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Financial statements of  
WCPD Foundation

December 31, 2020

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# Independent Auditor's Report

To the Directors of  
WCPD Foundation

## Opinion

We have audited the financial statements of WCPD Foundation (the "Foundation"), which comprise the statement of financial position as at December 31, 2020, and the statements of revenue and expenses and changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

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

## Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Responsibilities of Management and Those Charged with Governance of the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Chartered Professional Accountants  
Licensed Public Accountants



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**WCPD Foundation**  
**Statement of financial position**  
As at December 31, 2020

	Notes	2020 \$	2019 \$
<b>Assets</b>			
Cash		7,317,880	9,401,881
Harmonized Sales Tax recoverable		835,582	316,567
Investments	4	2,609,621	1,307,118
Restricted investments	4	344,213	335,979
		<u>11,107,296</u>	<u>11,361,545</u>
<b>Liabilities</b>			
Accrued liabilities		12,000	—
Due to [REDACTED]	3	374,339	2,384,276
Deferred contributions due to charities	5	9,594,239	8,680,334
		<u>9,980,578</u>	<u>11,064,610</u>
<b>Net assets</b>			
Unrestricted		<u>1,126,718</u>	<u>296,935</u>
		<u>11,107,296</u>	<u>11,361,545</u>

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

On behalf of the Board



Director

Director

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

Year ended December 31, 2020

	Notes	2020 \$	2019 \$
<b>Revenue</b>			
Contributions from donors		24,046,698	20,120,091
Investment income		52,432	129,406
Life insurance premiums from a donor		5,596	5,596
Change in market value of unrestricted investments		802,503	288,079
		<u>24,907,229</u>	<u>20,543,172</u>
<b>Expenses</b>			
Disbursements to donors' charities	5	18,092,361	15,254,819
Disbursements from the Foundation to charities		—	125,280
Broker fees	5	5,954,337	4,865,272
Life insurance premiums		5,596	5,596
Professional fees		23,865	—
Bank charges		1,287	1,155
		<u>24,077,446</u>	<u>20,252,122</u>
<b>Excess of revenue over expenses</b>		<b>829,783</b>	<b>291,050</b>
Net assets, beginning of year		296,935	5,885
<b>Net assets, end of year</b>		<b><u>1,126,718</u></b>	<b><u>296,935</u></b>

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

**WCPD Foundation**  
**Statement of cash flows**  
Year ended December 31, 2020

	2020	2019
	\$	\$
<b>Operating activities</b>		
Excess of revenue over expenses	829,783	291,050
Change in deferred contributions due to charities	913,905	287,771
	<u>1,743,688</u>	<u>578,821</u>
Changes in non-cash operating working capital items		
Contributions receivable	—	496,138
Harmonized Sales Tax recoverable	(519,015)	(178,590)
Accrued liabilities	12,000	—
	<u>1,236,673</u>	<u>896,369</u>
<b>Investing activities</b>		
Decrease in note receivable	—	2,369,645
Increase in investments	(1,302,503)	(288,078)
(Increase) decrease in restricted investments	(8,234)	185,544
	<u>(1,310,737)</u>	<u>2,267,111</u>
<b>Financing activity</b>		
Change in due to ██████████	(2,009,937)	1,976,780
Net (decrease) increase in cash	(2,084,001)	5,140,260
Cash, beginning of year	9,401,881	4,261,621
<b>Cash, end of year</b>	<u>7,317,880</u>	<u>9,401,881</u>

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

**1. Nature, tax status and purpose of the Foundation**

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

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

**2. Accounting policies**

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

*Revenue recognition*

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

*Contributed materials and services*

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

*Financial instruments*

Financial assets and financial liabilities are initially recognized at fair value. The Foundation subsequently measures all its financial assets and financial liabilities at amortized cost, except for cash and restricted investments, which are measured at fair value. Changes in fair value are recognized in the statement of operations except for restricted investments which are deferred.

*Related party transactions*

Related party transactions in the normal course of operations are recorded at the exchange amount.

**2. Accounting policies (continued)**

*Use of estimates*

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

**3. Related party transactions**

The Foundation is affiliated with [REDACTED] by virtue of a common officer. During the year, broker fees of \$5,954,337 (\$4,865,272 in 2019) were charged by [REDACTED] to the Foundation, of which \$487,545 (\$2,506,709 in 2019) was payable to [REDACTED] as at December 31, 2020. That balance was offset by a \$113,206 (\$108,830 in 2019) receivable for donations made by the Foundation on behalf of [REDACTED] in prior years and \$nil (\$13,603 in 2019) receivable from [REDACTED] related to audit expenses that were being paid directly by the Foundation and were then being reimbursed by the [REDACTED]. However, [REDACTED] no longer reimburses the Foundation for those fees. Thus, bringing the net amount payable to [REDACTED] to \$374,339 as at December 31, 2020 (\$2,384,276 in 2019). During the year, [REDACTED] donated \$447,459 to the Foundation (\$6,250 in 2019).

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

**4. Investments**

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

	2020	2019
	\$	\$
Restricted investments		
[REDACTED]	328,164	319,930
Class A common shares of [REDACTED]	4,049	4,049
[REDACTED]	12,000	12,000
	<u>344,213</u>	<u>335,979</u>
Unrestricted investments		
Class A1 and F1 shares of [REDACTED]		
[REDACTED]	2,609,621	1,307,118
Total investments	<u>2,953,834</u>	<u>1,643,097</u>



**5. Deferred contributions due to charities**

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

	2020	2019
	\$	\$
Balance, beginning or year	8,680,334	8,392,563
Amount received during the year	24,952,369	20,933,170
Change in restricted investments	8,234	(525,308)
Amount disbursed to broker net of Harmonised Sales Tax rebate	(5,954,337)	(4,865,272)
Amount disbursed to donors' charities	(18,092,361)	(15,254,819)
Balance, end of year	<u>9,594,239</u>	<u>8,680,334</u>

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

	2020	2019
	\$	\$
Donations committed to charities	332,213	323,979
Donations not yet committed to charities	9,262,026	8,356,355
	<u>9,594,239</u>	<u>8,680,334</u>

**6. Financial risk management**

*Fair value*

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

*Credit, liquidity and market risks*

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

*Pandemic risk*

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 and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of the Foundation in future periods.

**7. Capital management**

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

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