

WE Charity Foundation

Financial Statements

For the Year Ended December 31, 2023



INDEPENDENT AUDITOR'S REPORT

To the Members of WE Charity Foundation

Opinion

We have audited the financial statements of WE Charity Foundation (the "Foundation"), which comprise the statement of financial position as at December 31, 2023, 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 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 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.

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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.

RSM Canada LLP


Chartered Professional Accountants
Licensed Public Accountants
August 20, 2024
Toronto, Ontario

WE Charity Foundation
Statement of Financial Position
As at December 31, 2023

	2023	2022
Assets		
Current		
Cash	\$ 1,038,643	\$ 150,769
Amounts receivable	6,984	9,411
Investments (Note 4)	5,828,500	5,842,614
Prepaid expenses	115	1,350
Due from WE Charity Canada (Note 3)	-	74,465
	\$ 6,874,242	\$ 6,078,609
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 53,400	\$ 42,451
Deferred contributions (Note 5)	543,632	-
	597,032	42,451
Net Assets		
Unrestricted	6,277,210	6,036,158
	\$ 6,874,242	\$ 6,078,609

Approved by the Board


 Director


 Director

WE Charity Foundation
Statement of Changes in Net Assets
Year Ended December 31, 2023

	2023	2022
Net assets, beginning of year	\$ 6,036,158	\$ 8,126,559
Excess (deficiency) of revenue over expenses	241,052	(2,090,401)
Net assets , end of year	\$ 6,277,210	\$ 6,036,158

WE Charity Foundation
Statement of Operations
Year Ended December 31, 2023

	2023	2022
Revenue		
Donations	\$ 1,683,468	\$ 340,284
Grants	549,040	-
	2,232,508	340,284
Expenses		
Program costs (Note 3)		
Kenya	1,167,319	1,427,684
Ecuador	636,420	-
India	33,985	-
	1,837,724	1,427,684
Salaries and benefits	642,820	503,371
Professional fees	174,273	95,302
Office and general	7,959	13,830
Advertising and promotion	2,702	76,865
	2,665,478	2,117,052
Loss before the undernoted items	(432,970)	(1,776,768)
Other income (expenses)		
Investment income (loss) (Note 4)	716,811	(566,219)
Foreign exchange gain (loss)	(42,789)	252,586
	674,022	(313,633)
Excess (deficiency) of revenue over expenses	\$ 241,052	\$ (2,090,401)

WE Charity Foundation
Statement of Cash Flows
Year Ended December 31, 2023

	2023	2022
Cash provided by (used in)		
Operations		
Excess (deficiency) of revenue over expenses	\$ 241,052	\$ (2,090,401)
Items not affecting cash:		
Unrealized loss (gain) on investments	(701,568)	563,211
Realized loss on sale of investments	165,161	161,995
	<u>(295,355)</u>	<u>(1,365,195)</u>
Net changes in non-cash working capital:		
Amounts receivable	2,427	5,019
Prepaid expenses	1,235	(1,350)
Accounts payable and accrued liabilities:	10,949	26,235
Due from WE Charity Canada	74,465	(437,764)
Deferred contributions	543,632	(125,000)
	<u>337,353</u>	<u>(1,898,055)</u>
Investing		
Purchase of investments	(5,052,428)	(8,480,613)
Proceeds on sale of investments	5,602,949	3,045,439
	<u>550,521</u>	<u>(5,435,174)</u>
Net change in cash	887,874	(7,333,229)
Cash, beginning of year	150,769	7,483,998
Cash, end of year	\$ 1,038,643	\$ 150,769

1. NATURE OF OPERATIONS

WE Charity Foundation (the "Foundation") was incorporated on January 29, 2018 under the provision of Part II of the Canada Corporations Act as a non-profit corporation without share capital. A Certificate of Amendment was issued June 9, 2023 updating its purposes and to permit charitable activities in developing countries. The Foundation is a registered charity under the Income Tax Act, and as a result, the organization is exempt from income taxation under Section 149 of the Income Tax Act.

The Foundation's purposes include the following:

1. To relieve poverty in developing nations by providing people in need with access to:
 - a. Education;
 - b. Health programming;
 - c. Clean water and sanitation;
 - d. Agriculture and food security; and
 - e. Basic tools and training required to generate income and develop a livelihood.
2. To receive and maintain a fund or funds and to apply all or part of the principal and income therefrom, from time to time, to qualified donees as defined in subsection 149.1(1) of the Income Tax Act (Canada).

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Foundation have been prepared in accordance with Canadian accounting standards for not-for-profit organization (ASNPO) which include the following significant accounting policies:

Revenue Recognition

The Foundation follows the deferral method of accounting for contributions, which are comprised of general and in-kind donations.

Restricted contributions for specific programs are deferred and recognized as revenue in the year in which the related expenditures are incurred.

Unrestricted contributions are recognized as revenue when received or receivable, if the amount to be received can be reasonably determined and collection is reasonably assured.

Investment income, including dividend and interest income is recognized when earned.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Contributed Assets and Services

Contributed assets and supplies are recognized when fair value can be reasonably determined and the goods are used in the normal course of operations. Contributed supplies are expensed when received. Contributed assets are capitalized at fair value on the date of contribution.

While the Foundation also benefits from contributed services, due to the difficulty in determining their fair value, the value of contributed services has not been reflected in these financial statements.

Project Expenses

The Foundation has grant agreements with WE Charity Canada (Note 3) that may extend beyond the current year. Project expenses are recorded as requests for funding are received.

Financial Instruments

The Foundation initially measures its financial assets and liabilities at fair value, other than non-arm's length transactions which are recorded at the exchange amount. The Foundation subsequently measures all its financial assets and financial liabilities at amortized cost except for equity instruments that are quoted in an active market which are subsequently measured at fair value. Changes in fair value are recognized in the statement of revenue and expenses.

Financial assets measured at amortized cost include cash, amounts receivable, due from WE Charity Canada and investments other than equity investments.

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

Financial assets measured at cost or amortized cost are tested for impairment when there are indicators of impairment. The amount of a write-down, if any, is recognized in the excess of revenue over expenditures. Reversals of impairment are recorded to the extent that the value has increased, up to the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in excess of revenue over expenses.

Foreign Currency Translation

Cash denominated in foreign currencies is translated into Canadian dollars at the exchange rate in effect at the statement of financial position date. Foreign currency transactions are translated into Canadian dollars on the date of payment.

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 the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts or revenues and expenses during the reporting period. Actual results could differ from those estimates.

WE Charity Foundation
Notes to Financial Statements
December 31, 2023

3. RELATED PARTY BALANCES AND TRANSACTIONS AND ECONOMIC INTERESTS

- (a) WE Charity Canada (the "Charity"), a Canadian registered charity, is in the process of winding down its operations. The Charity is a related party to the Foundation through a select number of common directors and management.

The amount due from the Charity was non-interest bearing with no fixed terms of repayment.

Due from the Charity consisted of:

	2023	2022
Due from WE Charity Canada	\$ -	\$ 74,465

During the year, the Foundation had the following transactions with the Charity:

	2023	2022
Payments from the Foundation to the Charity	\$ 685,596	\$ 1,915,983
Program expenses of the Foundation in Kenya	(685,596)	(1,427,684)
Expenses incurred by the Foundation on behalf of the Charity	-	74,465
Payments from the Charity to the Foundation	(74,465)	(125,000)
Net change in due (to) from WE Charity Canada	\$ (74,465)	\$ 437,764

The Board of Directors approved the Foundation entering into grant agreements to fund the Charity during the year totalling \$Nil USD (2022 - \$700,000 USD). Of the total grant agreements to date, \$505,000 USD (2022 - \$1,306,356 USD) was paid during the year and \$Nil USD (2022 - \$465,331 USD) will be paid out in future years. Funds are paid as requested and there is no set schedule of payments.

Related party transactions are conducted in the normal course of operations and are measured at the exchange amount.

- (b) The Foundation has economic interests in other entities and the Foundation provided funding to a number of not-for-profit and other organizations outside of Canada to achieve its international program initiatives. The initiatives currently operate in three countries around the world using a holistic economic and humanitarian development model. The Foundation has a regional director who works closely with each local organization to monitor their use of the funding and to provide the Foundation with regular progress updates for ongoing initiatives.

Funding provided directly to these organizations during the year included \$481,723 to Kenya and \$636,420 to Ecuador.

WE Charity Foundation
Notes to Financial Statements
December 31, 2023

4. INVESTMENTS

Investments consist of the following:

	CAD Investments	USD Investments	2023	2022
Common shares	\$ 1,423,260	\$ 2,228,360	\$ 3,651,620	\$ 3,356,636
Mutual funds	645,785	-	645,785	1,601,156
Fixed Income	853,300	677,795	1,531,095	884,822
	\$ 2,922,345	\$ 2,906,155	\$ 5,828,500	\$ 5,842,614

Investment income (loss) is comprised of:

	2023	2022
Realized loss on sales of investments	\$ (165,161)	\$ (161,995)
Unrealized gains (losses)	701,568	(563,211)
Dividend and interest income	180,404	158,987
	\$ 716,811	\$ (566,219)

5. DEFERRED CONTRIBUTIONS

Deferred contributions are restricted donations received during the year and deferred until the related expenses are incurred.

	2023	2022
Balance, beginning of year	\$ -	\$ -
Received in the year	1,092,672	-
Recognized as revenue in the year	(549,040)	-
Balance, end of year	\$ 543,632	\$ -

6. FINANCIAL RISK MANAGEMENT

Risks and Concentrations

The Foundation is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides a measure of the Foundation's risk exposure and concentrations at December 31, 2023:

6. FINANCIAL RISK INSTRUMENTS (Cont'd)

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Foundation is exposed to liquidity risk mainly in respect of its accounts payable and accrued liabilities.

Market Risk

The Foundation's investments are susceptible to market risk. Market risk is defined as the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Foundation's market risk is affected by changes in the level or volatility of market rates or prices, such as interest rates, foreign currency exchange rates and equity prices. It is subject to cash flow interest rate risk due to fluctuations in the prevailing levels of market interest rate sensitive investments.

These risks are mitigated through the Foundation's investment policy, which requires investments to be held in high grade, low risk investments.