

# CHIMP: Charitable Impact Foundation (Canada)

Notes to the financial statements

July 31, 2016

---

## 5. Equipment

			2016	2015
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Computer hardware	9,275	8,416	859	1,908

## 6. Mortgage receivable

The mortgage receivable is measured at amortized cost with a fixed maturity date of October 31, 2016 in the amount of \$19,066,968. The rate of interest is 7% compounded annually with payment due upon maturity.

## 7. Financial instrument risk

### (a) Credit risk

Credit risk is the risk that a counterparty will fail to perform its obligations. The Foundation's exposure to credit risk is indicated by the carrying amounts of its cash. The Foundation's cash is kept with reputable Canadian chartered banks and credit unions.

### (b) Interest rate risk

Interest rate risk arises when the Foundation invests in fixed-rate interest bearing financial instruments. Fixed-rate instruments subject the Foundation to 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.

### (c) 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. To mitigate the Foundation's equity price risk, disbursements from donor advised funds pertaining to donated securities are limited to the net proceeds on their disposition. This way, the price risk is contained to the donor's advised fund.

### (d) Liquidity risk

The Company'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, 2016, the most significant financial liabilities are the accrued liabilities.

## 8. Related party balances

During the year, the Foundation paid for technology services of \$2,145,668 (2015 - \$1,544,914) and human resource services of \$1,428,054 (2015 - \$1,028,255) to CHIMP Technologies Inc., a company in which an executive of the Foundation has an equity interest. This transaction was in the normal course of operations and is measured at the exchange amount, which is the amount of consideration established and agreed upon by the related parties.

Contractually, the Technology Service Provider Agreement and Human Resource Service Provider Agreement between the Foundation and CHIMP Technologies Inc. does not permit the Foundation to pay CHIMP Technologies Inc. for services with money given to or held in accounts at CHIMP (donor advised funds).

## 9. Subsequent event

Subsequent to July 31, 2016, in October 2016, the Foundation signed a modification agreement to extend the maturity date of the mortgage receivable to November 1, 2019 with payment due upon maturity.