



Independent Auditor's Report

To the Directors of
WCPD Foundation

Opinion

We have audited the financial statements of WCPD Foundation (the "Foundation"), which comprise the statement of financial position as at December 31, 2022, and the statements of revenue and expenses and 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 (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2022, 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 ("Canadian GAAS"). 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 audit opinion.

Responsibilities of Management and Those Charged with Governance of 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 GAAS 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 GAAS, 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.

[REDACTED]

Chartered Professional Accountants
Licensed Public Accountants

[REDACTED]

WCPD Foundation
Statement of financial position
As at December 31, 2022

	Notes	2022 \$	2021 \$
Assets			
Cash		7,415,363	12,061,836
Receivables		1,829,268	1,240,665
Harmonized Sales Tax recoverable		204,368	985,127
██████████ Units	4	63,922,591	—
Investments	4	3,129,367	2,163,571
Restricted investments	4	333,845	391,739
		<u>76,834,802</u>	<u>16,842,938</u>
Liabilities			
Accrued liabilities		22,470	16,905
Due to ██████████	3	439,824	198,709
Deferred contributions related to ██████████ Units	4	63,922,591	—
Deferred contributions due to charities	5	11,422,847	15,581,314
		<u>75,807,732</u>	<u>15,796,928</u>
Net assets			
Unrestricted		<u>1,027,070</u>	<u>1,046,010</u>
		<u>76,834,802</u>	<u>16,842,938</u>

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

On behalf of the Board

██████████, Director
██████████, Director

WCPD Foundation**Statement of revenue and expenses and changes in net assets**

Year ended December 31, 2022

	Notes	2022 \$	2021 \$
Revenue			
Contributions from donors		25,934,910	48,858,003
Recognition of contributions related to [REDACTED]		—	339,764
Investment income		156,754	61,586
Life insurance premiums from a donor		5,596	5,596
Change in market value of unrestricted investments		(34,204)	(458,051)
		<u>26,063,056</u>	<u>48,806,898</u>
Expenses			
Disbursements to donors' charities	5	21,092,913	37,582,674
Disbursements to other charities		111,847	—
Broker fees	5	4,841,997	11,275,329
Life insurance premiums		5,596	5,596
Professional fees		28,534	22,648
Bank charges		1,109	1,359
		<u>26,081,996</u>	<u>48,887,606</u>
Deficiency of revenue over expenses		(18,940)	(80,708)
Net assets, beginning of year		1,046,010	1,126,718
Net assets, end of year		<u>1,027,070</u>	<u>1,046,010</u>

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

WCPD Foundation
Statement of cash flows
Year ended December 31, 2022

	2022	2021
	\$	\$
Operating activities		
Deficiency of revenue over expenses	(18,940)	(80,708)
Change in deferred contributions due to charities	(4,158,467)	5,987,075
	(4,177,407)	5,906,367
Changes in non-cash operating working capital items		
Receivables	(588,603)	(1,240,665)
Harmonized Sales Tax recoverable	780,759	(149,545)
Accrued liabilities	5,565	4,905
	(3,979,686)	4,521,062
Investing activities		
Decrease (increase) in investments	(965,796)	446,051
Increase in restricted investments	57,894	(47,527)
	(907,902)	398,524
Financing activity		
Change in due to [REDACTED]	241,115	(175,630)
Net change in cash	(4,646,473)	4,743,956
Cash, beginning of year	12,061,836	7,317,880
Cash, end of year	7,415,363	12,061,836

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

1. Nature, tax status and purpose of the Foundation

The WCPD Foundation (the "Foundation") was incorporated under Part II of the Canada Corporations Act under the name "From Sea to Sea Foundation". On February 17, 2009, under supplemental Letters Patent, the name was changed to WCPD Foundation. The Foundation also received a Certificate of Continuance under the Canada Not-For-Profit Corporation Act, effective July 12, 2013. For taxation purposes, it is a public foundation and a registered charity; as such, the Foundation is exempt from income tax under Section 149.1(f) of the Income Tax Act. The Foundation commenced operations in 2009.

The Foundation's purpose is to provide support to organizations that are registered charities under the Income Tax Act of Canada.

2. Accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The Foundation also applies the standards for private enterprises in Part II of the CPA Canada Handbook to the extent that the Part II addresses topics not addressed in Part III. The financial statements include the following significant accounting policies:

Revenue recognition

The Foundation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Investment revenue earned on contributions is recognized as unrestricted income unless there are restrictions on its use by the donor, in which case it is deferred until the restrictions have been met.

Contributed materials and services

Contributed materials and services are recorded as a revenue and expense, when the fair value can be reasonably estimated and when the materials and services are used in the normal course of the Foundation's operations and would otherwise have been purchased. Services contributed by volunteers are not recorded as their fair values cannot be reasonably determined.

Financial instruments

All financial assets and financial liabilities are initially recognized at fair value and except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

The Foundation subsequently measures all its financial assets and liabilities at amortized cost with the exception of cash, investments and [REDACTED] units, which are measured at fair value. [REDACTED] units are measured at their fair value, as determined by their liquidation value. Transaction costs are expensed as incurred. Investment income on unrestricted investments and changes in the fair value are recorded in the statement of revenue and expenses.

Unless otherwise noted, it is management's opinion that the Foundation is not exposed to any significant credit, liquidity or market risks arising from its financial instruments.

Related party transactions

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

2. Accounting policies (continued)

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standard for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant management estimates include the amount of accrued liabilities and fair value of investments and [REDACTED] units. Actual results could differ from these estimates.

3. Related party transactions

The Foundation is affiliated with [REDACTED] by virtue of a common officer. During the year, broker fees of \$4,841,997 (\$11,275,329 in 2021) were charged by [REDACTED] to the Foundation, of which \$439,824 (\$255,178 in 2021) was payable to [REDACTED] as at December 31, 2022. That balance was offset by a nil (\$56,469 in 2021) receivable for donations made by the Foundation on behalf of [REDACTED] in prior years. Thus, bringing the net amount payable to [REDACTED] to \$439,824 as at December 31, 2022 (\$198,709 in 2021). During the year, [REDACTED] donated \$148,214 to the Foundation (\$247,435 in 2021).

These transactions were in the normal course of business and are measured at the exchange amount. There are no set terms of payment nor is there any interest charged on outstanding balances.

4. [REDACTED] Units and Investments

During the year, the Foundation entered into an agreement with [REDACTED] Corporation [REDACTED] to facilitate donations to charities. [REDACTED] has a tax planning arrangement, whereby clients purchase "units" of [REDACTED] which mature after ten-years, and a portion of the capital is available to be donated to a charity of choice by the investor. During the year, these units were transferred to the Foundation. As of December 31, 2022, they were held as an asset, with a corresponding deferred contribution liability totaling \$63,922,591 (\$nil in 2022). Subsequent to year-end, on February 24, 2023, the units were converted to cash and the Foundation began distributing donations to charities. At December 31, 2022, the units were recorded at their fair value, as determined by their subsequent liquidation value.

Unrestricted and restricted investments held by the Foundation as at December 31 are as follows.

	2022	2021
	\$	\$
Unrestricted investments		
Class A1 and F1 shares of [REDACTED]	3,129,367	2,163,571
Restricted investments		
[REDACTED]	333,845	389,197
Class A common shares of [REDACTED]	—	1,342
[REDACTED]	—	1,200
	333,845	391,739

Restricted investments will be sold upon the donor's advisement. Gains and losses and the proceeds on the sale of the restricted investments are to be deferred and transferred to the donor's advised fund.

5. Deferred contributions due to charities

The Foundation received and disbursed restricted contributions from donors during the year as follows:

	2022 \$	2021 \$
Balance, beginning of year	15,581,314	9,594,239
Amount received during the year	21,834,337	55,125,315
Change in restricted investments	(57,894)	47,526
Amount disbursed to broker net of Harmonised Sales Tax rebate	(4,841,997)	(11,275,329)
Amount disbursed to donors' charities	(21,092,913)	(37,582,674)
Adjustment to opening value of restricted investments	-	12,000
Adjustment related to [REDACTED]	-	(339,764)
Balance, end of year	<u>11,422,847</u>	<u>15,581,314</u>

At December 31, the deferred contributions due to charities is composed of the following:

	2022 \$	2021 \$
Donations held in restricted investments	333,845	391,739
Donations not yet committed to charities	<u>11,089,002</u>	<u>15,189,575</u>
	<u>11,422,847</u>	<u>15,581,314</u>

6. Financial risk management

Fair value

The Foundation's financial instruments consist of cash, investments, receivables, and accounts payable and accrued liabilities. The fair value of these instruments, except for investments, approximates their carrying value due to their short-term nature. Information on the investments is disclosed in Note 4.

Credit, liquidity and market risks

It is management's opinion that the Foundation is not exposed to significant credit, liquidity and market risk on its financial instruments.

7. Capital management

Capital consists of unrestricted net assets. The Foundation's objective when managing capital is to safeguard its ability to continue as a going concern so it can continue to provide support to organizations that are registered charities under the Income Tax Act of Canada. The Foundation is not exposed to any external restrictions on its capital.

There have been no changes in management's strategy for managing capital during the year.