

CHIMP: Charitable Impact Foundation (Canada)

Notes to the financial statements

July 31, 2017

7. Financial instrument risk (continued)

(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 donor advised 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 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, 2017, the most significant financial liabilities are the accrued liabilities.

8. Related party balances

The Foundation board focuses extensively on strategy, governance, compliance and risk management working with aligned third parties to optimize management of its operations. During the year, the Foundation acquired technology transaction services of \$2,091,745 (2016 - \$2,145,668) and human resource and business services of \$1,392,394 (2016 - \$1,428,054) 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.

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 donor advised funds. Donor advised funds with the Foundation are protected from financial liability that could arise as a result of the Foundation's relationship with CHIMP Technology Inc.

9. Subsequent events

Subsequent to July 31, 2017, the Foundation sold donated land for \$814,900 earning an aggregate gain on disposal of \$27,900.

10. Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.