income securities are subject to the risk that the values of the investments will fluctuate due to changes in market interest rates. The Foundation mitigates this risk with the advice from their investment advisors who monitor changes in markets daily and recommend stabilization versus diversification strategies.

- Market risk and foreign currency risk

The Foundation's foreign equities are subject to the risk that values of the investments will fluctuate due to changes in foreign exchange rates. Returns on the Foundation's investments are subject to risk factors specific to general economic conditions. The market value presents the Foundation's exposure to market/credit risk. The Foundation mitigates this risk by investing in a portfolio that is diversified.