

## CHIMP: Charitable Impact Foundation (Canada)

### Notes to the financial statements

July 31, 2018

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#### 10. Disbursements to charities

Disbursements to charities of \$130,874,268 includes a \$74,510,000 donation to a registered charity, for the purposes of debt reduction.

#### 11. 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 and mortgages receivable. 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 funds pertaining to securities are limited to the net proceeds on their disposition. As such, the price risk is contained to the individual 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, 2018, the most significant financial liabilities are the accrued liabilities and related party payables.

#### 12. Related party transactions and balances

The Foundation board 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 transaction services of \$7,302,041 (\$2,091,745 in 2017) and human resource and business services of \$5,471,956 (\$1,392,394 in 2017) 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.