

WE CHARITY

NON-CONSOLIDATED FINANCIAL STATEMENTS

AUGUST 31, 2020

WE CHARITY

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INDEPENDENT AUDITOR'S REPORT

To the Members of WE Charity:

Opinion

We have audited the non-consolidated financial statements of WE Charity (the organization), which comprise the non-consolidated statement of financial position as at August 31, 2020, and the non-consolidated statements of changes in net assets, operations, and cash flows for the year then ended, and notes to the non-consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the non-consolidated financial position of the organization as at August 31, 2020, and the non-consolidated results of its operations and non-consolidated cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

The non-consolidated financial statements of the organization for the year ended August 31, 2019 were audited by another firm of public accountants, who expressed an unqualified opinion on those statements on February 29, 2020.

Emphasis of Matter

Without qualifying our conclusion, we draw attention to Note 18 in the non-consolidated financial statements, which indicates that the organization is winding down its operations in Canada. This condition indicates the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern.

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 Non-consolidated Financial Statements* section of our report. We are independent of the organization in accordance with the ethical requirements that are relevant to our audit of the non-consolidated 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 Non-consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the non-consolidated 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 non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, management is responsible for assessing the organization'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 organization or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the non-consolidated 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 non-consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the non-consolidated 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 organization'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 organization'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 non-consolidated 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 organization 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 non-consolidated 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.

Richmond Hill, Ontario

WE CHARITY
NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT AUGUST 31, 2020

	2020	2019
ASSETS		
Current assets		
Cash	\$ 4,673,863	\$ 1,324,383
Short-term investments (Note 3)	4,919,832	6,907,568
Accounts receivable (Notes 13, 14, 15)	6,304,674	1,723,724
Sales tax rebate receivable	567,585	870,323
Government assistance receivable (Note 17)	1,197,226	-
Prepaid expenses	229,561	1,399,396
Due from related entities (Note 4)	27,924	3,123,000
	17,920,665	15,348,394
Marketable securities (Note 3)	-	2,371,155
Tangible capital assets (Note 5)	40,925,278	43,962,615
Intangible assets (Note 6)	548,498	847,768
Investments in We365 (Note 7)	3	581
	\$59,394,444	\$62,530,513

WE CHARITY

NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT AUGUST 31, 2020

	2020	2019
LIABILITIES		
Current liabilities		
Bank indebtedness (Note 8)	\$ 1,115,000	\$ 2,395,000
Accounts payable and accrued liabilities (Notes 13, 14, 15)	6,451,243	4,072,411
Due to related entities (Note 4)	1,742,902	-
Deferred contributions (Notes 9, 14)	3,778,321	8,528,251
Current portion of bank loans (Note 11)	10,853,241	5,162,835
Current portion of obligations under capital lease (Note 12)	2,033,587	628,419
	25,974,294	20,786,916
Deferred capital contributions (Note 10)	15,946,894	16,611,348
Bank loans (Note 11)	-	6,127,390
Obligations under capital lease (Note 12)	-	827,454
Obligation for investments in WE365 (Note 7)	8,796	88,253
	41,929,984	44,441,361
NET ASSETS		
Unrestricted	4,824,407	2,486,216
Invested in capital assets	12,640,053	15,452,936
Endowment	-	150,000
	17,464,460	18,089,152
	\$59,394,444	\$62,530,513

Approved on behalf of the Board:

DocuSigned by:

Director

WE CHARITY

**NON-CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED AUGUST 31, 2020**

	Unrestricted	Invested in capital assets	Endowment	2020	2019
NET ASSETS, BEGINNING OF YEAR	\$ 2,486,216	\$ 15,452,936	\$ 150,000	\$ 18,089,152	\$ 20,193,849
Excess (deficiency) of revenue over expenditures	3,423,071	(3,897,763)	-	(474,692)	(2,254,697)
Investment in capital assets	(1,084,880)	1,084,880	-	-	-
Endowments adjusted during the year	-	-	(150,000)	(150,000)	150,000
NET ASSETS, END OF YEAR	\$ 4,824,407	\$ 12,640,053	\$ -	\$ 17,464,460	\$ 18,089,152

WE CHARITY
NON-CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED AUGUST 31, 2020

	2020	2019
REVENUE		
Donations and sponsorships <i>(Notes 13, 15)</i>	\$37,517,492	\$46,642,406
Contributions in kind <i>(Note 13)</i>	5,193,519	8,474,862
Government grants	1,745,521	1,580,105
Private grants	15,498,969	9,164,763
Other income	20,030	41,299
	59,975,531	65,903,435
EXPENDITURES		
Program <i>(Schedule 1)</i>	52,551,258	59,364,477
Support <i>(Schedule 2)</i>	3,904,584	5,116,634
Amortization	3,236,388	2,937,426
	59,692,230	67,418,537
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES FROM OPERATIONS	283,301	(1,515,102)
OTHER INCOME AND EXPENDITURES		
Dividend and interest income	215,579	286,926
Loss on foreign exchange	(87,855)	(125,505)
Interest on long-term debts <i>(Notes 11, 12)</i>	(602,248)	(626,817)
Share of earnings from We365 group <i>(Note 7)</i>	78,879	314,726
Realized (loss) gain on marketable securities	(811,338)	476,479
Unrealized gain (loss) on marketable securities	448,990	(1,065,404)
	(757,993)	(739,595)
DEFICIENCY OF REVENUE OVER EXPENDITURES FOR THE YEAR	\$ (474,692)	\$ (2,254,697)

The accompanying notes are an integral part of these financial statements

WE CHARITY
NON-CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED AUGUST 31, 2020

	2020	2019
OPERATING ACTIVITIES		
Deficiency of revenue over expenditures for the year	\$ (474,692)	\$ (2,254,697)
Items not affecting cash		
Amortization	3,236,388	2,937,426
Loss (gain) on disposal of capital assets	1,528,785	(732,626)
Marketable securities received in kind	(720,913)	(641,430)
Realized loss (gain) on marketable securities	811,338	(476,479)
Unrealized (gain) loss on marketable securities	(448,990)	1,065,404
Share of earnings from We365 group	(78,879)	(314,726)
Contributed intangible asset in kind	-	(68,738)
	3,853,037	(485,866)
Changes in non-cash working capital (Note 20)	(7,544,111)	(5,496,611)
Net cash used by operations	(3,691,074)	(5,982,477)
INVESTING ACTIVITIES		
Proceeds from sale of marketable securities	4,717,456	1,795,805
Due from related entities	3,095,076	354,035
Purchase of tangible capital assets	(161,390)	(990,250)
Proceeds on disposal of tangible capital assets	-	2,620,458
Purchase of intangible assets	(1,064,220)	(367,126)
Due to related entities	1,742,902	-
Endowment contribution	(150,000)	150,000
Net cash provided by investing activities	8,179,824	3,562,922
FINANCING ACTIVITIES		
Repayment of bank indebtedness	(1,280,000)	(2,065,000)
(Repayment of) proceeds from bank loans	(436,984)	4,615,536
Proceeds from (repayment of) obligations under capital lease	577,714	(605,039)
Net cash (used by) from financing activities	(1,139,270)	1,945,497
Net increase (decrease) in cash	3,349,480	(474,058)
Cash - beginning of the year	1,324,383	1,798,441
Cash - end of the year	\$ 4,673,863	\$ 1,324,383

1 NATURE OF OPERATIONS

WE Charity (the "organization") is committed to creating a network of children helping children through representation, leadership and action and is dedicated to reducing poverty and exploitation of children around the world.

The organization is incorporated under the provision of Part II of the Canada Corporations Act as a non-profit corporation without share capital. It 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The non-consolidated financial statements are reported in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Revenue recognition

The organization follows the deferral method of accounting for the following sources of revenue:

- Donations and sponsorships consist of cash resources received from corporate partners and the general public. Certain sponsorship arrangements with corporate partners provide both parties with non-exclusive, non-transferable, royalty-free license to use, reproduce and exhibit certain trademarks in accordance with the specifications of the arrangements. Due to the difficulty in determining the value of benefits from the use of such trademarks, the organization has not allocated or recognized any of the sponsorship funds as proceeds from licensing.
- Contributions in kind include goods and services that are used by the organization in the normal course of operations. Contributed materials and services are expensed when received and contributed assets providing future benefits are capitalized at fair value on the date of contribution.
- Grants include funding received from government and other not-for-profit organizations.

Restricted contributions for specific programs are deferred when received and recognized as revenue in the year in which the related expenditures are incurred. Restricted contributions for capital expenditures are deferred when received and recognized as revenue on the same basis as the amortization of the acquired capital asset.

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.

Endowment contributions are recognized as direct increases in net assets. Endowments are subject to externally imposed stipulations that the resources contributed be maintained permanently by the organization. Investment income or losses that are stipulated to be added to the principal amount of endowment are recognized as direct increases to net assets.

Investment and other income that are not otherwise restricted are recognized as revenue when earned.

Contributed assets and services

While the organization also benefits from volunteer services and rent-free use of office space within facilities owned or leased by related entities, due to the difficulty in determining their fair value, the value of such services and arrangements have not been reflected in these non-consolidated financial statements.

Net assets

- Net assets invested in capital assets are comprised of the unamortized amount thereof net of liabilities and deferred capital contributions incurred to acquire the capital assets.
- Unrestricted net assets are comprised of the excess of revenue over expenditures accumulated by the organization, net of transfers, available for use in general operations.
- Endowments represent the amount of contributed resources that the organization is required to maintain permanently by the donor.

Program expenditures

Program expenditures are incurred on international and domestic programs, leadership education and public awareness initiatives. International program expenditures are recognized as expenditures when the funds are disbursed by the organization. All other program expenditures are recognized as expenditures when incurred.

Allocation of expenditures

The organization incurs costs for international and domestic programming, fundraising and administrative activities. The cost of each function includes the cost of personnel and other expenditures directly related to the function. The organization incurs administrative costs common to the administration of the organization and its programs. Accordingly, certain payroll and operating costs are allocated to administration, fundraising and program expenditures based on resources dedicated to each function.

Leases

Leases are classified as either capital or operating leases. At the time the organization enters into a capital lease, an asset is recorded along with its related obligation to reflect the acquisition and financing. Rental payments under operating leases are expensed as incurred.

Short-term investments and marketable securities

Short-term investments and Marketable securities are securities of the government of Canada and the provinces, banks, and other corporations, with maturity of longer than three months when purchased. These highly liquid securities either are short-term, with a fixed interest rate, or are floating-rate securities, with rates dependent upon short-term interest rates.

Tangible capital assets

Tangible capital assets are stated at cost less accumulated amortization and are amortized over their estimated useful lives at the following rates and methods:

Buildings	4%	declining balance method
Computer and equipment	2 Years	straight line method
Furniture and fixtures	20%	declining balance method
Leasehold improvements	5 Years	straight line method
Furniture and fixtures under capital lease	20 %	declining balance method

Intangible Assets

Intangible assets represent the costs of acquiring and customizing computer software. Software are recorded at cost and are amortized on a straight-line basis over their estimated useful lives of two to three years.

Controlled entities

The organization does not consolidate controlled not-for-profit entities. Instead, summaries of the entities' financial information are presented in the organization's non-consolidated financial statements.

The organization accounts for its investments in business entities using the equity method. Accordingly, the investments are recorded at acquisition cost and are increased for the organization's proportionate share of post-acquisition earnings and decreased by post-acquisition losses and distributions received.

Impairment of long-lived assets

The organization tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

Use of estimates

When preparing financial statements according to ASNPO, management is required to make certain estimates and assumptions relating to the:

- Reported amounts of revenue and expenses for the year;
- Reported amounts of assets and liabilities; and
- Disclosure of contingent assets and liabilities at the report date

Assumptions are based on a number of factors, including historical experience, current events and actions that the organization may undertake in future, and other assumptions believed reasonable under the circumstances. These estimates are periodically reviewed and, accordingly, adjustments made to these estimates are taken into income in the year in which it is determined. These estimates are subject to measurement uncertainty, and actual results may therefore differ from those estimates. Estimates are used when accounting for certain items, such as the useful lives of tangible capital assets and intangible assets, allowance for doubtful accounts, accrued liabilities and allocation of expenditures. Any adjustments necessary are reported in the current period operations in which they become known.

WE CHARITY
NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2020

Foreign currency translation

Monetary assets and liabilities are translated at the rate in effect at the balance sheet date. Non-monetary assets and liabilities are translated using historical rates. Revenue and expenditures are translated at the monthly average rates throughout the year. Realized and unrealized gains and losses are included in operations for the year in which they occur.

Financial instruments

Measurement

The organization initially measures its financial assets and liabilities at fair value and subsequently measures all its financial assets and financial liabilities at amortized cost, except for marketable securities that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in operations.

Financial assets measured at amortized cost include cash, accounts receivable and due from related entities.

Financial liabilities measured at amortized cost include bank indebtedness, accounts payable and accrued liabilities, due to related entities, bank loans and obligations under capital lease.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of such. The amount of write-down is recognized in operations. A previously recognized impairment loss may be reversed to the extent of a recovery in value, directly or by adjusting the allowance account. The amount of reversal is recognized in operations.

3 SHORT-TERM INVESTMENTS AND MARKETABLE SECURITIES

	2020	2019
Short-term investments	\$ 4,919,832	\$ 6,907,568
Fixed income investments	-	2,371,155
Total	\$ 4,919,832	\$ 9,278,723

All the short-term investments and marketable securities were sold in September and October 2020.

WE CHARITY
NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2020

4 DUE FROM (TO) RELATED ENTITIES

	2020	2019
Imagine 1 Day International Organization	\$ (1,742,902)	\$ 3,093,000
We365 Holdings Inc.	27,924	30,000
	\$ (1,714,978)	\$ 3,123,000

Amounts due from or due to related entities are unsecured, non-interest bearing and have no fixed terms of repayment. The organization has \$1,742,902 due to Imagine 1 Day International Organization as of August 31, 2020 and this amount was fully paid in September 2020.

5 TANGIBLE CAPITAL ASSETS

	2020		2019	
	Cost	Accumulated Amortization	Net	Net
Land	\$ 6,588,542	\$ -	\$ 6,588,542	\$ 6,588,542
Buildings	35,725,807	4,104,621	31,621,186	32,840,215
Computer and equipment	958,101	926,027	32,074	71,310
Furniture and fixtures	2,894,228	1,458,752	1,435,476	1,796,394
Leasehold improvement	-	-	-	1,106,154
	\$ 46,166,678	\$ 6,489,400	\$ 39,677,278	\$ 42,402,615
Furniture and fixtures under capital lease	2,500,000	1,252,000	1,248,000	1,560,000
	\$ 48,666,678	\$ 7,741,400	\$ 40,925,278	\$ 43,962,615

Total amortization expenses of tangible capital assets in the year are \$2,393,967 (2019 - \$2,700,531). It includes \$312,000 amortization expenses related to furniture and fixtures under capital lease (2019 - \$390,000).

WE CHARITY
NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2020

6 INTANGIBLE ASSETS

	2020	2019
Application software, at cost	\$ 1,614,572	\$ 1,184,478
Accumulated amortization	(1,066,074)	(336,710)
	\$ 548,498	\$ 847,768

Total amortization expenses of intangible assets in the year are \$842,421 (2019 - \$236,895).

7 WE365

On August 8, 2014, the organization and We365 Holdings Inc. ("Holdings") each acquired a 49.995% interest in We365 LP ("LP") and a 50% interest in We365 GP Inc. ("GP"), two profit-oriented entities, collectively "We365". Effective January 1, 2016, the organization acquired Holdings' 49.995% interest in LP and 50% interest in GP. Effective January 1, 2018, the organization acquired a 100% interest in Holdings.

We365 LP

LP was formed for the purpose of developing, implementing and operating the WE Day mobile application and corresponding website that focus on engaging youth and educators to take part in a social network designed to create positive social benefits through participating in challenges and educational initiatives. The WE Day application will also allow users to track volunteer hours, promote social activism, connect with others passionate about the same causes and receive recognition for doing social good.

The organization's investment in LP is as follows:

	2020	2019
Balance - beginning of year	\$ 545	\$ (340,078)
Share of (loss) income	(578)	340,623
Balance - end of year	\$ (33)	\$ 545

We365 GP Inc.

GP is the general partner of LP and is responsible for managing the partnership on a day-to-day basis on behalf of the organization.

WE CHARITY
NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2020

The organization's investment in GP is as follows:

	2020	2019
Balance - beginning of year	\$ 36	\$ 2
Share of earnings	-	34
Balance - end of year	\$ 36	\$ 36

There has been no activity in GP for the years ended August 31, 2020 or 2019.

We365 Holdings Inc.

Holdings provides the organization with support for its domestic programming.

The organization's investment in Holdings is as follows:

	2020	2019
Balance - beginning of year	\$ (88,253)	\$ (62,322)
Share of income (losses)	79,457	(25,931)
Balance - end of year	\$ (8,796)	\$ (88,253)

A summary of Holdings' financial information as at August 31, 2020 and for the year ended is as follows:

	2020	2019
Financial position		
Assets (note a)	\$ 24,176	\$ 378,853
Liabilities	32,972	467,106
Deficit	\$ (8,796)	\$ (88,253)
Results of operations		
Revenue (note a)	\$ 1,391,749	\$ 1,668,079
Expenses	1,312,292	1,694,010
Net income (loss)	\$ 79,457	\$ (25,931)
Cash flows		
Operating	\$ (58,892)	\$ 3,611
Investing	-	-
Financing	-	-
(Decrease) increase in cash	\$ (58,892)	\$ 3,611

WE CHARITY
NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2020

a) During the year, Holdings charged the organization programming support costs of \$1,224,236 (2019 - \$1,413,392), of which \$ Nil (2019 - \$328,705) remains outstanding at year end in the organization's accounts payable and accrued liabilities. In addition, a loan in the amount of \$27,924 (Note 4) is due from Holdings at year end.

8 BANK INDEBTEDNESS

	2020	2019
Revolving demand facility with available credit of \$ 1,115,000 \$3,000,000 bearing interest at bank prime plus 0.75% per annum	\$ 1,115,000	\$ 2,395,000

The demand facilities are secured by assets outlined in Note 11. Per the agreement signed with the bank dated Oct 22, 2020, the bank indebtedness should be repaid by March 31, 2021.

Interest paid on the demand facilities for the year amounted to \$72,231 (2019 - \$245,962) and has been included as a component of interest on long-term debt in the non-consolidated statement of operations.

9 DEFERRED CONTRIBUTIONS

	2020	2019
Balance - beginning of year	\$ 8,528,251	\$ 13,539,387
Restricted contributions received	47,801,328	53,367,034
	56,329,579	66,906,421
Less: amount recognized as revenue	(52,551,258)	(58,378,170)
	\$ 3,778,321	\$ 8,528,251

10 DEFERRED CAPITAL CONTRIBUTIONS

	2020	2019
Balance - beginning of year	\$ 16,611,348	\$ 17,330,973
Less: amount recognized as revenue	(664,454)	(719,625)
	\$ 15,946,894	\$ 16,611,348

WE CHARITY
NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2020

11 BANK LOANS

	2020	2019
Non-revolving term facility bearing interest at 3.43% per annum, repayable in monthly blended payments of \$29,118, maturing October 30, 2020 (note a)	\$ 4,213,212	\$ 4,330,204
Non-revolving term facility bearing interest at 4.15% per annum, repayable in monthly blended payments of \$13,506, maturing December 19, 2022 (note a)	2,033,349	2,078,017
Non-revolving term facility bearing interest at bank prime plus 0.75% per annum, repayable in monthly blended payments of \$39,332, maturing May 28, 2021 (note a)	4,606,680	4,882,004
	10,853,241	11,290,225
Less: Amounts payable within one year (note a)	(10,853,241)	(5,162,835)
	\$ -	\$ 6,127,390

a) Subsequent to year end, the organization announced that it will wind down its Canadian operations (note 18). Per the agreement signed with the bank dated Oct 22, 2020, all the above bank loans should be repaid by March 31, 2021. Accordingly, the outstanding principle has been included in amounts payable within one year.

The facilities are secured by the following:

a) General security agreement constituting a first ranking security interest in all properties of the organization;

b) Collateral mortgage in the amount of \$10,150,000, constituting a first fixed charge on the real property located at [REDACTED] As at August 31, 2020, the carrying value of the property amounted to \$28,556,493.

New in 2020 ? c) Collateral mortgage in the amount of \$5,750,000, constituting a first fixed charge on the real property located at [REDACTED] As at August 31, 2020, the carrying value of the property amounted to \$4,332,213.

Interest incurred on the above facilities for the year amounted to \$423,654 (2019 - \$312,694) and has been included as a component of interest on long-term debt in the non-consolidated statement of operations.

WE CHARITY
NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2020

12 OBLIGATIONS UNDER CAPITAL LEASE

		2020	2019
RBC	█████ lease bearing interest at 3.85% per annum, repayable in monthly blended payments of \$57,188, maturing November 1, 2021	\$ 1,065,900	\$ 1,455,873
New in 2020	█████ lease bearing interest at 3.39% per annum, repayable in monthly blended payments of \$28,120, maturing February 16, 2023	967,687	-
		2,033,587	1,455,873
	Amounts payable within one year	(2,033,587)	(628,419)
		-	827,454

The lease is secured by furniture and fixtures under capital lease (Note 5).

See note 11, per the agreement signed with the bank dated Oct 22, 2020, all the balances of the above two obligations should be repaid by March 31, 2021. Accordingly, the outstanding principle has been included in amounts payable within one year.

Interest incurred on the obligation for the year amounted to \$106,363 (2019 - \$68,161) and has been included as a component of interest on long-term debt in the non-consolidated statement of operations.

13 ME TO WE

The co-founders of the organization have a controlling interest in Me to We Social Enterprises Inc. and its subsidiaries (collectively, "Me to We") through a holding company. The purpose of Me to We is to help support the operations of the organization. The organization purchases books, educational material, promotional items and travel and leadership training services from Me to We at, or below, wholesale prices.

The following is a summary of the organization's transactions with Me to We:

	2020	2019
Contributions received including in-kind contributions	\$ 1,932,959	\$ 4,944,588
Purchase of promotional goods	\$ 292,495	\$ 916,178
Travel and leadership training services	\$ -	\$ 2,484,266
Rent expenditures	\$ -	\$ 170,400

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During the year, the organization purchased books from Me to We through intermediaries in the amount of \$Nil (2019 - \$759,200) at or below wholesale prices. The amount has not been included in the disclosures above.

As of August 31, 2020, there were no accounts receivable from Me to We (2019 - \$588,442).

There is an amount of \$199,577 (2019 - \$179,474) payable to Me to We included in accounts payable and accrued liabilities.

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 entities.

14 IMAGINE 1 DAY INTERNATIONAL ORGANIZATION

On May 8, 2017, the organization took control of Imagine 1 Day International Organization ("I1D"), a charitable organization, by virtue of a common board of directors. I1D's programs focus on providing children in Ethiopia with access to quality education. I1D's program activities include the construction of schools, water points and latrines, curriculum enhancement, leadership and teacher training, and parent, community mobilization initiatives. Effective August 31, 2020, the organization passed the control of I1D to a Board of Directors that is independent of WE Charity.

As part of the arrangement to transfer control in 2017, the organization received \$10,000,000 in marketable securities from Imagine 1 Day International Foundation, an entity controlled by I1D by virtue of a common board of directors. As of August 31, 2020, there was no amount (2019 - \$3,170,118) of the transfer included as part of deferred contributions. \$2,582,661 (2019 - \$Nil) of the transfer included in accounts payable and accrued liabilities to be refunded back to Imagine 1 Day International Foundation. Separately, there is \$1,742,902 due to I1D (Note 4) as of August 31, 2020. Both of the amounts have been fully repaid after the year end.

During the year, the organization paid contributions to I1D in the amount of \$1,892,902 (2019 - \$860,000) to be used towards its programming in Ethiopia.

As of August 31, 2020, there were no accounts payable to I1D (2019 - \$100,000).

As of August 31, 2020, there were no accounts receivable from I1D (2019 - \$100,000).

A summary of I1D's financial information as at August 31, 2020 and for the year then ended is as follows:

WE CHARITY
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	2020	2019
Financial position		
Assets	\$ 4,743,515	\$ 3,678,942
Liabilities	430,817	3,474,724
Net assets (note a)	\$ 4,312,698	\$ 204,218
Results of operations		
Revenue	\$ 5,285,625	\$ 875,335
Expenditures	1,177,145	1,211,421
Excess (deficiency) of revenue over expenditures	\$ 4,108,480	\$ (336,086)
Cash flows		
Operating	\$ (365,663)	\$ 226,274
Investing	3,093,000	-
Financing	(3,093,000)	-
(Decrease) increase in cash	\$ (365,663)	\$ 226,274

a) I1D follows the restricted fund method of accounting for contributions whereby restricted contributions are recognized as revenue of the appropriate restricted fund in the year received or receivable. As of August 31, 2020, net assets include a restricted fund balance of \$4,001,744 (2019 - \$129,729).

15 ECONOMIC INTERESTS

The organization provides funding to a number of not-for-profit organizations outside of Canada to achieve its international program initiatives, known as "WE Villages". The initiatives operate in nine countries around the world using a holistic economic and humanitarian development model. The organization has a regional director who works closely with each local not-for-profit organization to monitor their use of the organization's funding and provides the organization with regular progress updates for ongoing initiatives.

Funding provided to these not-for-profit organizations for the year amounted to \$9,425,648 (2019 - \$8,736,000).

WE CHARITY
NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS
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The organization also works closely with charities in the United States and United Kingdom and foundations in Canada that share the same mission and vision as the organization. Below are the contributions received from or paid to those charities and foundations:

	2020	2019
Contributions received from charities in US	\$ 26,451,790	\$ 20,884,000
Contributions received from charity in UK	\$ 1,082,517	\$ 1,204,000
Contributions received from foundations in Canada	\$ 1,394,708	\$ 900,000
Contributions paid to foundations in Canada	\$ -	\$ 400,000

There are some balances in accounts receivable, accounts payable and deferred contributions for those charities and foundations. They are summarized as follows:

	2020	2019
Accounts receivable from charities in US	\$ 4,711,896	\$ 33,000
Accounts receivable from charity in UK	\$ 230,838	\$ 65,000
Accounts receivable from foundations in Canada	\$ 1,121,163	\$ 47,000
Accounts payable to charity in US	\$ -	\$ 1,326,000
Accounts payable to foundations in Canada	\$ -	\$ 130,000
Deferred contributions from charity in US	\$ -	\$ 1,371,000

16 ALLOCATION OF EXPENDITURES

Administrative costs totaling \$4,134,402 (2019 - \$3,757,950) have been allocated as follows:

	2020	2019
Payroll		
Allocated to:		
International	\$ 1,347,950	\$ 1,146,236
Domestic	1,347,950	1,146,236
Fundraising	694,398	588,718
	\$ 3,390,298	\$ 2,881,190
Other operating costs		
Allocated to:		
International	\$ 328,022	\$ 292,457
Domestic	328,022	283,830
Fundraising	88,060	300,473
	\$ 744,104	\$ 876,760

17 GOVERNMENT ASSISTANCE

Government assistance and support programs are designed to support employers whose revenue dropped due to COVID-19. The wage subsidies enable Canadian employers to maintain and re-hire workers, helping to prevent further job losses. During the year, the company received \$4,931,148 in wage subsidies. There is an amount of \$1,197,226 receivable as of August 31, 2020. The amount received in 2020 has been allocated directly to the payroll expense related accounts as follows:

International programs	\$ 1,340,369
Domestic programs	3,292,089
Administration and fundraising	298,690
	<hr/>
	\$ 4,931,148

18 SUBSEQUENT EVENTS AND GOING CONCERN

On September 9, 2020, the organization and its Board of Directors announced they were winding down the organization's operations in Canada. The organization will be selling its assets to establish an endowment fund to sustain the charity's existing international humanitarian programs and digitize its Canadian educational resources for long-term access.

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations on the assumption that the organization continues as a going concern. Under the going concern assumption, an organization is viewed as being able to realize its assets and discharge its liabilities in the normal course of operations. However, the use of Canadian accounting standards for not-for-profit organizations applicable to a going concern is potentially inappropriate because there is significant doubt about the appropriateness of the going concern assumption. The organization is selling its real estate properties to finance the organization's cash flow due to the shut down of the operation. Management believes that the shut down process will be at least 12 months. Therefore, the financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate.

19 FINANCIAL INSTRUMENTS

The organization 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 information about the organization's risk exposure and concentration as of August 31, 2020:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The organization is exposed to credit risk from its cash balances and contributions receivable from donors and amounts due from related entities. In order to reduce its credit risk, the organization recognizes contributions receivable only when there is reasonable expectation of collection and regularly reviews the related entities' credit worthiness. The organization has historically not had any significant issues with collection. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific amounts, historical trends and other information. The organization manages its credit risk from cash balances by maintaining its accounts with creditworthy financial institutions.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The organization is exposed to currency risk on cash, short-term investments, accounts receivable and accounts payable denominated in foreign currencies as follows:

	2020	2019
U.S. Dollars (USD):		
Cash	\$ 1,390,792	\$ 412,910
Short-term investments	\$ 964,422	\$ 645,629
Accounts receivable	\$ 3,608,000	\$ -
Accounts payable	\$ 183,671	\$ 1,005,432
Pound Sterling (GBP):		
Cash	\$ 645	\$ 8,408
Accounts receivable	\$ 135,787	\$ 40,000
Accounts payable	\$ 4,033	\$ 80,000

The organization does not use derivative instruments to reduce its exposure to currency risk.

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Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. In seeking to minimize the risks from interest rate fluctuations, the organization manages exposure through its normal operating and financing activities. The organization is exposed to interest rate risk primarily through its bank indebtedness, bank loans and obligations under capital lease.

Other price risk

Other 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 (other than those arising from interest rate risk or currency risk), 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 organization is exposed to other price risk through its investment in marketable securities.

20 CHANGES IN NON-CASH WORKING CAPITAL

	2020	2019
Contributions receivable	\$ (4,580,950)	\$ (670,728)
Sales tax rebate receivable	302,738	329,377
Government assistance receivable	(1,197,226)	-
Prepaid expenses	966,878	(260,216)
Accounts payable and accrued liabilities	2,378,833	835,717
Deferred contributions	(4,749,930)	(5,011,136)
Deferred capital contributions	(664,454)	(719,625)
	\$ (7,544,111)	\$ (5,496,611)

21 COMPARATIVE FIGURES

Certain prior year's figures have been reclassified for comparative purposes to conform with current year presentation.

WE CHARITY

NON-CONSOLIDATED SCHEDULE OF PROGRAM EXPENDITURES
SCHEDULE 1
FOR THE YEAR ENDED AUGUST 31, 2020

	2020	2019
International programs <i>(Note 17)</i>		
Asia	\$ 1,050,394	\$ 1,671,640
Africa	16,765,132	18,494,884
Latin America	4,713,516	6,594,046
	22,529,042	26,760,570
Domestic programs		
Direct costs	10,214,934	14,678,109
Office	9,016,114	6,590,819
Payroll <i>(Note 17)</i>	10,029,235	9,798,497
Travel	761,933	1,536,482
	30,022,216	32,603,907
	\$52,551,258	\$59,364,477

International program expenditures consist of initiative costs, travel, payroll and office expenditures directly attributed to the specific regions.

Domestic program expenditures consist of costs toward various projects under the WE Day, WE Schools, WE Social Entrepreneurs, Canada Student Service Grant program and WE Global Learning Centre virtual education and learning initiatives which are delivered primarily in Canada, United States and United Kingdom.

WE CHARITY

NON-CONSOLIDATED SCHEDULE OF SUPPORT EXPENDITURES
SCHEDULE 2
FOR THE YEAR ENDED AUGUST 31, 2020

	2020	2019
Fundraising		
Events	\$ 26,509	\$ 310,076
Office	106,921	277,583
Payroll (Note 17)	558,524	1,573,036
	\$ 691,954	\$ 2,160,695
Administration		
Office	\$ 527,127	\$ 650,145
Payroll (Note 17)	651,165	2,655,706
Professional fees	505,066	376,179
Travel	487	6,535
	1,683,845	3,688,565
Loss (gain) on disposal of capital assets	1,528,785	(732,626)
	3,212,630	2,955,939
	\$ 3,904,584	\$ 5,116,634