

**CHIMP: Charitable Impact Foundation (Canada)**  
**Financial Statements**  
*July 31, 2022*

**CHIMP: Charitable Impact Foundation (Canada)**  
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*For the year ended July 31, 2022*

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**CHIMP: Charitable Impact Foundation (Canada)**  
**Statement of Financial Position**

*As at July 31, 2022*

	<b>2022</b>	<b>2021</b>
<b>Assets</b>		
<b>Current</b>		
Cash (Note 3)	39,792,786	37,953,625
Accounts receivable, net	534,318	653,864
Marketable securities (Note 5)	228,609,194	184,114,235
Prepaid expenses	224,750	221,244
Other receivable	1,822,178	-
	<b>270,983,226</b>	<b>222,942,968</b>
<b>Unlisted securities (Note 5)</b>	<b>236,142,198</b>	<b>208,136,698</b>
<b>Life insurance - cash surrender value (Note 4)</b>	<b>303,373</b>	<b>266,803</b>
<b>Land (Note 6)</b>	<b>36,229</b>	<b>36,229</b>
	<b>507,465,026</b>	<b>431,382,698</b>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	6,268	168,746
Due to related party (Note 8)	3,724,210	-
	<b>3,730,478</b>	<b>168,746</b>
<b>Commitments (Note 9)</b>		
<b>Net Assets</b>		
Unrestricted Funds	503,734,548	431,213,952
	<b>507,465,026</b>	<b>431,382,698</b>

*The accompanying notes are an integral part of these financial statements*

**CHIMP: Charitable Impact Foundation (Canada)**  
**Statement of Operations**  
*For the year ended July 31, 2022*

	<b>2022</b>	<b>2021</b>
<b>Revenue</b>		
Donations of marketable securities	77,386,770	114,305,807
Donations of cash	112,911,209	32,745,509
Donations from other charities	1,460,000	24,501,000
Donations of unlisted securities	10,165,000	11,875,000
Donations of life insurance <i>(Note 4)</i>	34,930	34,930
Donations of cryptocurrency	476,880	25,727
<b>Total donation revenue</b>	<b>202,434,789</b>	<b>183,487,973</b>
Interest and other investment income	4,283,669	2,379,611
Gain (loss) on revaluation of marketable securities	(32,798,240)	14,385,876
Gain on sale of land <i>(Note 6)</i>	-	516,504
Gain (loss) on sale of cryptocurrency	(11,749)	1,187
	<b>173,908,469</b>	<b>200,771,151</b>
<b>Expenses</b>		
Disbursements to qualified donees	63,685,531	79,857,798
Technology and human resource services <i>(Note 8)</i>	13,632,500	13,641,648
Life insurance premiums <i>(Note 4)</i>	20,981,003	6,122,623
Investment management fees	2,404,182	1,047,141
Legal and professional	231,710	269,631
Bank, interest, and credit card processing fees	248,543	247,672
Contractor fees	121,108	171,222
Insurance	71,856	44,074
Office and administration	11,068	11,732
Property taxes	373	1,462
	<b>101,387,874</b>	<b>101,415,003</b>
<b>Excess of revenue over expenses</b>	<b>72,520,595</b>	<b>99,356,148</b>

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**CHIMP: Charitable Impact Foundation (Canada)**  
**Statement of Changes in Net Assets**  
*For the year ended July 31, 2022*

	<i>Unrestricted Funds</i>	<b>2022</b>	<b>2021</b>
<b>Net assets beginning of year</b>	431,213,953	<b>431,213,953</b>	331,857,805
<b>Excess of revenue over expenses</b>	72,520,595	<b>72,520,595</b>	99,356,148
<b>Net assets, end of year</b>	<b>503,734,548</b>	<b>503,734,548</b>	431,213,953

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**CHIMP: Charitable Impact Foundation (Canada)**  
**Statement of Cash Flows**  
*For the year ended July 31, 2022*

	2022	2021
<b>Cash provided by (used for) the following activities</b>		
<b>Operating</b>		
Excess of revenue over expenses	72,520,595	99,356,148
Adjustments to reconcile net cash		
Donations of insurance policies (Note 4)	(34,930)	(34,930)
Donations of unlisted securities	(10,165,000)	(11,875,000)
Donations of marketable securities	(77,386,770)	(114,305,807)
Donations of cryptocurrency	(476,880)	(25,727)
Disbursements of gifts-in-kind	171,475	7,423,534
(Gain) loss on revaluation of marketable securities	32,798,240	(14,385,876)
Gain on sale of land (Note 6)	-	(516,504)
(Gain) loss on sale of cryptocurrency	11,749	(1,187)
	<b>17,438,479</b>	<b>(34,365,349)</b>
Changes in working capital accounts		
Accounts receivable, net	119,545	(108,171)
Prepaid expenses	(3,506)	(34,095)
Accounts payable and accrued liabilities	(162,478)	118,600
Due to related party	3,724,210	(2,242)
Other receivable	(1,822,177)	-
<b>Net cash provided by (used for) operating activities</b>	<b>19,294,073</b>	<b>(34,391,257)</b>
<b>Investing</b>		
Purchase of unlisted securities	(19,950,000)	(6,200,000)
Proceeds on redemption of unlisted securities	2,109,500	2,975,763
Proceeds from (purchase of) marketable securities, net	(77,905)	37,006,280
Proceeds from land, net (Note 6)	-	694,801
Payments for insurance, net	(1,638)	(6,710)
Proceeds from cryptocurrency	465,131	26,915
<b>Net cash provided by (used for) investing activities</b>	<b>(17,454,912)</b>	<b>34,497,049</b>
<b>Increase in cash</b>	<b>1,839,161</b>	<b>105,792</b>
<b>Cash resources, beginning of year</b>	<b>37,953,625</b>	<b>37,847,833</b>
<b>Cash resources, end of year</b>	<b>39,792,786</b>	<b>37,953,625</b>

*The accompanying notes are an integral part of these financial statements*

**CHIMP: Charitable Impact Foundation (Canada)**  
**Notes to the Financial Statements**  
*For the year ended July 31, 2022*

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**1. Incorporation and nature of the organization**

The CHIMP: Charitable Impact Foundation (Canada) was incorporated under the Canada Corporations Act on August 6, 2008, continued under the Canada Not-for-profit Corporations Act on November 9, 2012 and commenced operations on August 1, 2010. The Foundation is an independent, not-for-profit charitable corporation registered as a public foundation with the Canada Revenue Agency and is a registered charity under the Canadian Income Tax Act. The Foundation operates a donor advised fund through which an individual, company or group can set up their own online charitable giving account. At any time, account holders can request the funds in their accounts to be allocated to any qualified donee (including all registered charities, registered Canadian amateur athletic associations, municipalities, etc.). Disbursements to qualified donees as requested by donors are ultimately at the discretion of the Foundation.

**2. Significant accounting policies**

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada and include the following significant accounting policies:

**Cash**

Cash consists of cash on hand. Cash held for investing rather than liquidity purposes are classified as securities.

**Land**

Land is valued at the lower of cost and current replacement cost. Cost is determined based on fair value at the time of contribution.

**Life insurance policies**

The Foundation is the beneficiary for various life insurance policies, including donated policies and policies purchased for investment. The Foundation recognizes revenue and corresponding expenses for donated policies at fair value at the time of the gift. Insurance premiums paid by donors to maintain the policies in good standing are recognized as revenue with a corresponding life insurance expense. The cash surrender value of life insurance policies is recorded as an asset. As the realizable amount in excess of the cash surrender is contingent on the death of the insured individual, the Foundation does not record the death benefits until collection is reasonably assured. The change in the aggregate cash surrender value, net of premiums paid, is recorded as life insurance expense.

**Revenue recognition**

The Foundation follows the deferral method of accounting for contributions, which primarily includes donations, which are recognized upon receipt of funds from donors as they are unrestricted. Interest income is recognized in the period in which it is earned. Dividends are recognized when declared by the issuer of the related securities.

**Securities**

Securities are comprised of unlisted securities and marketable securities.

(i) Investments in unlisted securities are measured at fair value on the date of donation, and are thereafter carried at this amount for equity instruments, and at amortized cost for debt instruments until such time as they are sold or become impaired.

(ii) Investments in marketable securities are measured at fair value initially and thereafter at the statement of financial position date. The fair value of marketable securities is based on the latest closing price.

**Financial instruments**

**(i) Initial and subsequent measurement**

The Foundation initially measures its financial assets and financial liabilities at fair value. It subsequently measures marketable securities at fair value, unlisted securities that are equity instruments at cost less impairment, if any, private equity funds at fair value, and all other financial assets and financial liabilities at amortized cost. The financial liabilities measured at amortized cost include accrued liabilities and due to related party.

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Changes in the fair value of financial instruments subsequently carried at fair value are recognized in income in the period incurred. Financial assets measured at amortized cost include cash and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and due to related party.

(ii) Fair Value of Financial Instruments

The Foundation has adopted the framework for measuring fair value that establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements).

The three levels of inputs that may be used to measure fair value are as follows:

- Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date;
- Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data; and
- Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions that market participants would use in pricing an asset or liability. Valuation is generated from model-based techniques with the unobservable assumptions reflecting our own estimate of assumptions that market participants would use in pricing the asset or liability.

Cash, accounts receivable, other current assets, accounts payable and accrued liabilities and due to related party are reflected in the Statement of Financial Position at their estimated fair values primarily due to their short-term nature. Estimated fair values for marketable securities are based on quoted prices, which represent level 1 inputs.

As to long-term assets, such as unlisted securities and land, fair value accounting has been applied to the initial valuation. The level of input for unlisted securities is determined by the assets held in the corporation issuing the shares, and may be either, or a combination of, a level 1, level 2, or level 3 input. For land, the fair value estimate is based on comparable properties, which is a level 2 input.

(iii) Transaction costs, premiums and discounts

Transaction costs related to financial instruments measured at fair value are expensed as incurred. Transaction costs related to other financial instruments are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the straight-line method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the straight-line method and recognized in the statement of operations as interest income or expense.

(iv) Impairment

For financial assets measured at cost or amortized cost, the Foundation determines whether there are indications of possible impairment. When there is an indication of impairment, and the Foundation determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in income. If the indicators of impairment have decreased or no longer exist, the previously recognized impairment loss is reversed to the extent of the improvement. The carrying amount of the financial asset may not be greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in income.

***Use of estimates***

The preparation of the financial statements of the Foundation 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, particularly, the fair value of unlisted securities at the donation date, and the assessment of impairment, if any, on financial assets carried at amortized cost, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenditures during the reporting period. Actual results could differ from these estimates.

**CHIMP: Charitable Impact Foundation (Canada)**  
**Notes to the Financial Statements**  
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**3. Cash**

	2022	2021
Operations	3,587,632	2,063,320
Donor advised funds	36,205,154	35,890,305
	<b>39,792,786</b>	<b>37,953,625</b>

**4. Life insurance policies**

The aggregate cash surrender value of the Foundation's interest in life insurance policies is \$303,373 (2021 - \$266,803) as at July 31, 2022. During the fiscal year, the Foundation accepted donated policies and premiums with a fair value of \$34,930 (2021 - \$34,930) and paid acquisition costs and premiums of \$20,981,003 (2021 - \$6,122,623). The aggregate death benefit entitlement of the policies is \$85,697,838 at July 31, 2022 (2021 - \$25,627,437).

The Foundation entered into agreements to pay life insurance premiums of \$2,388,680 in 2023 for interest in life insurance policies with a death benefit entitlement of \$11,500,000.

**5. Securities**

	Amortized Cost	Fair Value	2022 Net book value	2021 Net book value
	\$	\$	\$	\$
Cash - investments	9,026,990	-	9,026,990	12,240,910
Marketable Securities	-	219,582,204	219,582,204	171,873,325
Private equity funds	-	250,000	250,000	-
Unlisted securities	235,892,198	-	235,892,198	208,136,698
	244,919,188	219,832,204	464,751,392	392,250,933
Less current portion	(9,026,990)	(219,582,204)	(228,609,194)	(184,114,235)
	<b>235,892,198</b>	<b>250,000</b>	<b>236,142,198</b>	<b>208,136,698</b>

Marketable securities are comprised of donated securities and securities purchased from cash held in funds donated for the purpose of purchasing securities. Unlisted securities are comprised of donated and invested securities.

Cash – investments includes cash on hand and short-term deposits with a term to maturity of 90 days or less at the date of purchase held within the investment accounts for the purpose of investment.

*Investment policy*

In accordance with the Foundation's mission to support and increase charitable giving in Canada, the Board of Directors has an investment policy in place to protect the cash in the funds entrusted to the Foundation. Some funds hold securities with the purpose of achieving optimal returns for their fund consistent with prudent investment management.

The Foundation is subject to equity price risk (see Note 7 (equity price risk) for further information) pending the sale of securities, but this risk is contained in the individual fund. Funds are not permitted to trade on margin, or engage in any other trading activities which may impact the value of another fund or any other assets of the Foundation.

Upon disposition, the donor may request disbursement to respective qualified donees based on the net proceeds.

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**6. Land**

In fiscal 2022, the Foundation sold nil properties (2021 - 3) classified as land to a third party and thus realized no gain during the fiscal year (2021 - \$516,504).

**7. Financial instruments risk**

***Interest rate risk***

Interest rate risk arises when the Foundation invests in variable-rate and fixed-rate interest bearing financial instruments. Variable-rate instruments subject the Foundation to changes in cash flows and fixed-rate instruments subject the Foundation to the risk of changes in fair value. The objective of the Foundation's investment policy is to control interest rate risk by managing its interest rate exposure.

***Liquidity risk***

The Foundation's objective is to have sufficient liquidity to meet its liabilities when due. The Foundation monitors its cash balances and cash flows generated from operations to meet its requirements. As at July 31, 2022, the most significant financial liabilities are the accrued liabilities and due to related party.

***Equity price risk***

Equity price risk is the risk that the value of financial instruments will fluctuate due to changes in market prices. The Foundation is exposed to equity price risk through its security holdings. The majority, by monetary value, of the Foundation's holdings of securities are unlisted and have a fixed redemption price. To mitigate the Foundation's equity price risk, disbursements from funds pertaining to securities are limited to the net proceeds on their disposition. As such, the price risk is contained to the individual fund.

***Foreign currency risk***

Foreign 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 Foundation is exposed to currency risks primarily due to its holdings of foreign currency denominated cash equivalents as well as cash balance in marketable securities. As at July 31, 2022, the Foundation held the following Canadian dollar-equivalent of US dollars denominated financial instruments.

	<b>2022</b>	<b>2021</b>
	<b>CAD\$</b>	<b>CAD\$</b>
Cash (USD)	<b>115,867</b>	135,556
Cash held in marketable securities (USD)	<b>1,750,704</b>	-
	<b>1,866,571</b>	135,556

**8. Related party transactions**

The Foundation's board of directors focuses extensively on strategy, governance, compliance and risk management and works with aligned third parties to optimize management of its operations. During the year, the Foundation acquired technology, human resource, and business services of \$13,632,500 (2021 - \$13,641,648) from CHIMP Technology Inc., a company in which an unpaid executive of the Foundation has an equity interest. All services were acquired in the normal course of operations and measured at the exchange amount, which is the amount of consideration established and agreed upon by the parties.

As at July 31, 2022, the Foundation's amount due to CHIMP Technology Inc. was \$3,724,210 (2021 - \$nil).

Contractually, all agreements between the Foundation and CHIMP Technology Inc. do not permit or require the Foundation to pay CHIMP Technology Inc. for services with funds donated to or held in funds. Funds with the Foundation are protected from financial liability that could arise as a result of the Foundation's relationship with CHIMP Technology Inc.

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**Notes to the Financial Statements**  
*For the year ended July 31, 2022*

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**9. Commitments**

The Foundation is a beneficiary to a life insurance policy and is expected to pay annual premium payments of \$192,140 until 2023 totaling \$192,140.

**10. Comparative figures**

Certain comparative figures have been reclassified to conform with current year presentation. Donations of marketable securities via brokerage accounts that included a cash balance was previously reported as a donations of marketable securities. The cash portion of these donations has been reclassified as donations of cash.