

THE GORD DOWNIE & CHANIE WENJACK FUND

Financial Statements

March 31, 2022

THE GORD DOWNIE & CHANIE WENJACK FUND

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Year Ended March 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Members of The Gord Downie & Chanie Wenjack Fund

Opinion

We have audited the financial statements of The Gord Downie & Chanie Wenjack Fund (the "Organization"), which comprise the statement of financial position as at March 31, 2022, and the statements of changes in net assets, operations 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 Organization as at March 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. 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 Organization 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 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 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.

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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 this financial information.

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 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 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 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.

Hogg, Shain & Scheck PC

Toronto, Ontario
June 24, 2022

Authorized to practise public accounting by the
Chartered Professional Accountants of Ontario

THE GORD DOWNIE & CHANIE WENJACK FUND

Statement of Financial Position

As at March 31, 2022

	2022	2021
ASSETS		
CURRENT		
Cash	\$ 1,695,233	\$ 1,969,281
Accounts receivable	198,627	105,298
Inventory	30,520	59,318
Harmonized Sales Tax recoverable	67,650	83,262
	<u>1,992,030</u>	2,217,159
CAPITAL ASSETS (Note 4)	26,159	21,879
INVESTMENTS (Note 5)	10,369,829	6,231,012
	<u>\$ 12,388,018</u>	<u>\$ 8,470,050</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 179,213	\$ 50,902
Current portion of deferred contributions (Note 7)	1,043,326	680,376
	<u>1,222,539</u>	731,278
DEFERRED CONTRIBUTIONS (Note 7)	15,000	33,500
	<u>1,237,539</u>	764,778
NET ASSETS		
INTERNALLY RESTRICTED (Note 6)	5,247,942	1,802,735
UNRESTRICTED	5,902,537	5,902,537
	<u>11,150,479</u>	7,705,272
	<u>\$ 12,388,018</u>	<u>\$ 8,470,050</u>

APPROVED ON BEHALF OF THE BOARD

_____ Director

_____ Director

See the accompanying notes to these financial statements

THE GORD DOWNIE & CHANIE WENJACK FUND

Statement of Changes in Net Assets

Year Ended March 31, 2022

	Unrestricted	Internally Restricted	2022	2021
NET ASSETS - BEGINNING OF YEAR	\$ 5,902,537	\$ 1,802,735	\$ 7,705,272	\$ 5,902,537
Excess of revenues over expenses	3,445,207	-	3,445,207	1,802,735
Transfer <i>(Note 6)</i>	(3,445,207)	3,445,207	-	-
NET ASSETS - END OF YEAR	\$ 5,902,537	\$ 5,247,942	\$ 11,150,479	\$ 7,705,272

See the accompanying notes to these financial statements

THE GORD DOWNIE & CHANIE WENJACK FUND**Statement of Operations****Year Ended March 31, 2022**

	2022	2021
REVENUES		
Contributions <i>(Note 8 and 11)</i>	\$ 4,700,433	\$ 1,970,215
Legacy Spaces contributions	439,478	181,769
Investment income <i>(Note 9)</i>	272,432	98,166
Merchandise and other <i>(Note 11)</i>	36,330	48,052
	<u>5,448,673</u>	<u>2,298,202</u>
EXPENSES		
Salaries and benefits	1,229,869	766,573
Program materials	291,268	55,272
Professional fees	181,493	83,092
Office and general <i>(Note 11)</i>	169,875	82,085
Information technology	104,390	32,307
Advertising	96,755	140,228
Events and programming	89,805	28,305
Consulting - legacy spaces	32,652	162,799
Subscriptions	17,652	4,751
Travel	16,254	1,594
Amortization	11,094	9,425
Merchandise purchases	6,375	3,810
Telephone	5,182	5,112
Rent	2,044	-
	<u>2,254,708</u>	<u>1,375,353</u>
EXCESS OF REVENUES OVER EXPENSES FROM OPERATIONS	<u>3,193,965</u>	<u>922,849</u>
OTHER INCOME (EXPENSES)		
Unrealized gain on investments	269,637	634,942
Government assistance <i>(Note 10)</i>	29,179	244,944
Allowance for slow moving inventory items	(47,574)	-
	<u>251,242</u>	<u>879,886</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 3,445,207</u>	<u>\$ 1,802,735</u>

See the accompanying notes to these financial statements

THE GORD DOWNIE & CHANIE WENJACK FUND**Statement of Cash Flows
Year Ended March 31, 2022**

	2022	2021
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 3,445,207	\$ 1,802,735
Items not affecting cash:		
Amortization	11,094	9,425
Change in value of investments	<u>(269,637)</u>	<u>(634,942)</u>
	3,186,664	1,177,218
Changes in non-cash working capital:		
Accounts receivable	(93,329)	(26,891)
Inventory	28,798	3,810
Harmonized Sales Tax recoverable	15,612	69,214
Prepaid expenses	-	7,915
Accounts payable and accrued liabilities	128,311	(100,927)
Current portion of deferred contributions	362,950	(74,276)
Deferred contributions	<u>(18,500)</u>	<u>12,400</u>
	423,842	(108,755)
Cash flows from operating activities	<u>3,610,506</u>	<u>1,068,463</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(15,374)	(1,800)
Change in investments, net	<u>(3,869,180)</u>	<u>(5,596,070)</u>
Cash flows used by investing activities	<u>(3,884,554)</u>	<u>(5,597,870)</u>
DECREASE IN CASH	(274,048)	(4,529,407)
CASH - BEGINNING OF YEAR	<u>1,969,281</u>	<u>6,498,688</u>
CASH - END OF YEAR	<u>\$ 1,695,233</u>	<u>\$ 1,969,281</u>

See the accompanying notes to these financial statements

THE GORD DOWNIE & CHANIE WENJACK FUND

Notes to Financial Statements

Year Ended March 31, 2022

1. NATURE AND PURPOSE OF THE ORGANIZATION

The Gord Downie and Chanie Wenjack Fund (the "Organization") is a not-for-profit organization federally incorporated on November 17, 2017, as a corporation without share capital under the Canada Not-for-Profit Corporations Act. On January 2, 2018, the Organization was registered as a charitable organization and, as such, is exempt from taxes under the Income Tax Act.

Through the collaboration of Gord Downie's legacy and the Wenjack family, the Organization's goal is to continue the conversation that began with Chanie Wenjack's residential school story to aid in collective reconciliation through awareness, education and action.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These financial statements are the representation of management and are prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook.

Revenue recognition

The Organization follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenues in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenues when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenues from merchandise are recognized when the goods are shipped to customers, all significant contractual obligations have been satisfied, and collectability is reasonably assured.

Revenues related to Legacy Spaces include multi-year contributions received from arms-length parties and are recognized over the term of the agreement.

Investment income includes interest, dividends, realized and unrealized gains and losses on investments. These amounts, except for unrealized gains and losses, are recognized as revenues when earned, per independent investment brokers.

Government assistance revenues are recognized on an accrual basis in the year the related eligible expenses are incurred.

Financial instruments

The Organization initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost, unless management has elected to carry the instrument at fair market value.

The financial assets subsequently measured at amortized cost include cash and accounts receivable. The financial liabilities subsequently measured at amortized cost include accounts payable.

The financial assets subsequently measured at fair market value include investments.

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THE GORD DOWNIE & CHANIE WENJACK FUND

Notes to Financial Statements

Year Ended March 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of financial instruments

Financial assets measured at cost or amortized cost are tested for impairment if there are indications of possible impairment. A previously recognized impairment loss may be reversed to the extent of the improvement, either directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment loss not been recognized previously. The amount of any write down or reversal is recognized in excess of revenues over expenses.

Inventory

Inventory consists of merchandise for sale on the Organization's website, and is valued at the lower of cost and net realizable value.

An allowance for slow moving inventory items is recognized as an expense on the statement of operations when limited sales are experienced for a prolonged period of time for the respective items.

Capital assets

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

Furniture and fixtures	20%	declining balance method
Equipment	3 years	straight-line method
Computer equipment	55%	declining balance method

The Organization regularly reviews its capital assets to eliminate obsolete items.

Impairment of long-lived assets

Long-lived assets, including capital assets, are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The impairment loss is measured as the amount by which the carrying amount of the capital assets exceeds their fair value. Fair value is determined by the sum of undiscounted cash flows resulting from its use and eventual disposition.

Contributed materials and services

Volunteers contribute time to assist the Organization in carrying out its programs. Since the Organization would not otherwise purchase these services, contributed services are not recognized in the financial statements. Contributed materials which are normally purchased by the Organization are not recorded in the accounts.

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 at the date of the financial statements and the reported amounts of revenues and expenses during the year. Such estimates include useful life of capital assets, valuation of inventory, collectability of accounts receivable and eligibility for government assistance programs. These estimates are reviewed periodically and adjustments are made to revenues and expenses as appropriate in the year they become known.

THE GORD DOWNIE & CHANIE WENJACK FUND

Notes to Financial Statements

Year Ended March 31, 2022

3. FINANCIAL INSTRUMENTS

The Organization is exposed to various risks through its financial instruments. It is management's opinion that the Organization is not exposed to significant interest rate, credit, or liquidity risks or any significant concentrations of risk arising from its financial instruments.

Currency risk is the risk to the Organization's revenues in excess of expenses that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Organization is exposed to foreign currency exchange risk on investments held in U.S. dollars. As at March 31, 2022 investments of \$593,065 (2021 - \$466,572) (expressed in U.S. dollars) were converted into Canadian dollars for financial statement purposes. These balances are subject to gains or losses due to fluctuations in that currency.

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 with respect to its investments.

4. CAPITAL ASSETS

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Furniture and fixtures	\$ 33,223	\$ 17,913	\$ 15,310	\$ 19,137
Equipment	17,174	6,325	10,849	-
Computer equipment	-	-	-	2,742
	<u>\$ 50,397</u>	<u>\$ 24,238</u>	<u>\$ 26,159</u>	<u>\$ 21,879</u>

5. INVESTMENTS

	2022	2021
Canadian and U.S. equities	\$ 6,392,301	\$ 5,134,374
Cash and cash equivalents	1,797,834	76,662
Mutual funds	1,596,036	459,976
Guaranteed investment certificates	583,658	560,000
	<u>\$ 10,369,829</u>	<u>\$ 6,231,012</u>

Guaranteed investment certificates at March 31, 2022 earn interest between 2% and 2.45% and mature between May 6, 2022 and May 6, 2025.

6. INTERNALLY RESTRICTED NET ASSETS

During the year, the Board of Directors approved a transfer of \$3,455,207 (2021 - \$1,802,735) from unrestricted net assets to internally restricted net assets, to establish a Reserve Fund.

The Reserve Fund is intended to be used at the Board of Directors' discretion for future programming. The balance is supported by investments.

THE GORD DOWNIE & CHANIE WENJACK FUND

Notes to Financial Statements

Year Ended March 31, 2022

7. DEFERRED CONTRIBUTIONS

Deferred contributions at March 31 consist of the following:

	<u>2022</u>	<u>2021</u>
Contributions:		
Foundations	\$ 450,000	\$ 225,000
Grant - City of Toronto	283,078	199,828
Donation - corporate	233,148	233,148
Legacy Spaces contributions - various donors	92,100	55,900
	<u>\$ 1,058,326</u>	<u>\$ 713,876</u>

Continuity of deferred contributions is as follows:

Balance - beginning of year	\$ 680,376	\$ 754,652
Add: amounts received during the year	5,517,861	2,032,285
Less: amounts recognized as revenues during the year	<u>(5,139,911)</u>	<u>(2,073,061)</u>
Balance - end of year	1,058,326	713,876
Less: long-term portion of deferred contributions	<u>(15,000)</u>	<u>(33,500)</u>
Current portion of deferred contributions	<u>\$ 1,043,326</u>	<u>\$ 680,376</u>

8. CONTRIBUTIONS

Contributions at March 31 consist of the following:

	<u>2022</u>	<u>2021</u>
Donations	\$ 3,961,092	\$ 938,221
Foundations	610,709	754,960
Funding for employment and training	108,088	78,923
Grants:		
City of Toronto	11,750	150,916
Employment and Social Development Canada	8,794	8,695
Minister of Canadian Heritage	-	38,500
	<u>\$ 4,700,433</u>	<u>\$ 1,970,215</u>

9. INVESTMENT INCOME

	<u>2022</u>	<u>2021</u>
Dividends and interest	\$ 116,475	\$ 137,430
Realized gains and other	190,748	3,093
Management fees	<u>(34,791)</u>	<u>(42,357)</u>
	<u>\$ 272,432</u>	<u>\$ 98,166</u>

THE GORD DOWNIE & CHANIE WENJACK FUND

Notes to Financial Statements

Year Ended March 31, 2022

10. GOVERNMENT ASSISTANCE

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 are unknown at this time. It is not possible to estimate the impact that the length and severity of these developments will have on the financial results of the Organization in future periods. The Organization continues to closely monitor and assess the impact on operations.

As part of the response to COVID-19, the federal government introduced the Canada Emergency Wage Subsidy ("CEWS") to assist employers whose activities have been affected by COVID-19. For the period of April 1, 2021 to March 31, 2022, the Organization applied for and received \$29,179 (2021 - \$244,944).

11. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.
