

Combined Financial Statements of

**TIM HORTON CHILDREN'S
FOUNDATION, INC.**

And Independent Auditor's Report thereon

Year ended October 31, 2023



KPMG LLP
Vaughan Metropolitan Centre
100 New Park Place, Suite 1400
Vaughan, ON L4K 0J3
Canada
Telephone 905 265 5900
Fax 905 265 6390

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Tim Horton Children's Foundation, Inc.

Qualified Opinion

We have audited the combined financial statements of Tim Horton Children's Foundation, Inc. (the Entity), which comprise:

- the combined statement of financial position as at October 31, 2023
- the combined statement of operations for the year then ended
- the combined statement of changes in fund balances for the year then ended
- the combined statement of cash flows for the year then ended
- and notes to the combined financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, except for the possible effects of the matter described in the "***Basis for Qualified Opinion***" section of our auditor's report, the accompanying financial statements present fairly, in all material respects, the combined financial position of the Entity as at October 31, 2023, and its combined results of operations and its combined cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many charitable organizations, the Entity derives revenue from fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of receipts was limited to the amounts recorded in the records of the Entity.

Therefore, we were not able to determine whether any adjustments might be necessary to:

- the current assets reported in the combined statements of financial position as at October 31, 2023 and October 31, 2022
- receipts and excess (deficiency) of receipts over expenses reported in the combined statements of operations for the years ended October 31, 2023 and October 31, 2022



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- the unrestricted fund balances, at the beginning and end of the year, reported in the combined statements of changes in fund balances for the years ended October 31, 2023 and October 31, 2022
- the excess (deficiency) of receipts over expenses reported in the combined statements of cash flows for the years ended October 31, 2023 and October 31, 2022.

Our opinion on the financial statements for the year ended October 31, 2022 was qualified accordingly because of the possible effects of this limitation in scope.

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 auditor's report.

We are independent of the Entity 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 qualified 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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.



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 the financial statements.

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 Entity'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 Entity'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 Entity 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.
- 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.



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- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

February 1, 2024

TIM HORTON CHILDREN'S FOUNDATION, INC.

Combined Statement of Financial Position
(In thousands of Canadian dollars)

October 31, 2023, with comparative information for 2022

	2023	2022
Assets		
Current assets:		
Cash	\$ 9,488	\$ 8,937
Accounts and pledged donations receivable (note 2(a))	387	119
Sales tax recoverable	93	249
Prepaid expenses	697	570
Due from Restaurant Brands International (note 5)	1,462	1,407
	<u>12,127</u>	<u>11,282</u>
Capital assets (note 6)	36,534	36,566
Investments (note 4)	121	126
	<u>\$ 48,782</u>	<u>\$ 47,974</u>

Liabilities and Fund Balances

Current liabilities:		
Accounts payable and accrued liabilities (note 8)	\$ 1,315	\$ 1,659
Fund balances:		
Invested in Capital Assets Fund	36,534	36,566
Externally Restricted Fund (note 3)	258	14
Endowment Fund (note 4)	121	126
Unrestricted Fund	10,554	9,609
	<u>47,467</u>	<u>46,315</u>
Economic dependence (note 5)		
Commitment (note 10)		
	<u>\$ 48,782</u>	<u>\$ 47,974</u>

See accompanying notes to combined financial statements.

On behalf of the Board:

_____ Director

_____ Director

TIM HORTON CHILDREN'S FOUNDATION, INC.

Combined Statement of Operations
(In thousands of Canadian dollars)

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

	2023				2022			
	Unrestricted Fund	Externally Restricted Fund (note 3)	Endowment Fund (note 4)	Total	Unrestricted Fund	Externally Restricted Fund (note 3)	Endowment Fund (note 4)	Total
Receipts (notes 5 and 9)	\$ 23,425	\$ 250	\$ (5)	\$ 23,670	\$ 21,175	\$ 4	\$ (7)	\$ 21,172
Expenses:								
Camp operating:								
Wages and benefits	8,281	6	—	8,287	7,527	—	—	7,527
Food and beverage (note 5)	983	—	—	983	1,082	—	—	1,082
Sports and program	435	—	—	435	365	—	—	365
Site maintenance	1,473	—	—	1,473	1,459	4	—	1,463
Supplies (note 5)	871	—	—	871	925	—	—	925
Carolee House Leadership								
Bursaries	258	—	—	258	413	—	—	413
Utilities	893	—	—	893	833	—	—	833
Insurance	951	—	—	951	756	—	—	756
Commemorative gifts	76	—	—	76	130	—	—	130
Travel	171	—	—	171	217	—	—	217
Property taxes	137	—	—	137	131	—	—	131
Camper registration	22	—	—	22	28	—	—	28
Consulting fees	115	—	—	115	179	—	—	179
	14,666	6	—	14,672	14,045	4	—	14,049
Transportation	1,312	—	—	1,312	1,577	—	—	1,577
Special project	—	—	—	—	—	8	—	8
Fundraising	3,307	—	—	3,307	3,107	—	—	3,107
Administration (note 2(e))	2,366	—	—	2,366	1,894	—	—	1,894
Gain on disposal of capital assets, net of insurance recovery	(2,042)	—	—	(2,042)	(1,175)	—	—	(1,175)
Interest income, net	(401)	—	—	(401)	(111)	—	—	(111)
Amortization	3,304	—	—	3,304	3,172	—	—	3,172
	22,512	6	—	22,518	22,509	12	—	22,521
Excess (deficiency) of receipts over expenses	\$ 913	\$ 244	\$ (5)	\$ 1,152	\$ (1,334)	\$ (8)	\$ (7)	\$ (1,349)

See accompanying notes to combined financial statements.

TIM HORTON CHILDREN'S FOUNDATION, INC.

Combined Statement of Changes in Fund Balances
(In thousands of Canadian dollars)

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

	Externally Restricted Fund (note 3)	Endowment Fund (note 4)	Invested in Capital Assets Fund	Unrestricted Fund	Total
Fund balances, October 31, 2021	\$ 28	\$ 133	\$ 35,469	\$ 12,034	\$ 47,664
Additions to capital assets	(6)	—	4,302	(4,296)	—
Disposal of capital assets	—	—	(33)	33	—
Amortization of capital assets	—	—	(3,172)	3,172	—
Deficiency of receipts over expenses	(8)	(7)	—	(1,334)	(1,349)
Fund balances, October 31, 2022	14	126	36,566	9,609	46,315
Additions to capital assets	—	—	3,807	(3,807)	—
Disposal of capital assets	—	—	(535)	535	—
Amortization of capital assets	—	—	(3,304)	3,304	—
Excess (deficiency) of receipts over expenses	244	(5)	—	913	1,152
Fund balances, October 31, 2023	\$ 258	\$ 121	\$ 36,534	\$ 10,554	\$ 47,467

See accompanying notes to combined financial statements.

TIM HORTON CHILDREN'S FOUNDATION, INC.

Combined Statement of Cash Flows
(In thousands of Canadian dollars)

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

	2023	2022
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of receipts over expenses	\$ 1,152	\$ (1,349)
Items not affecting cash:		
Realized investment loss (income)	3	(3)
Amortization	3,304	3,172
Contributed capital assets	(38)	(39)
Loss (gain) on disposal of capital assets	487	(84)
	4,908	1,697
Change in non-cash working capital balances:		
Accounts and pledged donations receivable	(268)	259
Sales tax recoverable	156	(192)
Prepaid expenses	(127)	(72)
Accounts payable and accrued liabilities	(344)	(20)
Due from Restaurant Brands International	(55)	(1,314)
	4,270	358
Investing activities:		
Purchase of investments	(19)	(37)
Proceeds from sale of investments	21	47
Purchase of capital assets	(3,769)	(4,263)
Proceeds from disposals of capital assets	48	117
	(3,719)	(4,136)
Increase (decrease) in cash	551	(3,778)
Cash, beginning of year	8,937	12,715
Cash, end of year	\$ 9,488	\$ 8,937

See accompanying notes to combined financial statements.

TIM HORTON CHILDREN'S FOUNDATION, INC.

Notes to Combined Financial Statements
(In thousands of Canadian dollars)

Year ended October 31, 2023

Tim Horton Children's Foundation, Inc. (the "Foundation") is incorporated without share capital under the Ontario Corporations Act. The Foundation is a charitable organization under the Income Tax Act (Canada). As such, it is exempt from income taxes by virtue of paragraph 149(1)(f) of the Income Tax Act (Canada). The Foundation's Canadian federal charitable registration number is 11926 4885 RR0001.

Tim Horton Children's Foundation (US), Inc. (the "US Foundation") was founded on December 28, 1998. The US Foundation is incorporated without share capital under the Kentucky Non-profit Corporation Act. The US Foundation is a charitable organization and is exempt from income taxes by virtue of paragraph 501(c)(3) of the United States Internal Revenue Code. The US Foundation's identification number is 31-1681446.

The Tim Horton Children's Foundation Joint Venture (the "joint venture") was created on December 15, 2000 through a joint venture agreement between the Foundation and the US Foundation for the purpose of operating Tim Horton Camp Kentahten in Campbellsville, Kentucky.

1. Basis of presentation:

These combined financial statements present the financial activities and financial position of the Foundation, including the results of the US Foundation and the joint venture.

The Foundation is the sole member of the US Foundation and thereby controls the US Foundation. Directors of the US Foundation consist of employees of Restaurant Brands International ("RBI"), directors of the Foundation and Tim Hortons restaurant owners ("restaurant owners").

The Foundation and the US Foundation created the joint venture to operate camps in the United States of America for economically disadvantaged children. The joint venture agreement incorporates a formal cost sharing agreement with the US Foundation in that the Foundation will fund, on an annual basis, the amounts required to operate the camp to the extent the US Foundation is unable to fund these costs.

TIM HORTON CHILDREN'S FOUNDATION, INC.

Notes to Combined Financial Statements (continued)
(In thousands of Canadian dollars)

Year ended October 31, 2023

1. Basis of presentation (continued):

The Foundation and the US Foundation through its joint venture with the Foundation operate camps for economically disadvantaged children in the following locations:

- Kananaskis, Alberta;
- Parry Sound, Ontario;
- St. George, Ontario;
- Tatamagouche, Nova Scotia;
- Quyon, Quebec;
- Pinawa, Manitoba; and
- Campbellsville, Kentucky.

2. Significant accounting policies:

The combined financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the Chartered Professional Accountants of Canada Handbook and include the following significant accounting policies:

(a) Revenue receipts recognition:

The Foundation follows the restricted fund method of accounting for revenue receipts ("receipts"). Receipts consist of donations, government assistance subsidies, special events revenue and fees for services. Receipts are recorded as received or when the amount to be received can be reasonably estimated and collection is reasonably assured. Unrestricted receipts are recognized as receipts in the Unrestricted Fund. Donor restricted receipts for specific purposes are recognized as receipts in the Externally Restricted Fund. All contributions are generally considered unrestricted contributions to the Foundation unless a donor specifies otherwise and would be reflected as receipts of the Unrestricted Fund. If a donor specifies the contribution is for an existing endowed fund or specifies it is to be retained permanently, it is recognized as receipts of an endowment fund.

The Foundation has historically received substantially all of its donations from the following groups:

- Restaurant owners;
- RBI, its employees and their suppliers;
- directors of the Foundation; and
- general public through donation options located inside Tim Hortons restaurants.

TIM HORTON CHILDREN'S FOUNDATION, INC.

Notes to Combined Financial Statements (continued)
(In thousands of Canadian dollars)

Year ended October 31, 2023

2. Significant accounting policies (continued):

From time to time, through the normal course of operations, the Foundation accepts pledges related to future donations. Pledged donations, recorded in these combined financial statements and to be received in future periods, are included under accounts and pledged donations receivable. The maximum credit risk with these pledged donations is the fair value of the pledged donations receivable. The value of pledged donations receivable as at October 31, 2023 was \$25 (2022 - \$15).

(b) Fund accounting:

The Foundation ensures as part of its fiduciary responsibilities that all funds received with a restricted purpose are expended for the purposes for which they were provided.

For financial reporting purposes, the accounts have been classified into the following funds:

(i) Unrestricted Fund:

The Unrestricted Fund accounts for the Foundation's general fundraising, operating and administrative activities. The Unrestricted Fund reports unrestricted resources available for immediate purposes.

(ii) Invested in Capital Assets Fund:

The Invested in Capital Assets Fund includes funds that have been used for the purpose of purchasing capital assets net of accumulated amortization and financial costs.

(iii) Externally Restricted Fund:

The Externally Restricted Fund consists of amounts that have been received that have been restricted as specified by the donor for purposes such as capital and education. Expenses are recorded in the fund when these restricted amounts have been incurred on eligible expenses.

TIM HORTON CHILDREN'S FOUNDATION, INC.

Notes to Combined Financial Statements (continued)
(In thousands of Canadian dollars)

Year ended October 31, 2023

2. Significant accounting policies (continued):

(iv) Endowment Fund:

The Endowment Fund consists of contributions received where donors have restricted the original contribution to be maintained in perpetuity. Investment income earned on the endowed funds has not been restricted by the donors, as such, realized investment income and expenses are recorded in the Unrestricted Fund. Change in fair value of the endowed funds, which have not been restricted, are recorded in the Endowment Fund.

(c) Cash:

The Foundation's policy is to present bank balances under cash.

(d) Capital assets:

(i) Tangible assets:

Tangible assets purchased are recorded at cost. Donations of tangible assets are recorded at estimated fair value when that value can be reasonably determined. Amortization of tangible assets is calculated over their estimated useful lives on a straight-line basis as follows:

Buildings	25 years
Equipment and furnishings	5 years
Paving	15 years
Machinery	10 years
Marine vehicles and equipment	5 years
Vehicles	5 years
Computers	3 years
Livestock	10 years

Construction-in-progress is not amortized until the assets are available for productive use.

TIM HORTON CHILDREN'S FOUNDATION, INC.

Notes to Combined Financial Statements (continued)
(In thousands of Canadian dollars)

Year ended October 31, 2023

2. Significant accounting policies (continued):

(ii) Intangible assets:

The intangible assets are recorded at cost and are amortized over their estimated useful life on a three year straight-line basis.

The Foundation reviews the carrying amounts of its long-lived assets, including capital assets and intangible assets, regularly. Long-lived assets are written down to fair value or replacement cost to reflect partial impairments when conditions indicate that the assets no longer contribute to the Foundation's ability to provide goods and services, or that the value of future economic benefits or service potential associated with the long lived assets are less than their net carrying amounts. Any excess of the net carrying amount over any residual value is recognized as an expense in the combined statement of operations.

(e) Foreign currencies:

Receipts and expense items are translated into Canadian dollars at the rate in effect at the time the transaction occurred. Monetary assets and liabilities are translated into Canadian dollars at the rate in effect at the combined statement of financial position date. Exchange gains and losses arising from translation were recognized in the combined statement of operations, as the US Foundation and the joint venture are determined to be of an integrated nature and the functional currency was determined to be the Canadian dollar. In the current year, foreign exchange gains were \$6 (2022 - gains of \$131) and included in administration expense.

(f) Contributed materials and services:

The Foundation benefits from various donated materials and services, including food products and camp supplies. Amounts for these materials and services have been included in the combined statement of operations when the fair value can be reasonably estimated and the Foundation would have otherwise purchased the contributed materials and services for its activities. The amounts included in the combined statement of operations represent the fair value of the contributed materials at the date of donation. In fiscal 2023, the total amount of contributed materials and services recorded in the combined financial statements was \$323 (2022 - \$279), of which \$323 (2022 - \$279) were corporate and nil (2022 - nil) were individual.

TIM HORTON CHILDREN'S FOUNDATION, INC.

Notes to Combined Financial Statements (continued)
(In thousands of Canadian dollars)

Year ended October 31, 2023

2. Significant accounting policies (continued):

(g) Financial assets and liabilities:

The Foundation initially measures its financial assets and financial liabilities at fair value.

Equity instruments that are quoted in an active market are subsequently measured at fair value. Changes in fair value are recognized in the combined statement of operations. All other financial assets are subsequently recorded at amortized cost, including cash, accounts and pledged donations receivable, sales tax recoverable, due from Restaurant Brands International and investments.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction and financing costs incurred on acquisition, which are amortized on a straight-line basis.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. When events occurring after the impairment confirm a reversal is necessary, the reversal is recognized in the excess (deficiency) of receipts over expenses for the year up to the amount of the previously recognized impairment.

(h) Inter-organization transactions:

All inter-organization transactions and balances between the Foundation, the US Foundation and the joint venture are eliminated on combination of the financial statements.

(i) Use of estimates:

The preparation of these combined financial statements requires management to make estimates and assumptions that affect receipts and expenses during the reporting year, in addition to the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the dates of the combined financial statements. Items subject to such estimates and assumptions include the useful lives of capital assets. Actual results could differ from those estimates.

TIM HORTON CHILDREN'S FOUNDATION, INC.

Notes to Combined Financial Statements (continued)
(In thousands of Canadian dollars)

Year ended October 31, 2023

3. Externally Restricted Fund:

In fiscal 2021, the Foundation received a donation to be used towards supporting youth from the Northwest Territories. During 2023, nil (2022 - nil) was received in contributions toward the fund and \$6 (2022 - nil) was used to fund costs associated with campers from the Northwest Territories.

In fiscal 2023, the Foundation received a donation of \$250 to be used towards capital expenditures. A total of nil was expended during the year on capital expenditures.

4. Endowment Fund:

During the year, the Foundation received endowments of nil (2022 - nil), which are required to be maintained by the Foundation on a permanent basis. The funds were invested in debt and equity securities during the year, and \$5 (2022 - loss of \$7) of unrestricted investment loss was incurred.

As at October 31, 2023, the fair value of the net investment balance related to the Endowment Fund is as follows:

	2023	2022
Fixed income and preferred shares	\$ 44	\$ 47
Equities	75	71
Foreign securities	2	4
Cash	-	4
	<hr/>	<hr/>
	\$ 121	\$ 126

TIM HORTON CHILDREN'S FOUNDATION, INC.

Notes to Combined Financial Statements (continued)
(In thousands of Canadian dollars)

Year ended October 31, 2023

5. Related party transactions:

During 2023, the Foundation engaged in transactions with restaurant owners, who are franchisees under RBI. Restaurant owners are a related party to the Foundation as they have the ability to significantly influence the strategic and operational policies and activities of the Foundation through their representation on the Board of Directors. This relationship has been extended to the franchisor, RBI, and its related entities, who support the Foundation through brand recognition. RBI's related entities include all entities under the RBI Group because they are all under the common control of RBI.

During the year, the Foundation received \$8,344 (2022 - \$7,868) in donations from restaurant owners. Restaurant owners also collected donations of \$7,363 (2022 - \$6,354) on behalf of the Foundation, which were forwarded to the Foundation during the fiscal year.

During the year, the Foundation recorded the following transactions with RBI and its related entities:

	2023	2022
Donations:		
The TDL Group Corporation	\$ 1,474	\$ 1,450
Tim Hortons Advertising and Promotion Fund (Canada) Inc.	2,200	2,208
Services:		
Fee for service activity	7	35
Special events	—	50
Purchase of food and beverage and supplies	(72)	(70)
	\$ 3,609	\$ 3,673

These amounts have been recorded in line with the Foundation's revenue and expense policies. Purchase of food and beverage and supplies is included under camp operating expenses in the combined financial statements.

TIM HORTON CHILDREN'S FOUNDATION, INC.

Notes to Combined Financial Statements (continued)
(In thousands of Canadian dollars)

Year ended October 31, 2023

5. Related party transactions (continued):

As at October 31, 2023, the Foundation had the following balances outstanding with RBI and its related parties:

	2023	2022
Receivable from The TDL Group Corporation	\$ 1,383	\$ 630
Receivable from Tim Hortons Advertising and Promotions Fund (Canada) Inc	7	4
Receivable from Tim Hortons USA Inc.	72	773
	<u>\$ 1,462</u>	<u>\$ 1,407</u>

Receivables and payables are non-interest bearing and due on demand.

All related party transactions are carried out in the normal course of operations and are recorded at the exchange value, which is the amount of consideration established and agreed to by the related parties.

The Foundation receives a significant portion of its revenue in the form of donations from RBI and its related entities. In management's opinion, the Foundation's continued operations are dependent on the continuance of these donations.

TIM HORTON CHILDREN'S FOUNDATION, INC.

Notes to Combined Financial Statements (continued)
(In thousands of Canadian dollars)

Year ended October 31, 2023

6. Capital assets:

2023	Cost	Accumulated amortization	Net
Tangible assets:			
Land	\$ 3,670	\$ —	\$ 3,670
Buildings	70,428	42,909	27,519
Equipment and furnishings	11,058	8,664	2,394
Paving	2,247	1,739	508
Machinery	867	476	391
Marine vehicles and equipment	998	963	35
Vehicles	1,184	744	440
Computers	891	724	167
Livestock	114	58	56
Construction-in-progress	1,229	—	1,229
Intangible assets:			
Computer software	916	791	125
	\$ 93,602	\$ 57,068	\$ 36,534

2022	Cost	Accumulated amortization	Net
Tangible assets:			
Land	\$ 3,670	\$ —	\$ 3,670
Buildings	67,221	40,780	26,441
Equipment and furnishings	9,325	8,229	1,096
Paving	2,248	1,655	593
Machinery	867	415	452
Marine vehicles and equipment	995	943	52
Vehicles	1,206	681	525
Computers	799	648	151
Livestock	106	59	47
Construction-in-progress	3,314	—	3,314
Intangible assets:			
Computer software	916	691	225
	\$ 90,667	\$ 54,101	\$ 36,566

In the current year, contributed capital assets amounted to \$38 (2022 - \$39), which in 2023 consisted of equipment (2022 - equipment and marine equipment).

TIM HORTON CHILDREN'S FOUNDATION, INC.

Notes to Combined Financial Statements (continued)
(In thousands of Canadian dollars)

Year ended October 31, 2023

7. Loan facilities:

As at October 31, 2023, the Foundation has existing loan facilities, secured by a general security agreement and moveable property, as follows:

- An operating credit facility of \$5,000 to provide funding for general operating requirements of the Foundation and/or standby letters of credit/letters of guarantee up to \$50 at any one time; the interest rate on the facility is the bank's prime lending rate plus 0.75%; and
- \$1,500 and \$250 U.S. dollar purchase card availability for general corporate and working capital purposes.

As at October 31, 2023, the operating credit facilities have not been drawn upon.

8. Government remittances payable:

Government remittances payable consist of amounts (such as payroll withholding taxes) required to be paid to government authorities. As at October 31, 2023, government remittances payable to the federal and provincial governments included in accounts payable and accrued liabilities amounted to \$29 (2022 - \$6).

9. Sources of contributions:

Contributions received by the Foundation during the year are from the following sources:

	2023	2022
Camp day donations	\$ 11,916	\$ 11,245
Coin program donations	2,061	2,259
Donations from RBI	3,550	3,658
Corporate donations	1,443	804
Individual donations	1,561	1,103
Special events	1,917	1,144
Fees for services and other receipts (note 8)	781	623
Warm Wishes, TH Merchandise and Timmies Minis	441	336
	<u>\$ 23,670</u>	<u>\$ 21,172</u>

TIM HORTON CHILDREN'S FOUNDATION, INC.

Notes to Combined Financial Statements (continued)
(In thousands of Canadian dollars)

Year ended October 31, 2023

10. Commitment:

On July 1, 1999, the US Foundation entered into a lease agreement with the Commonwealth of Kentucky to lease 46 acres of land located in Green River Lake State Park to expire on April 30, 2049, with one renewal period of 25 years. The lease requires annual rental payments of one dollar (\$1) during its initial term and the renewal term. The fair value of the operating land lease expenses cannot be reasonably estimated and as such has not been reflected in the combined financial statements.

In fiscal 2022, the Foundation entered into an agreement with the Justice Fund Toronto ("Justice Fund") to provide up to \$5,000 in aggregate of in-kind youth programming and space rental, if applicable, over a five-year period, targeted towards black, indigenous and youth of colour living in the Greater Toronto Area. As part of this agreement, the Foundation and the Justice Fund agreed to coordinate fundraising for this initiative to a minimum of \$1,000 per year. Any funds over and above the \$1,000 per year are to be split 50/50 between the Foundation and the Justice Fund. As at October 31, 2023, nil (2022 - nil) has been raised towards this initiative.

The Foundation has agreements with TipTap and Meridian OneCap to lease 6,056 devices to facilitate the tap to give donation program where guests can tap to process an electronic donation to the Foundation. The lease requires monthly payments of \$68, ending in October 2025

11. Financial risk management:

The main risks to which the Foundation's financial assets and liabilities are exposed are credit risk, foreign currency risk, market risk and interest rate risk. It is management's opinion that the Foundation is not exposed to significant liquidity risk.

(a) Credit risk:

The Foundation grants credit in the normal course of business and is exposed to credit risk on its accounts receivable. Credit evaluations are performed on a regular basis, and the combined financial statements take into account an allowance for bad debts. The maximum credit risk is the fair value of the accounts receivable balance.

TIM HORTON CHILDREN'S FOUNDATION, INC.

Notes to Combined Financial Statements (continued)
(In thousands of Canadian dollars)

Year ended October 31, 2023

11. Financial risk management (continued):

(b) Foreign currency risk:

Foreign currency risk is the risk that future cash flows arising from amounts receivable and/or payable in a foreign currency will fluctuate because of changes in foreign exchange rates. As at October 31, 2023, the Foundation had cash of \$1,121 (2022 - \$478) denominated in U.S. dollars.

(c) Market risk and interest rate risk:

Market risk and interest rate risk is the possibility of experiencing losses in the Foundation's investments due to factors that affect the overall performance of the financial market. The Foundation is subject to market risk and interest rate risk with respect to its investment portfolio. To manage these risks, the Foundation has a comprehensive investment policy and has established a target mix of investment types designed to achieve the optimal return with reasonable risk tolerances.