

Year End Report for Canada Gives

Presented by

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AUDITED STATEMENT OF FINANCIAL POSITION

Canada Gives Statement of Financial Position

December 31	Unrestricted General fund	Restricted Funds	2021	2020
Assets				
Current				
Unrestricted cash and investments (notes 2 and 7)	\$ 432,998	\$ -	\$ 432,998	\$ 230,546
Accounts receivable	71,044	-	71,044	59,918
Due from restricted fund	534,790	-	534,790	215,869
Restricted cash and investments (note 3)	-	250,672,681	250,672,681	118,659,210
Prepaid expenses	161,344	-	161,344	576,997
Deposit	9,968	-	9,968	700
	1,210,144	250,672,681	251,882,825	119,743,240
Capital assets (note 4)	39,005	-	39,005	15,781
	\$ 1,249,149	\$ 250,672,681	\$ 251,921,830	\$ 119,759,021
Liabilities and Net Assets				
Current liabilities				
Accounts payable and accrued liabilities (Notes 5 and 6)	\$ 171,406	\$ -	\$ 171,406	\$ 190,272
Due to general fund	-	534,790	534,790	215,869
	171,406	534,790	706,196	406,141
Long-term liabilities				
Executive severance liability (note 5)	713,860	-	713,860	696,449
	885,266	534,790	1,420,056	1,102,590
Net assets				
Unrestricted general fund	363,883	-	363,883	(363,907)
Restricted global projects funds	-	99,953	99,953	176,607
Restricted donor advised funds	-	250,037,938	250,037,938	118,843,731
	363,883	250,137,891	250,501,774	118,656,431
	\$ 1,249,149	\$ 250,672,681	\$ 251,921,830	\$ 119,759,021

The information contained in this report has been summarized from the financial statements of Canada Gives and has not been subject to verification. It is intended for discussion purposes only.

AUDITED STATEMENT OF NET ASSETS

Canada Gives Statement of Changes in Net Assets

For the year ended December 31	Unrestricted General Fund	Restricted Global Projects Funds	Restricted Donor Advised Funds	2021 Total	2020 Total
Net assets (deficiency), beginning of year	\$ (363,907)	\$ 176,607	\$118,843,731	\$118,656,431	\$ 96,004,779
Excess of revenues over expenses for the year	727,790	(276,654)	131,394,207	131,845,343	22,651,652
Global projects	-	200,000	(200,000)	-	-
Net assets (deficiency), end of year	\$ 363,883	\$ 99,953	\$250,037,938	\$250,501,774	\$118,656,431

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AUDITED STATEMENT OF OPERATIONS

Canada Gives Statement of Operations

For the year ended December 31	Unrestricted General Fund	Restricted Global Projects Funds	Restricted Donor Advised Funds	2021 Total	2020 Total
Revenues					
Receipted donations	\$ -	\$ 5,000	\$ 153,392,400	\$ 153,397,400	\$ 37,632,532
Gifts from other registered charities	100	-	607,111	607,211	416,926
Donation of insurance premiums (Note 8)	-	-	-	-	2,386,000
Recovery of administrative costs from donor advised funds	1,428,127	-	173,045	1,601,172	931,638
Investment income including realized and unrealized gains	98,069	-	932,610	1,030,679	5,814,672
Foreign exchange gains (losses)	22,162	(1,664)	(1,271)	19,227	(13,437)
Other income	71,305	-	410	71,715	46,058
Total revenues	1,619,763	3,336	155,104,305	156,727,404	47,214,389
Expenditures					
Amortization	16,123	-	-	16,123	30,618
DAF account administration	-	15,046	1,586,126	1,601,172	931,606
Executive severance and other compensation (note 5)	17,411	-	-	17,411	16,987
Foreign charitable activities	-	264,944	-	264,944	90,640
General administration	41,203	-	7,577	48,780	73,153
Information technology (Note 6)	175,354	-	2,313	177,667	295,116
Insurance premiums (Note 8)	-	-	586,467	586,467	2,417,537
Investment management fees	-	-	797,970	797,970	580,138
Marketing and sales	69,311	-	364	69,675	39,790
Occupancy (Note 6)	58,865	-	63,166	122,031	61,179
Professional fees	51,774	-	598	52,372	91,865
Salaries	459,649	-	-	459,649	334,428
Travel and entertainment	2,148	-	-	2,148	8,828
Total expenditures	891,838	279,990	3,044,581	4,216,409	4,971,885
Excess of revenues over expenditures before charitable grants	727,925	276,654)	52,059,724	52,510,995	42,242,504
Charitable grants (schedule)	(135)	-	(20,665,517)	(20,665,652)	(19,590,852)
Excess of revenues over expenditures for the year	\$ 727,790	\$ (276,654)	\$ 131,394,207	\$ 131,845,343	\$ 22,651,652

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AUDITED FINANCIAL STATEMENT NOTE HIGHLIGHTS

Canada Gives Notes to the Financial Statements

For the year ended December 31, 2021

5. Compensation Payable

Pursuant to an agreement dated July 15, 2013, the Foundation is obligated to pay the Executive Director no less than \$750,000 at termination, retirement or completion of her employment contract which, unless extended, ends on December 31, 2023. In addition, effective January 1, 2013, if the Executive Director's contractual compensation is unable to be paid in full on a current basis, the unpaid amount is to be added to the aforementioned compensation obligation. This long-term liability is reflected in these statements at the net present value using current applicable rates for Government of Canada bonds with comparable expected maturities.

Details of compensation payable are as follows:

	2021	2020
Severance payable	\$ 750,000	\$ 750,000
Discount on compensation obligation	(36,140)	(53,551)
	<u>\$ 713,860</u>	<u>\$ 696,449</u>

As at December 31, 2021 unpaid compensation of \$36,879 (2020 - \$NIL) was included in accounts payable and accrued liabilities. This amount represents compensation per contract that remains unpaid.

6. Related Party Transactions

During the year, the Foundation paid rent totaling \$20,340 (2020 - \$20,340) to a company owned by the Chief Executive Officer. Repairs and maintenance expenses totaling \$7,917 (2020 - \$14,315) relating to the office rented above were incurred by the Foundation.

During the year, the Foundation was billed \$161,706 (2020 - \$290,224) by a company owned by the Chief Executive Officer for licensing fees relating to software used by the Foundation. As at December 31, 2021 there is a balance of \$NIL (2020 - \$159,813) owing to the related company with respect to these invoices.

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.

AUDITED FINANCIAL STATEMENT NOTE HIGHLIGHTS

Canada Gives Notes to the Financial Statements

For the year ended December 31, 2021

8. Life Insurance Policies

In 2017, Canada Gives entered into Co-Ownership and Nominee Agreements for 14 separate life insurance policies held at 3 different insurance institutions. The donor has agreed to donate Canada Gives' portion of the annual premiums. During the year Canada Gives was notified that the donor will no longer be covering the annual premiums. Total premium payments for the year were \$NIL (2020 - \$2,386,000).

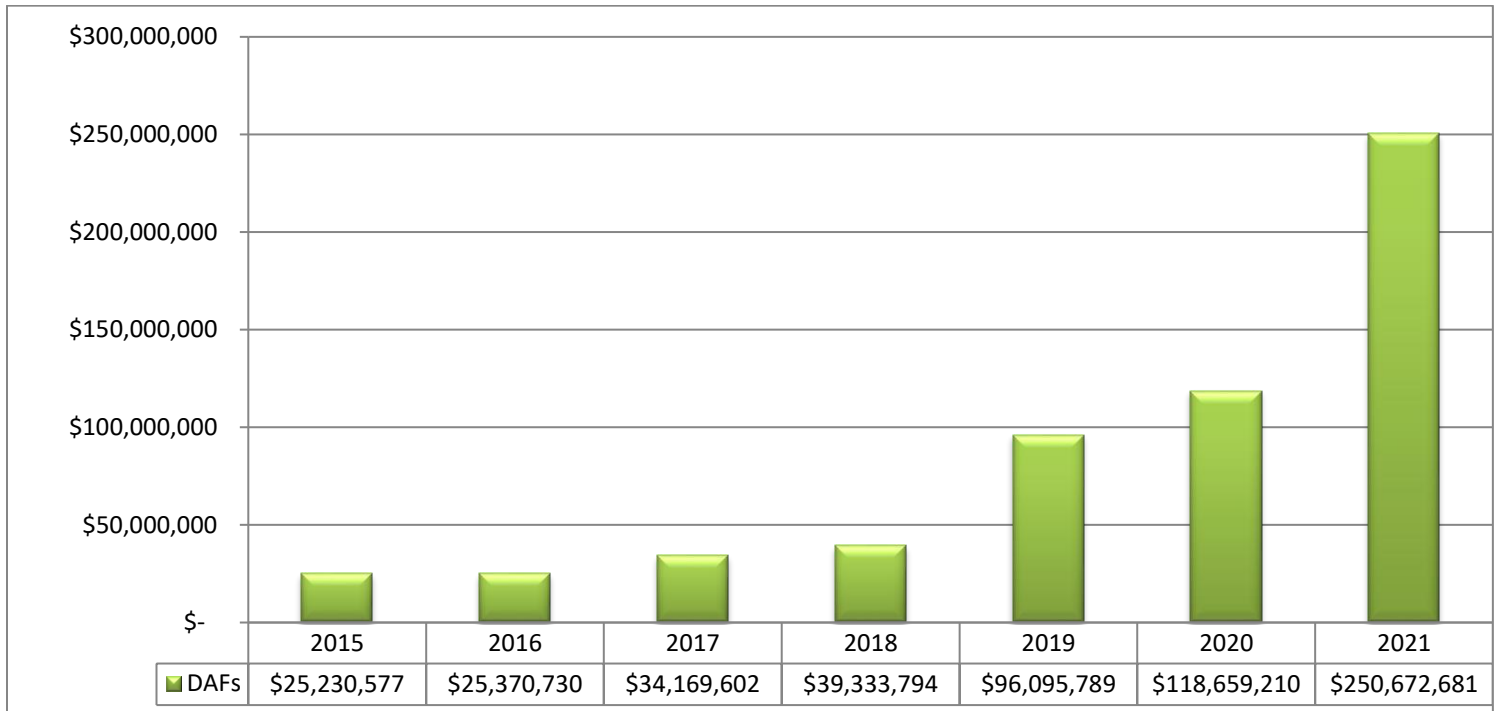
According to the Co-Ownership and Nominee Agreement the Charity can provide notice to the other co-owner and the nominee corporation that it will not pay any additional premiums in connection with the life insurance policy (the "Policy"). In such circumstances, the Charity will become the owner of a fully paid up interest in the Policy with a death benefit equal to the amount for the particular year, with no further requirement to pay any premiums.

As of December 31, 2021, Canada Gives' death benefit entitlement on these insurance policies was \$63,327,749 (2020 - \$63,327,749).

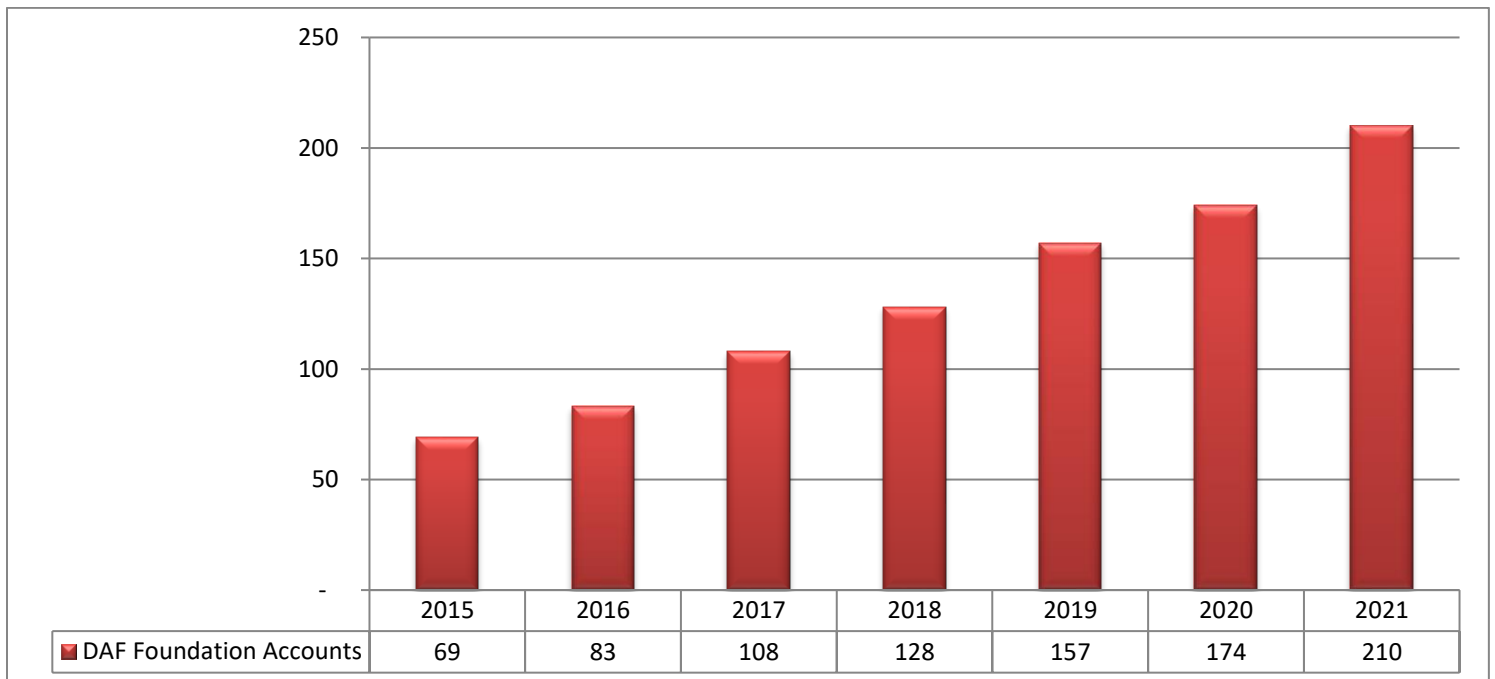
Premiums of \$576,997 included in prepaid expenses in 2020 were expensed during the year.

In 2020, the foundation received a donation of a life insurance policy valued at \$223,800. A premium payment of \$10,429 (2020 - \$25,000) was paid during the year from the assets in the DAF account.

DONOR ADVISED FUNDS (DAFs) - FOUNDATION ACCOUNTS

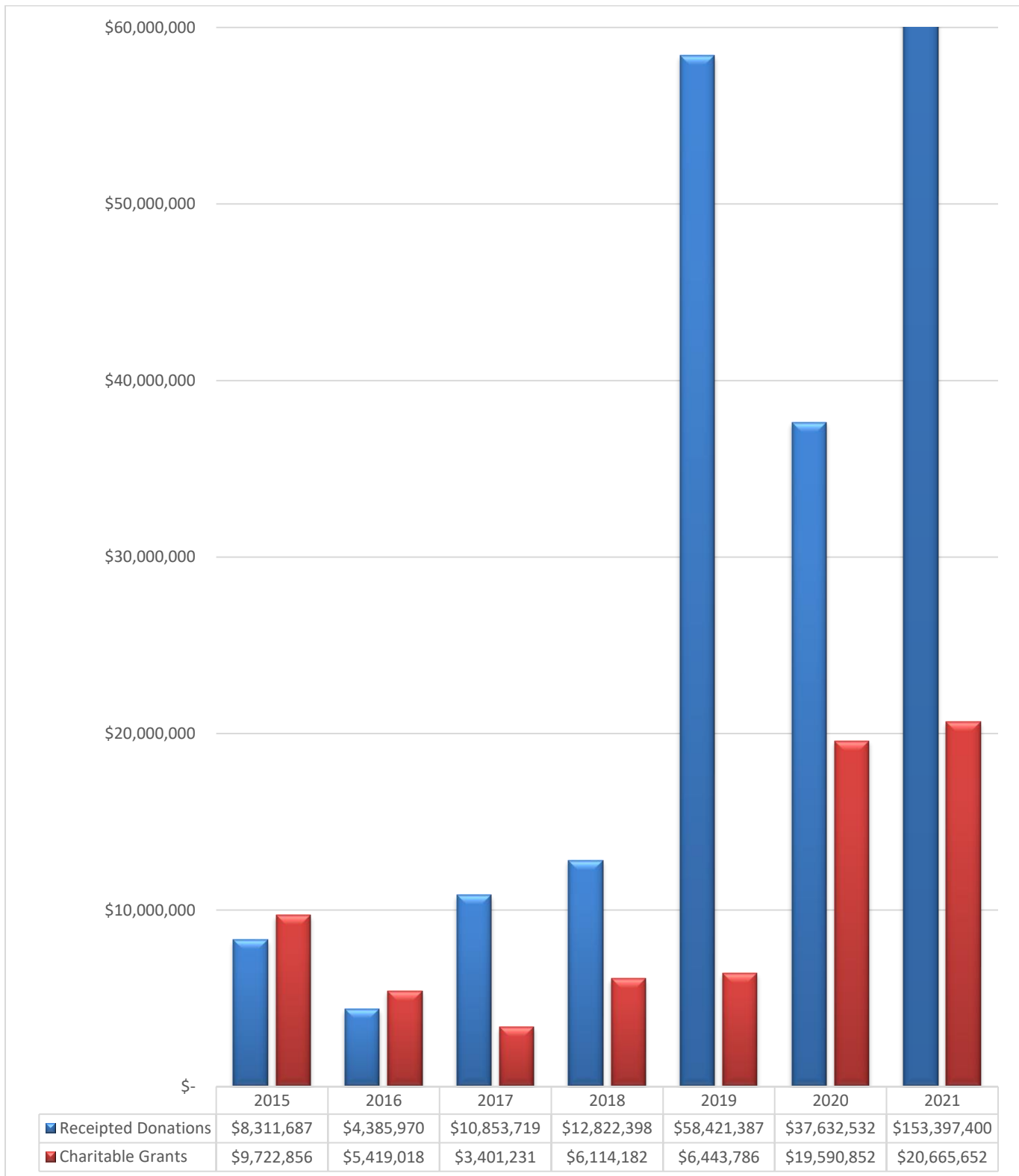


OF DONOR ADVISED ACCOUNTS



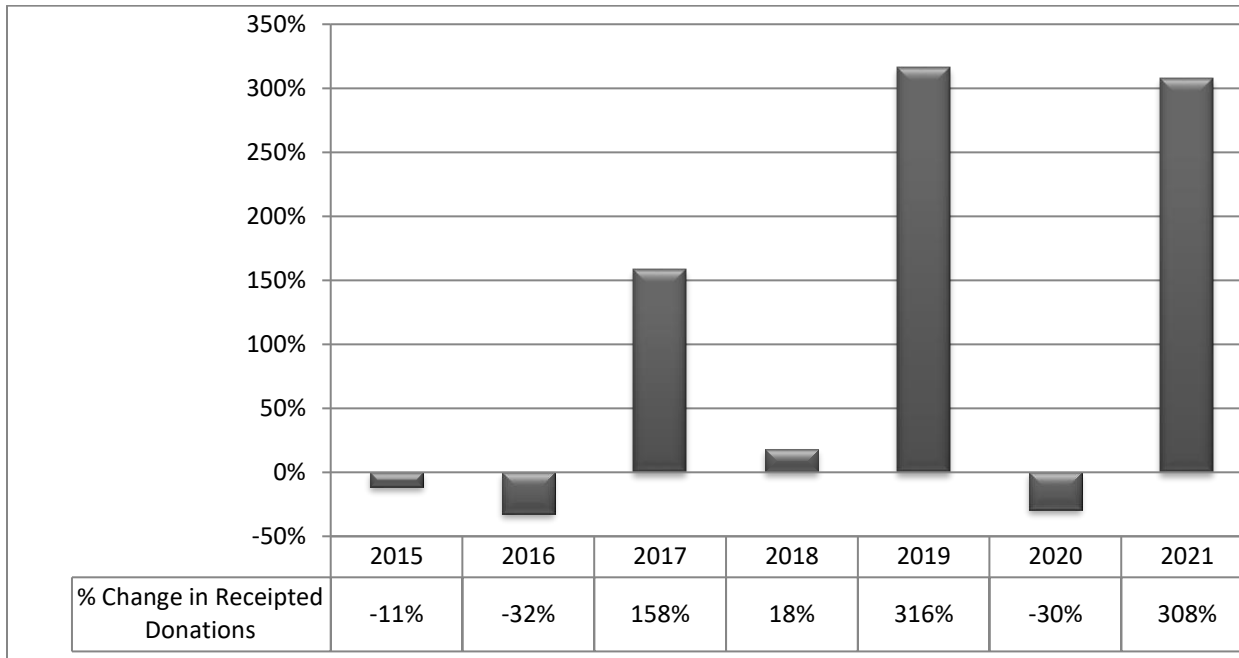
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RECEIPTED DONATIONS VS CHARITABLE GRANTS

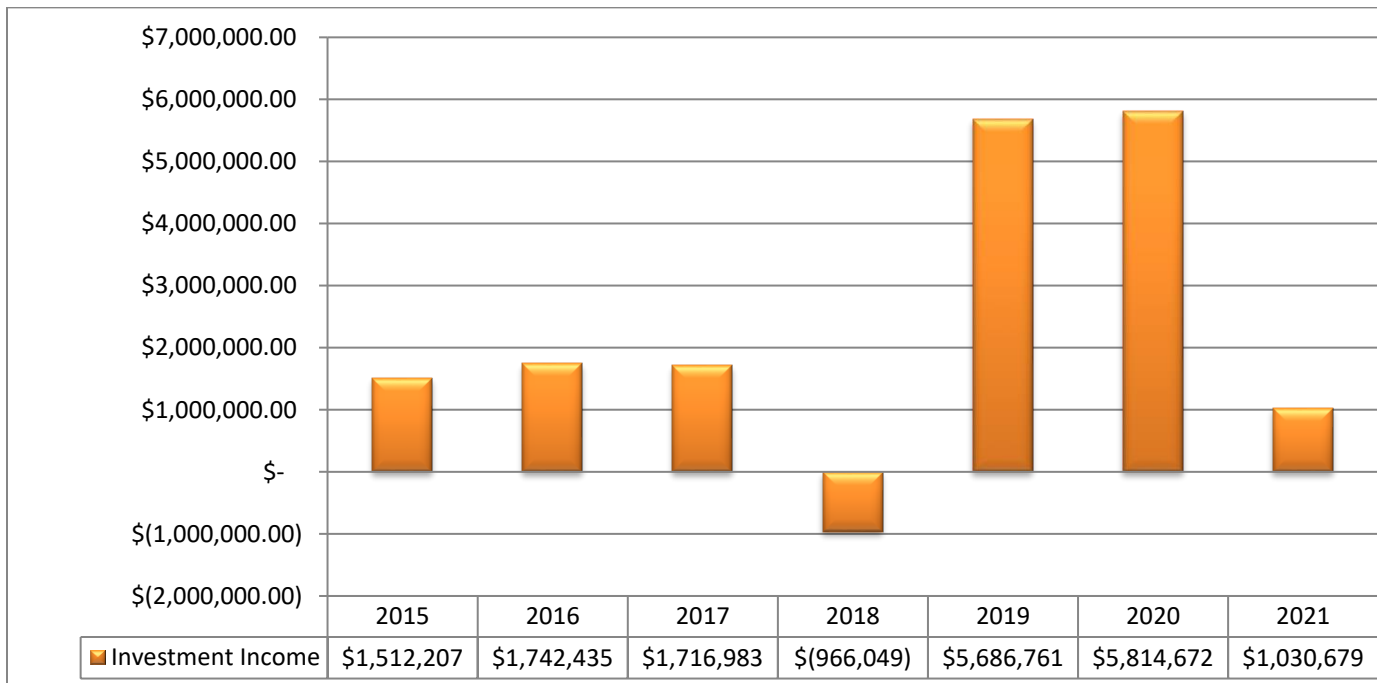


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% (DECREASE) INCREASE IN RECEIPTED DONATIONS

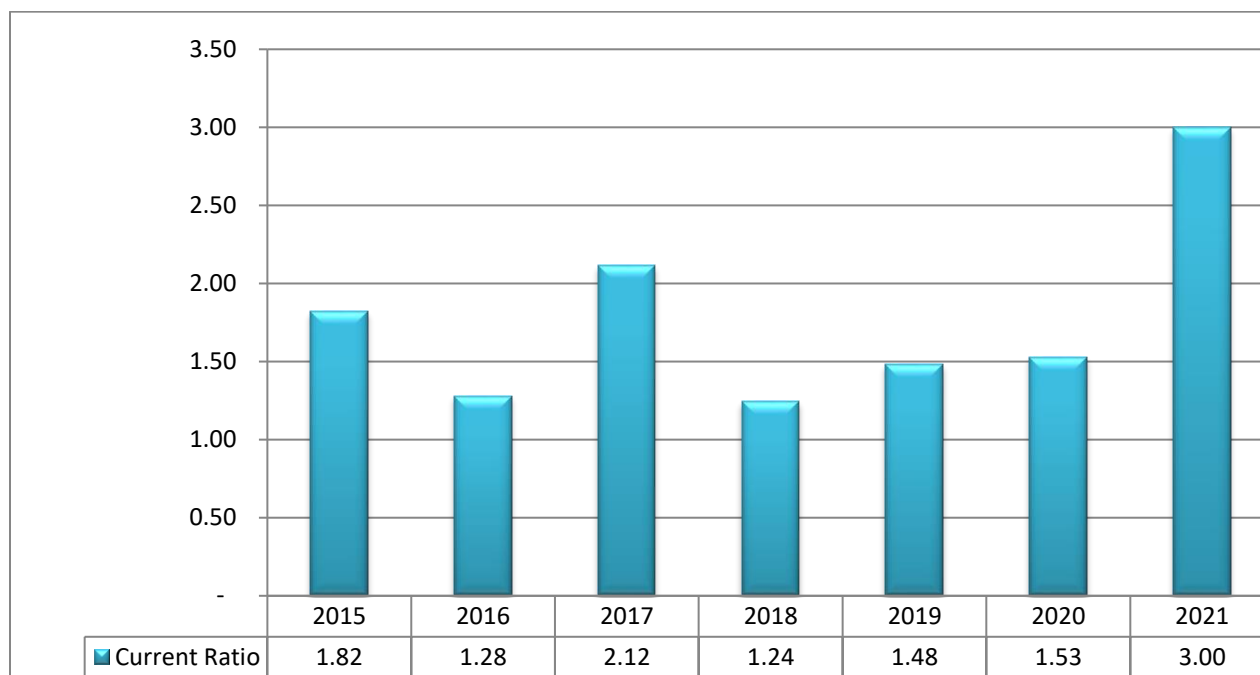


TOTAL INVESTMENT INCOME

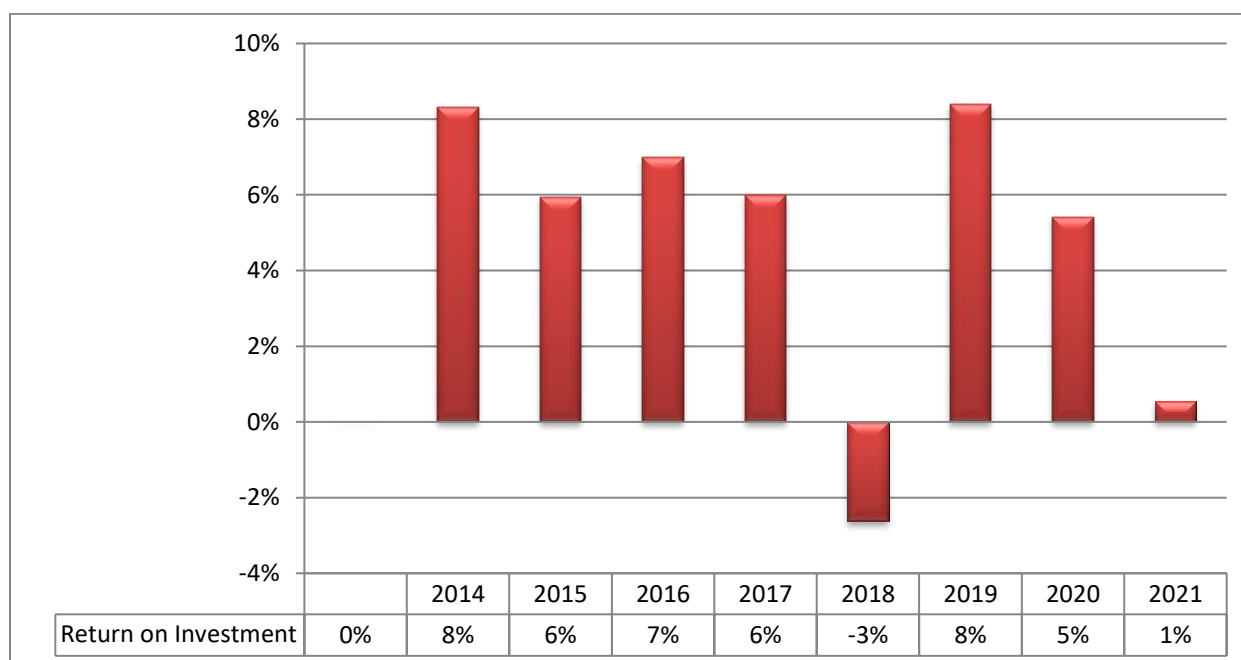


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CURRENT RATIO



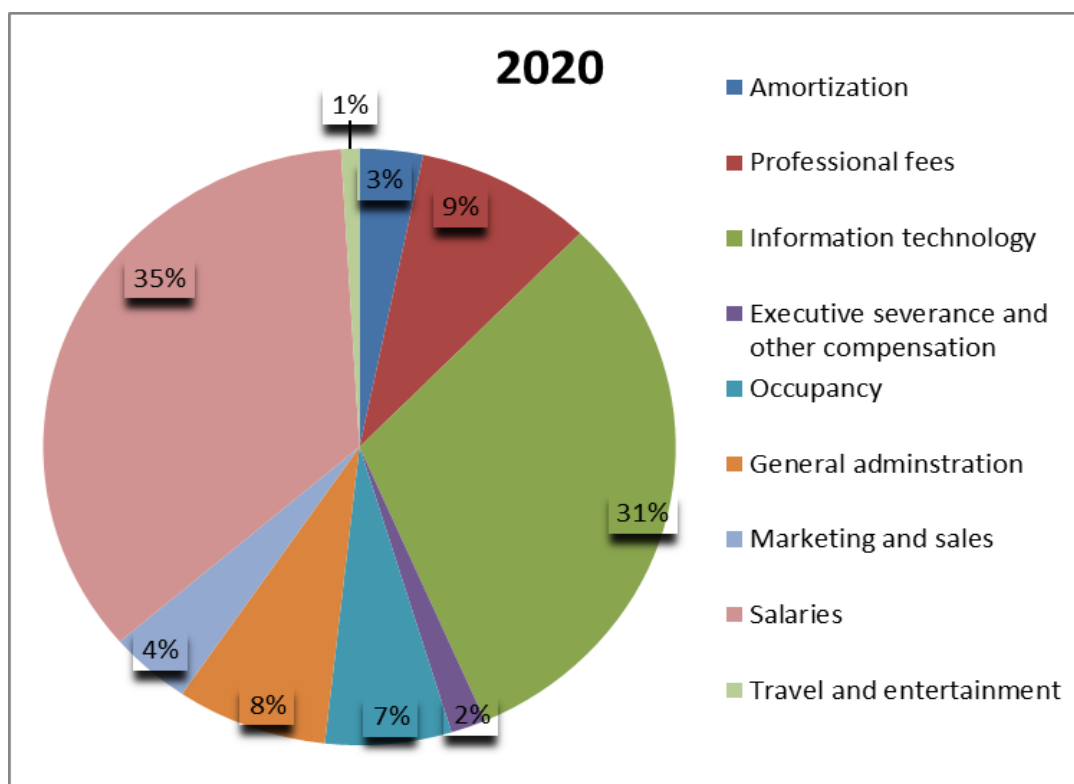
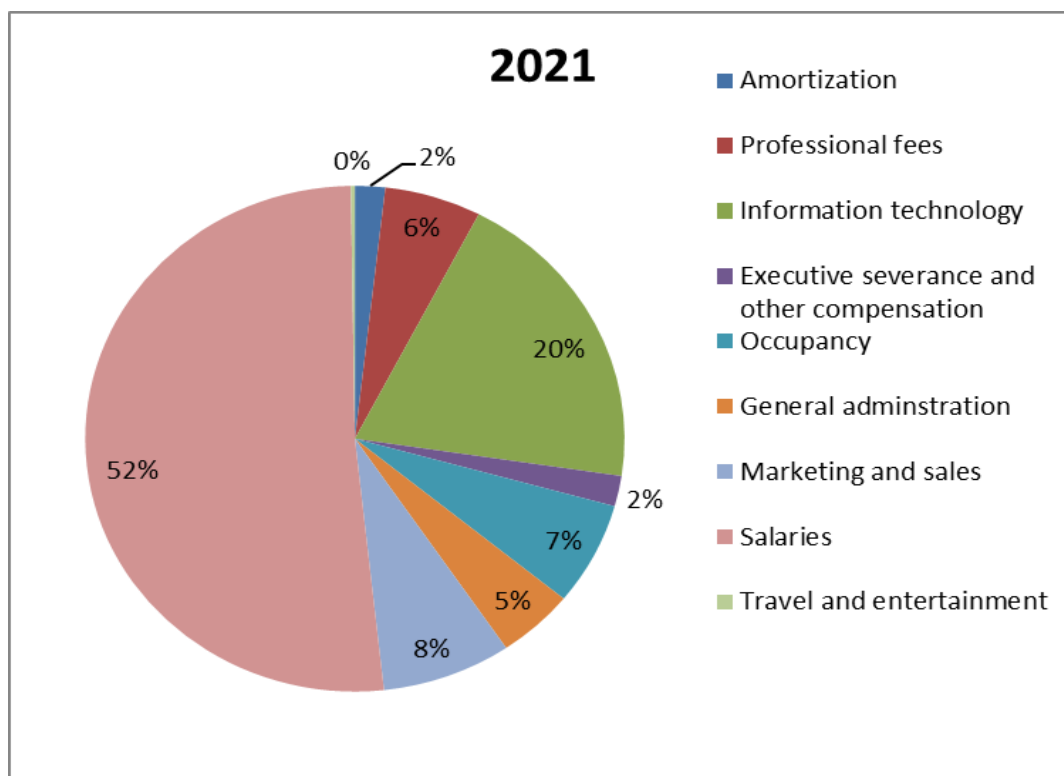
RETURN ON INVESTMENTS



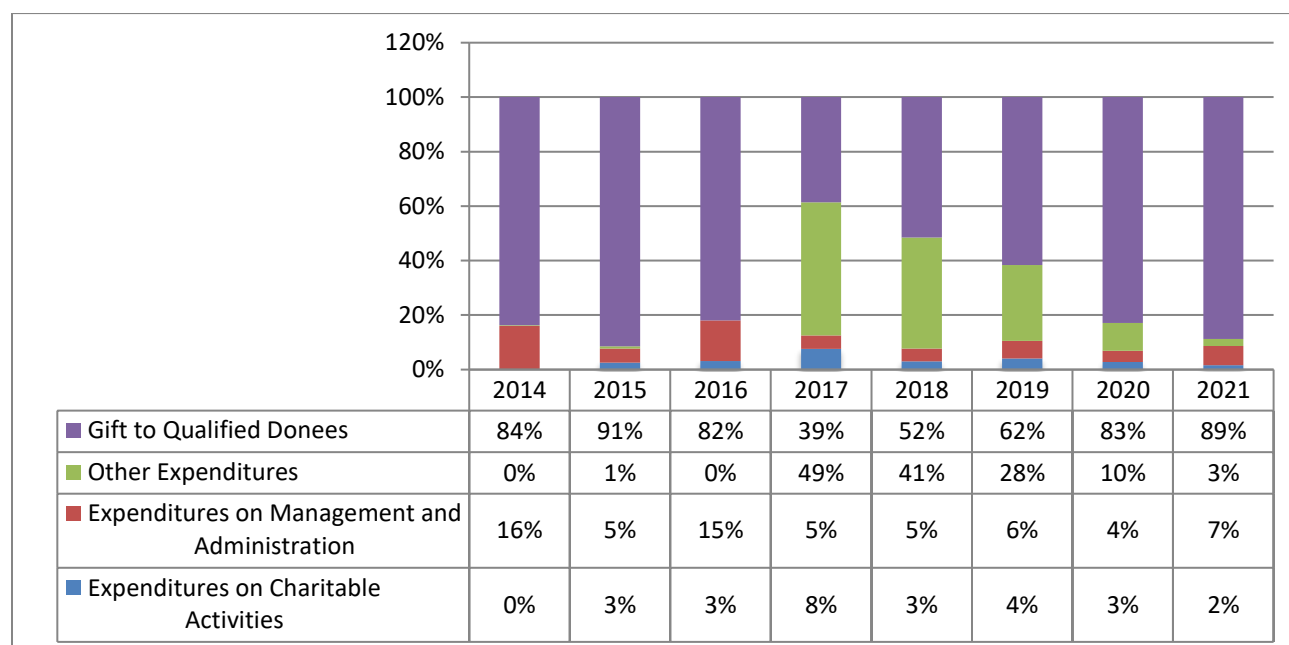
FIVE YEAR UNRESTRICTED OPERATING EXPENSE SUMMARY

Unrestricted Expenses	2021	2020	2019	2018	2017	2016
Operating Expenses:						
Amortization	16,123	30,618	25,278	32,419	33,060	25,221
Professional fees	51,774	85,555	116,277	55,151	55,215	46,075
Information technology	175,354	295,116	43,022	72,350	25,629	7,300
Executive severance and other compensation	17,411	16,987	16,851	25,459	17,903	14,361
Occupancy	58,865	61,006	76,030	66,624	54,445	56,695
General administration	41,203	73,141	58,895	47,051	30,026	56,132
Marketing and sales	69,311	39,790	11,912	23,739	8,163	5,559
Salaries	459,649	334,428	328,946	212,301	198,382	206,560
Travel and entertainment	2,148	8,828	34,622	18,127	18,595	14,355
Total	891,838	945,469	711,833	553,221	441,418	432,258

OPERATING EXPENSE DISTRIBUTION



EXPENSE BREAKDOWN PERCENTAGE (TAX RETURN)



RESTRICTED FUNDS EXPENSE SUMMARY

Restricted Expenses	2021	2020	2019	2018	2017	2016
Account administration	1,601,172	931,606	649,072	493,967	400,377	307,608
Foreign charitable activities	264,944	90,640	117,926	60,735	378,583	206,672
Information technology	2,313			-	-	9,500
Investment management fees	797,970	580,138	320,911	303,733	287,812	252,980
Insurance premiums	586,467	2,417,537	2,910,154	4,825,884	4,296,411	-
General administration	7,577	12	18	80	266	-
Professional Fees	598	6,310	3,500	2,100	-	-
Marketing and sales	364					
Occupancy	63,166	173				
Total	3,324,571	4,026,416	4,001,581	5,686,499	5,363,449	776,760

Audit Committee Best Practice Recommendations

- **Financial Reporting**
 - The Committee should receive monthly internal financial statements and ensure that the financial statements clearly reflect the true performance of the Organization.
 - The Committee should review audit adjustments made and those waived because of immateriality.
 - The Committee should review and approve the draft audited financial statements.
 - Is there a financial expert on the Committee? The financial expert would have the following 5 attributes:
 - Understanding of the financial statements and accounting principles used to prepare the issuer's financial statements;
 - Ability to assess the application of such accounting policies;
 - Experience preparing, auditing, analyzing or evaluating financial statements, or experience supervising individuals engaged in preparing, auditing, analyzing or evaluating financial statements;
 - An understanding of internal controls and procedures for financial reporting;
 - An understanding of audit committee functions
- **Risks and Controls**
 - The Committee should create the right tone at the top to foster growth of suitable controls.
 - The Committee should have a sufficient understanding of the risks at the Organization.
 - The Committee should analyze the internal control system to ensure that the risks are adequately mitigated.
- **Audit Function**
 - The Committee should ensure that the external auditor selected has sufficient knowledge of and experience in the Organization's industry.
 - The Committee should review the audit fee and ensure that it is in line with the scope of the audit.
 - The Committee should confirm and discuss the auditor's independence.
 - The Committee should keep an open line of communication with the external auditors, including such items as:
 - The auditor's responsibility under Canadian Auditing Standards.
 - The quality of the accounting principles followed by the company.
 - Disagreements with management.
 - Difficulties in performing the audit.
 - Major issues management discussed with the auditors before their retention.
 -
- **Other Items To Consider:**
 - Is the Committee independent from the Organization?
 - Is the Committee sufficiently financially literate?
 - Are there clear position descriptions for directors?
 - Is there orientation and continuing education for all directors in place?
 - Is there a written code of business conduct and ethics?
 - Is there a nominating committee?

Summary of Audit Process

- **Overall Approach**

- Attain an understanding of processes and controls within the organization by performing system descriptions and walkthroughs.
- Attain an understanding of internal IT and software, through discussions with management, review software and our systems descriptions.
- Identify specific areas of the financial information which contain risk, and significant judgment.
- From these initial stages, we determine what procedures to be performed on the specific areas of the financial statements.

Financial Statement Area	Procedures
Cash	<ul style="list-style-type: none"> - Confirmation of cash balances - Testing of bank reconciliations
Restricted cash and investments	<ul style="list-style-type: none"> - Obtain a sample of investment account statements directly from investment brokers - Agree investment statements to reconciliations performed by Canada Gives staff - For private company investments, obtain an independent valuation of the shares and confirm any changes in ownership of the shares throughout the year
Capital Assets	<ul style="list-style-type: none"> - Test a sample of additions - Recalculate amortization expense
Accounts Payable	<ul style="list-style-type: none"> - Perform cut-off testing - Analyze accruals for completeness - Determine reasonableness of HST remittances
Compensation Payable	<ul style="list-style-type: none"> - Evaluate assumptions and recalculate current year amortization
Related party balances and transactions	<ul style="list-style-type: none"> - Review minutes, invoices, contracts, and loan agreements for possible related parties
Commitments and contingencies	<ul style="list-style-type: none"> - Review legal invoices for potential contingent liabilities - Review lease agreements and other contracts future commitments
Donation Revenues	<ul style="list-style-type: none"> - Vouch a sample donations to supporting documentation - Review minutes and discuss with management for existence of non-receipted donations

Financial Statement Area	Procedures
Change in FV of Instruments and Investment Income	<ul style="list-style-type: none"> - Agree change in fair value to investment statements provided - Re-perform translation of foreign currency balances - Determine reasonableness of gains and losses
Payroll	<ul style="list-style-type: none"> - Obtain employee contracts and compare to amounts recognized in the general ledger - Test source deductions
Purchases	<ul style="list-style-type: none"> - Perform variance analysis comparing balances year over year - Obtain a sample of contracts/invoices and compare to the amounts in the general ledger
Charitable Grants	<ul style="list-style-type: none"> - Compare amounts recognized as expenses to supporting documentation such as donation receipts from third parties.
Financial Statement Preparation	<ul style="list-style-type: none"> - Test a sample of non-routine journal entries - Complete a financial statement disclosure checklist to ensure completeness of the financial statement note disclosures - Perform variance analysis at the financial statement level comparing the current year to prior year