

WE CHARITY

NON-CONSOLIDATED FINANCIAL STATEMENTS

AUGUST 31, 2021

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, 2021, 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, 2021, 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).

Emphasis of Matter

Without qualifying our conclusion, we draw attention to Note 2 in the non-consolidated financial statements, which indicates that the organization is winding down its operations in Canada. The organization will be dissolved in the near future. As a result, these non-consolidated financial statements are prepared on a liquidation basis.

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.
- 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


Chartered Professional Accountants
Licensed Public Accountants

WE CHARITY

NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT AUGUST 31, 2021

	2021	2020 (Restated)
ASSETS		
Current assets		
Cash	\$ 1,600,905	\$ 4,673,863
Short-term investments	5,370	4,919,832
Accounts receivable (Notes 5, 12)	968,211	6,304,674
Sales tax rebate receivable	651,445	567,585
Government assistance receivable (Note 14)	407,737	1,197,226
Prepaid expenses	135,429	229,561
Due from related entities	-	27,924
Tangible capital assets (Note 6)	4,870,368	-
	8,639,465	17,920,665
Tangible capital assets (Note 6)	-	40,925,278
Intangible assets (Note 7)	-	548,498
Investments in We365 (Note 8)	-	3
	\$ 8,639,465	\$59,394,444

The accompanying notes are an integral part of these financial statements

WE CHARITY

NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT AUGUST 31, 2021

	2021	2020 (Restated)
LIABILITIES		
Current liabilities		
Bank indebtedness	\$ -	\$ 1,115,000
Accounts payable and accrued liabilities (Notes 4, 11)	1,933,608	6,627,488
Due to related entities	-	1,742,902
Deferred contributions (Note 9)	-	3,778,321
Current portion of bank loans	-	10,853,241
Current portion of obligations under capital lease	-	2,033,587
	1,933,608	26,150,539
Deferred capital contributions (Note 10)	-	15,946,894
Obligation for investments in WE365 (Note 8)	-	8,796
	1,933,608	42,106,229
NET ASSETS		
Unrestricted (Note 4)	1,835,489	4,648,162
Invested in capital assets	4,870,368	12,640,053
	6,705,857	17,288,215
	\$ 8,639,465	\$59,394,444

Approved on behalf of the Board:

 Director

The accompanying notes are an integral part of these financial statements

WE CHARITY

NON-CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED AUGUST 31, 2021

	Unrestricted	Invested in capital assets	2021	2020 (Restated)
NET ASSETS, BEGINNING OF YEAR				
As previously reported	\$ 4,824,407	\$ 12,640,053	\$ 17,464,460	\$ 18,089,152
Correction of errors (Note 4)	(176,245)	-	(176,245)	-
As restated	4,648,162	12,640,053	17,288,215	18,089,152
Excess (deficiency) of revenue over expenditures	(18,911,018)	8,328,660	(10,582,358)	(650,937)
Investment in capital assets	16,098,345	(16,098,345)	-	-
Endowments adjusted during the year	-	-	-	(150,000)
NET ASSETS, END OF YEAR	\$ 1,835,489	\$ 4,870,368	\$ 6,705,857	\$ 17,288,215

The accompanying notes are an integral part of these financial statements

WE CHARITY
NON-CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED AUGUST 31, 2021

	2021	2020 (Restated)
REVENUE		
Donations and sponsorships (Notes 11, 12)	\$ 15,605,035	\$ 37,517,492
Contributions in kind (Note 11)	8,485,767	5,193,519
Government grants	276,580	1,745,521
Private grants	9,143,052	15,498,969
Other income	-	20,030
	33,510,434	59,975,531
EXPENDITURES		
Program (Schedule 1)	23,415,470	52,606,828
Support (Schedule 2)	2,070,412	2,496,474
Gift to WE Charity Foundation (Note 12)	10,000,000	-
Gift to WE Charity UK (Note 12)	170,000	-
Amortization	2,342,379	3,236,388
	37,998,261	58,339,690
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENDITURES FROM OPERATIONS	(4,487,827)	1,635,841
OTHER INCOME AND EXPENDITURES		
Dividend and interest income	52,986	215,579
Loss on foreign exchange	(266,463)	(87,855)
Interest on long-term debts	(463,685)	(602,248)
Loss (income) from We365 group (Note 8)	(99,872)	78,879
Realized loss on marketable securities	(41,643)	(811,338)
Unrealized gain on marketable securities	-	448,990
Loss on disposal of tangible capital assets (Note 15)	(5,275,854)	(1,528,785)
	(6,094,531)	(2,286,778)
DEFICIENCY OF REVENUE OVER EXPENDITURES FOR THE YEAR	\$ (10,582,358)	\$ (650,937)

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, 2021

	2021	2020 (Restated)
OPERATING ACTIVITIES		
Deficiency of revenue over expenditures for the year	\$ (10,582,358)	\$ (650,937)
Items not affecting cash		
Amortization	2,342,379	3,236,388
Loss on disposal of tangible capital assets	5,275,854	1,528,785
Marketable securities received in kind	(3,844)	(720,913)
Realized loss on marketable securities	41,643	811,338
Unrealized (gain) loss on marketable securities	-	(448,990)
Share of earnings from We365 group	(8,797)	(78,879)
	(2,935,123)	3,676,792
Changes in non-cash working capital <i>(Note 17)</i>	(18,282,866)	(7,367,866)
Net cash used by operations	(21,217,989)	(3,691,074)
INVESTING ACTIVITIES		
Proceeds from sale of marketable securities	4,876,663	4,717,456
Due from related entities	27,924	3,095,076
Purchase of tangible capital assets	(208,250)	(161,390)
Proceeds on disposal of tangible capital assets	29,193,424	-
Purchase of intangible assets	-	(1,064,220)
Due to related entities	(1,742,902)	1,742,902
Endowment contribution	-	(150,000)
Net cash provided by investing activities	32,146,859	8,179,824
FINANCING ACTIVITIES		
Repayment of bank indebtedness	(1,115,000)	(1,280,000)
Repayment of bank loans	(10,853,241)	(436,984)
Proceeds from (repayment of) obligations under capital lease	(2,033,587)	577,714
Net cash used by financing activities	(14,001,828)	(1,139,270)
Net increase (decrease) in cash	(3,072,958)	3,349,480
Cash - beginning of the year	4,673,863	1,324,383
Cash - end of the year	\$ 1,600,905	\$ 4,673,863

The accompanying notes are an integral part of these financial statements

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 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 sold its assets before August 31, 2021 except for one building, which has been transferred to WELLbeing Foundation in October 2021. [REDACTED]

Therefore, the going concern assumption was not appropriate for the non-consolidated financial statements. As a result, these non-consolidated financial statements are prepared on a liquidation basis.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The assets and liabilities in the non-consolidated statement of financial position are prepared at their net realizable value which is the most appropriate basis in the circumstances.

Revenue recognition

The organization historically followed 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.

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NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2021

- 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. The organization has completed most of the projects as of August 31, 2021. Most of the international programs including incomplete projects have been transferred to WE Charity Foundation and WE Charity U.S.. Most of the domestic programs including incomplete projects have been transferred to WELLbeing Foundation. Those foundations are responsible for the on-going costs related to the projects.

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.

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

Contributed assets and services

The organization 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.

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.

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NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS
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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

Short-term investments are valued at net realizable value.

Tangible capital assets

Tangible capital assets had historically been stated at cost less accumulated amortization and were 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
Furniture and fixtures under capital lease	20 %	declining balance method

As a result of the decision to wind down the operation and sell the properties, tangible capital assets were valued at their liquidation value as at August 31, 2021. The tangible capital assets were reclassified as current at August 31, 2021 since the assets were transferred to WELLbeing Foundation in October 2021.

Controlled entities

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. During the year, the controlled entities have been dissolved. As of August 31, 2021, there were no controlled entities for the organization.

Use of estimates

When preparing financial statements in conformity with Canadian accounting principles for Non-for-Profit organizations, 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 uncollectible accounts receivables, useful life of tangible capital assets and the determination of impairment losses, accrued liabilities and allocation of expenditures. Any adjustments necessary are reported in the current period operations in which they become known. Significant estimates include the determination of impairment losses.

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

The organization's financial instruments consist of cash, accounts receivable and accounts payable and accrued liabilities. Management has determined that the realizable value of these financial instruments approximates their fair values due to their immediate or short-term maturity.

4 CORRECTION OF ERRORS

During the year, management identified that the operating expenses were under accrued by \$176,245 in 2020. Accordingly, the comparative figures have been restated to include following adjustments. In 2020, accounts payable and accrued liabilities increased by \$176,245. Office expense for domestic programs increased by \$55,571. Professional fees for administration increased by \$120,674. The net assets - unrestricted decreased by \$176,245.

WE CHARITY
NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS
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5 ACCOUNTS RECEIVABLE

	2021	2020
Donations receivable	\$ 71,984	\$ -
Receivable from related parties (Note 12)	748,881	6,063,897
Other receivable	147,346	240,777
	\$ 968,211	\$ 6,304,674

6 TANGIBLE CAPITAL ASSETS

	2021		2020	
	Cost	Accumulated Amortization	Net	Net
Land	\$ 525,000	\$ -	\$ 525,000	\$ 6,588,542
Buildings	4,483,883	624,910	3,858,973	31,621,186
Computer and equipment	-	-	-	32,074
Furniture and fixtures	486,395	-	486,395	1,435,476
	\$ 5,495,278	\$ 624,910	\$ 4,870,368	\$ 39,677,278
Furniture and fixtures under capital lease	-	-	-	1,248,000
	\$ 5,495,278	\$ 624,910	\$ 4,870,368	\$ 40,925,278

Total amortization expenses of tangible capital assets in the year are \$1,793,881 (2020 - \$2,393,967). It includes \$241,550 amortization expenses related to furniture and fixtures under capital lease (2020 - \$312,000). All of the tangible capital assets have been transferred to Wellbeing Foundation after the year end. Therefore, the balance of \$4,870,368 in tangible capital assets is reclassified as current assets as of August 31, 2021.

7 INTANGIBLE ASSETS

The intangible assets have been fully amortized in the year. Total amortization expenses of intangible assets in the year are \$548,498 (2020 - \$842,421).

WE CHARITY
NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS
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8 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. During the year, We365 Holding Inc., We365 LP and We365 GP Inc. have been dissolved.

During the year, Holdings charged the organization programming support costs of \$6,998 (2020 - \$1,224,236). In addition, \$108,668 loans from Holdings has been forgiven and recognized as investment loss. The amount charged to operations is calculated as follows:

	2021	2020
Share of income	\$ 8,796	\$ 78,879
Loss from loan forgiveness	(108,668)	-
	\$ (99,872)	\$ 78,879

9 DEFERRED CONTRIBUTIONS

	2021	2020
Balance - beginning of year	\$ 3,778,321	\$ 8,528,251
Restricted contributions received	11,693,805	47,801,328
	15,472,126	56,329,579
Less: amount recognized as revenue	(15,472,126)	(52,551,258)
	\$ -	\$ 3,778,321

10 DEFERRED CAPITAL CONTRIBUTIONS

	2021	2020
Balance - beginning of year	\$ 15,946,894	\$ 16,611,348
Less: amount recognized as revenue	(15,946,894)	(664,454)
	\$ -	\$ 15,946,894

WE CHARITY
NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2021

11 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 historically purchased books, educational material, promotional items, 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:

	2021	2020
Contributions received including in-kind contributions	\$ 57,500	\$ 1,932,959
Purchase of promotional goods	\$ -	\$ 292,495

As of August 31, 2021, there were no accounts payable to Me to We (2020 - \$199,577).

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.

12 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 \$3,160,258 (2020 - \$9,425,648).

WE CHARITY
NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2021

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:

	2021	2020
Contributions received from charities in US	\$ 6,007,215	\$ 26,451,790
Contributions received from charity in UK	\$ 730,811	\$ 1,082,517
Contributions received from foundations in Canada	\$ 342,000	\$ 1,394,708
Gifts to WE Charity Foundation	\$ 10,000,000	\$ -
Gifts to WE Charity UK	\$ 170,000	\$ -

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

	2021	2020
Accounts receivable from charities in US	\$ 645,412	\$ 4,711,896
Accounts receivable from charity in UK	75,436	230,838
Accounts receivable from foundations in Canada	28,033	1,121,163
	\$ 748,881	\$ 6,063,897

13 ALLOCATION OF EXPENDITURES

Administrative costs totaling \$3,014,038 (2020 - \$4,134,402) have been allocated as follows:

	2021	2020
Payroll		
<u>Allocated to:</u>		
International	\$ 537,004	\$ 1,347,950
Domestic	537,004	1,347,950
Fundraising	276,638	694,398
	\$ 1,350,646	\$ 3,390,298
Other operating costs		
<u>Allocated to:</u>		
International	\$ 669,803	\$ 328,022
Domestic	669,803	328,022
Fundraising	323,786	88,060
	\$ 1,663,392	\$ 744,104

WE CHARITY
NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2021

14 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 \$2,783,893 in wage subsidies (2020 - \$4,931,148). There is an amount of \$407,737 receivable as of August 31, 2021 (2020 - \$1,197,226). The amount received has been allocated directly to the payroll expense related accounts as follows:

	2021	2020
International programs	\$ 981,670	\$ 1,340,369
Domestic programs	1,595,949	3,292,089
Administration and fundraising	206,274	298,690
	\$ 2,783,893	\$ 4,931,148

15 LOSS ON DISPOSAL OF TANGIBLE CAPITAL ASSETS

The value of the organization's properties included both cash paid for the properties themselves, associated renovation costs, technology upgrades and other fixtures. The organization's corporate partners had provided in-kind support for technology and outfitting of its properties, especially the WE Global Learning Center. Much of this technology was customized for the organization and generally not transferable to another user. This in-kind support is included when calculating the loss of the disposal of the tangible capital assets. The organization and its Board engaged a leading real estate service company to perform an independent valuation and assessment for the sale of the organization's properties. The properties were sold at a higher value than the assessments.

16 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, 2021:

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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 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.

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:

	2021	2020
U.S. Dollars (USD):		
Cash	\$ 30,966	\$ 1,390,792
Short-term investments	\$ 3,933	\$ 964,422
Accounts receivable	\$ 497,937	\$ 3,608,000
Accounts payable	\$ 258,695	\$ 183,671
Pound Sterling (GBP):		
Cash	\$ 698	\$ 645
Accounts receivable	\$ 43,339	\$ 135,787
Accounts payable	\$ -	\$ 4,033

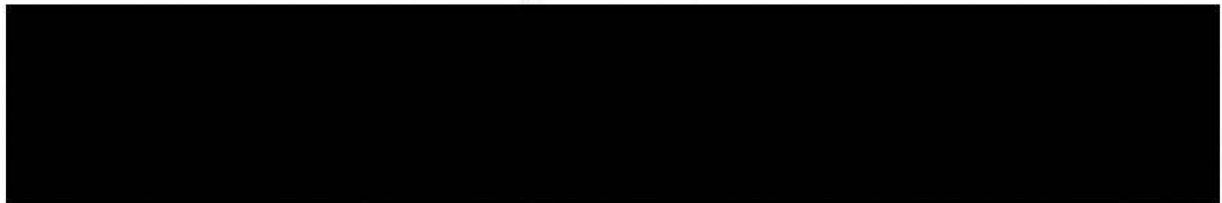
The organization does not use derivative instruments to reduce its exposure to currency risk.

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NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2021

17 CHANGES IN NON-CASH WORKING CAPITAL

	2021	2020 (Restated)
Accounts receivable	\$ 5,336,463	\$ (4,580,950)
Sales tax rebate receivable	(83,860)	302,738
Government assistance receivable	789,489	(1,197,226)
Prepaid expenses	94,132	966,878
Accounts payable and accrued liabilities	(4,693,875)	2,555,078
Deferred contributions	(3,778,321)	(4,749,930)
Deferred capital contributions	(15,946,894)	(664,454)
	\$ (18,282,866)	\$ (7,367,866)

18 SUBSEQUENT EVENT



Subsequent to the year, all the tangible capital assets have been transferred to Wellbeing Foundation at an agreed amount of \$4,870,368.

19 CONTINGENCY

Due to the winding down of the operation, the organization has to lay off its employees. During the year, the organization has laid off most of the employees and paid \$ 1,344,254 severance pay. The organization estimated that an additional \$ 725,803 severance pay would be incurred upon its dissolution.

20 COMPARATIVE FIGURES

Certain prior year's figures have been reclassified for comparative purposes to conform with current year presentation. The non-consolidated financial statements for the comparative year ended August 31, 2020 have been prepared on a going concern basis.

WE CHARITY
NON-CONSOLIDATED SCHEDULE OF PROGRAM EXPENDITURES
SCHEDULE 1
FOR THE YEAR ENDED AUGUST 31, 2021

	2021	2020 (Restated)
International programs <i>(Note 14)</i>		
Asia	\$ 315,506	\$ 1,050,394
Africa	12,034,697	16,765,132
Latin America	829,756	4,713,516
	13,179,959	22,529,042
Domestic programs		
Direct costs	41,621	10,214,934
Office <i>(Note 4)</i>	7,541,704	9,071,684
Payroll <i>(Note 14)</i>	2,602,207	10,029,235
Travel	49,979	761,933
	10,235,511	30,077,786
	\$23,415,470	\$52,606,828

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 Schools, WE Social Entrepreneurs and WE Teachers 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, 2021

	2021	2020 (Restated)
Fundraising		
Events	\$ 8,598	\$ 26,509
Office	356,482	106,921
Payroll (Note 14)	173,502	558,524
	\$ 538,582	\$ 691,954
Administration		
Office	\$ 309,244	\$ 527,127
Payroll (Note 14)	163,644	651,165
Professional fees (Note 4)	1,058,724	625,741
Travel	218	487
	\$ 1,531,830	\$ 1,804,520
	\$ 2,070,412	\$ 2,496,474