

Financial Statements of

GIVEWISE FOUNDATION CANADA

And Independent Practitioner's Review Engagement Report
thereon

Year ended December 31, 2023



KPMG LLP
32575 Simon Avenue
Abbotsford, BC V2T 4W6
Canada
Telephone 604 854 2200
Fax 604 853 2756

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Board of Directors of GiveWise Foundation Canada

We have reviewed the accompanying financial statements of GiveWise Foundation Canada, which comprise the statement of financial position as at December 31, 2023, the statement of operations and changes in net assets and statement of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.



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Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of GiveWise Foundation Canada 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.

KPMG LLP

Chartered Professional Accountants

Abbotsford, Canada

May 6, 2024

GIVEWISE FOUNDATION CANADA

Statement of Financial Position

December 31, 2023, with comparative information for 2022

	2023	2022
Assets		
Current assets:		
Cash	\$ 3,024,497	\$ 1,743,794
Accounts receivable (note 2)	242,275	85,555
Short term investments (note 3)	10,656,000	4,090,000
	<u>13,922,772</u>	<u>5,919,349</u>
Investments, measured at fair value (note 4)	23,826,708	9,089,366
Capital assets (note 5)	394	876
Intangible assets	-	160,773
	<u>\$ 37,749,874</u>	<u>\$ 15,170,364</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 6)	\$ 801,511	\$ 42,791
Current portion of long-term debt (note 7)	40,000	40,000
	<u>841,511</u>	<u>82,791</u>
Net assets:		
Unrestricted	36,908,363	15,087,573
	<u>\$ 37,749,874</u>	<u>\$ 15,170,364</u>

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director _____ Director

GIVEWISE FOUNDATION CANADA

Statement of Operations and Changes in Net Assets

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Revenue:		
Donations	\$ 33,524,155	\$ 15,045,115
Administrative services and fees	28,377	54,890
Investment income (loss)	1,497,768	(297,043)
Rental income	11,102	-
	<u>35,061,402</u>	<u>14,802,962</u>
Expenses:		
Grants paid	10,578,943	9,224,959
Contract fees (note 8)	2,086,109	1,541,245
Interest and bank charges	735	-
Salaries and benefits	5,963	169,375
Administrative and operating costs	587,464	146,658
	<u>13,259,214</u>	<u>11,082,237</u>
Earnings before the undernoted items	21,802,188	3,720,725
Other expenses (income):		
Gain on sale of intangible assets	(18,479)	-
Other	(123)	-
	<u>(18,602)</u>	<u>-</u>
Excess of revenue over expenses	21,820,790	3,720,725
Net assets, beginning of year	15,087,573	11,366,848
Net assets, end of year	<u>\$ 36,908,363</u>	<u>\$ 15,087,573</u>

See accompanying notes to financial statements.

GIVEWISE FOUNDATION CANADA

Statement of Cash Flows

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ 21,820,790	\$ 3,720,725
Items not involving cash:		
Amortization	482	18,935
Gain on sale of intangible assets	(18,479)	-
Changes in non-cash operating working capital:		
Increase in accounts receivable	(156,720)	(20,254)
Increase in accounts payable and accrued liabilities	758,720	20,472
	<u>22,404,793</u>	<u>3,739,878</u>
Investing:		
Proceeds on sale of intangible assets	179,252	-
Purchase of intangible assets	-	(178,637)
Net purchase of investments	(21,303,342)	(5,828,842)
	<u>(21,124,090)</u>	<u>(6,007,479)</u>
Increase (decrease) in cash	1,280,703	(2,267,601)
Cash, beginning of year	1,743,794	4,011,395
Cash, end of year	<u>\$ 3,024,497</u>	<u>\$ 1,743,794</u>

See accompanying notes to financial statements.

GIVEWISE FOUNDATION CANADA

Notes to Financial Statements

Year ended December 31, 2023

Nature of operations:

GiveWise Foundation Canada (the "Foundation") provides a charitable giving experience which allows donors to contribute funds to a giving fund for the purpose of investing, growing and distributing funds to registered charities and other qualified donees.

The Foundation was incorporated under the Societies Act (British Columbia) on August 1, 2017, and is a registered charity under the Income Tax Act (Canada), and as such is not subject to income taxes.

1. Significant accounting policies:

These financial statements are prepared by management in accordance with Canadian accounting standards for not-for-profit organizations. The Foundation's significant accounting policies are as follows:

(a) Capital assets:

Purchased tangible capital assets are stated at cost, less accumulated amortization. Amortization is provided over the useful life of the asset at the following annual rate using the described method:

Asset	Rate
Computer equipment	55%

Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. Tangible capital assets are reviewed for impairment whenever events or changes in circumstances indicate that either the full or partial amount of the asset no longer has long term service potential to the Foundation. If such conditions exist, an impairment loss is measured at the amount by which either the full or partial carrying amount of the asset exceeds its fair value or replacement cost.

(b) Revenue recognition:

The Foundation follows the deferral method of accounting for contributions. This method recognizes unrestricted donations as revenue when received, with donated securities recognized at their estimated fair market value at the time of contribution. Externally restricted donations are recognized as revenue in the year in which the related expenses are incurred.

Investment income is recognized as revenue in the year it is earned.

Donated goods and materials are valued at their estimated fair value at the time the contribution is made when a fair value can be determined and when the Foundation would otherwise have purchased the items.

GIVEWISE FOUNDATION CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(c) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Foundation has not elected to carry any other instruments at fair value.

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.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Foundation determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Foundation expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(d) Measurement uncertainty:

The preparation of financial statements 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 revenue and expenses during the reporting period.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Actual results could differ from those estimates.

(e) Foreign currency translation:

Monetary assets and liabilities denominated in a foreign currency are adjusted at the statement of financial position date to reflect the exchange rate in effect at that date. Revenues and expenses are translated at the exchange rates prevailing on the transaction date. Exchange gains and losses are included in the determination of excess of revenue over expenses for the period.

GIVEWISE FOUNDATION CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2023

2. Accounts receivable:

	2023		2022	
GST rebate receivable	\$	29,968	\$	4,020
Other receivables		212,307		81,535
	\$	242,275	\$	85,555

Included in accounts receivable is \$64,626 from FlightPath Management, a related party (note 11).

3. Short-term investments:

Short-term investments are carried at cost and consist of GICs with maturities less than one year. Interest rates range from 4.50% to 6.00% (2022 - 4.50% to 5.15%).

4. Investments:

	2023		2022	
Mutual funds	\$	17,941,318	\$	6,962,270
Fixed income		3,059,185		684,554
Equity		1,936,205		1,442,542
GICs		50,000		-
Real Estate		840,000		-
	\$	23,826,708	\$	9,089,366

All investments are measured at fair market value except for the Real Estate and GICs which are measured at cost. The GICs are long-term as the maturity date range from December 2025 - December 2026 with interest rates ranging from 4.5% to 4.65%.

5. Capital assets:

	2023		2022		
	Cost	Accumulated amortization	Net book value	Net book value	
Computer	\$	4,203	\$	3,809	
			\$	394	
				\$	876

GIVEWISE FOUNDATION CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2023

6. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$14 (2022 - \$18,336), which includes amounts payable for payroll related taxes.

Included in accounts payable and accrued liabilities is \$39,250 to FlightPath Management, a related party (note 11).

7. Long-term debt:

As a response to the COVID-19 pandemic, the Foundation applied for and received a \$40,000 (2022 - \$40,000) Canada Emergency Account (CEBA) loan. The loan is non-interest bearing until January 19, 2024, after which the loan bears interest at 5% per annum. Subsequent to year end the loan was paid on January 5, 2024, and the government granted the \$10,000 loan forgiveness on January 18, 2024.

8. Contract fees:

Contract fees are charged to the Foundation in connection with donations received through a third party. The Foundation allocates these fees to the respective donor advised funds.

9. Remuneration of employees:

For the fiscal year ending December 31, 2023, the Foundation paid total remuneration of \$5,593 (2022 – \$104,166) to one employee (2022 - one employee). No amounts were paid to members of the Board of Directors.

GIVEWISE FOUNDATION CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2023

10. Financial risks and concentrations of risk:

(a) Price risk:

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Foundation is exposed to price risk with respect to its investments. The risk associated with investments is managed through the Foundation's established investment policy.

(b) Interest rate risk:

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Foundation is exposed to interest rate risk primarily through GIC's and fixed income investments which bear interest at fixed rates.

(c) Currency risk:

The Foundation is exposed to currency risk as a result of exchange rate fluctuations and the volatility of these rates. The Foundation receives donations in US dollars. The Foundation does not currently enter into forward contracts to mitigate this risk. It is management's opinion that the Foundation is not subject to significant credit risk, liquidity risk, or other risks or concentrations of risk arising from its financial instruments.

There has been no change to the risk exposures outlined above from the prior year.

11. Related Party:

GiveWise Foundation and FlightPath are related parties due to management of both Entities having significant influence in both companies.

In 2023, the Foundation incurred software development fees of \$183,980 and management services of \$307,500 from FlightPath Management Inc. These amounts were included in Administrative and operating costs.