Grant Thornton

Financial Statements

Inspirit Foundation

December 31, 2023

Contents

Grant Thornton

Independent Auditor's Report

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To the Board of Directors of
Inspirit Foundation

Opinion

We have audited the financial statements of Inspirit Foundation (the "Foundation"), which comprise the statement of financial position as at December 31, 2023, and the statements of operations, changes in net assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2023, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

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 Financial Statements* section of our report. We are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the 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 financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 Foundation's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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.

Grant Thornton LLP

Toronto, Canada
June 26, 2024

Chartered Professional Accountants
Licensed Public Accountants

Inspirit Foundation
Statement of Operations

Year ended December 31	2023	2022
Revenue		
Unrealized gain on investments	**$ 2,671,546**	$ -
Realized gain on sale of investments	**1,154,551**	-
Investment income	**1,124,947**	743,415
Other	**90,533**	185,019
	5,041,577	928,434
Expenses		
Grants and programs (Note 7)	**3,013,744**	2,257,572
Salaries and benefits	**982,300**	836,374
General and administrative	**385,524**	466,574
Investment fees	**156,416**	142,242
Professional fees	**103,745**	71,344
Amortization of property and equipment	**29,077**	28,289
Realized loss on sale of investments	**-**	205,752
Unrealized loss of investments	**-**	3,828,511
	4,670,806	7,836,658
Excess (deficiency) of revenue over expenses	**$ 370,771**	$ (6,908,224)

See accompanying notes to the financial statements.

Inspirit Foundation
Statement of Changes in Net Assets
Year ended December 31

	Invested in property and equipment	Unrestricted	Total 2023	Total 2022
Balance, beginning of year	$ 879,461	$ 33,903,970	**$ 34,783,431**	$ 41,691,655
Excess (deficiency) of revenue over expenses	(29,077)	399,848	**370,771**	(6,908,224)
Purchase of property and equipment	1,645	(1,645)	**-**	-
Balance, end of year	**$ 852,029**	**$ 34,302,173**	**$ 35,154,202**	$ 34,783,431

See accompanying notes to the financial statements.

Inspirit Foundation
Statement of Financial Position

December 31		2023		2022
Assets				
Current				
Cash	$	**2,222,841**	$	603,700
Accounts receivable		**21,807**		39,509
Prepaid expenses		**45,372**		41,967
		2,290,020		685,176
Founding investments (Note 3)		**29,281,624**		31,007,897
Mission-related investments (Note 4)		**2,843,127**		2,650,817
Property and equipment (Note 5)		**852,029**		879,461
	$	**35,266,800**	$	35,223,351
Liabilities				
Current				
Accounts payable and accrued liabilities	$	**112,598**	$	439,920
Net assets				
Invested in property and equipment		**852,029**		879,461
Unrestricted		**34,302,173**		33,903,970
		35,154,202		34,783,431
	$	**35,266,800**	$	35,223,351

Commitments and guarantees (Note 6)

On behalf of the Board of Directors

_______________ Director _______________ Director

Inspirit Foundation
Statement of Cash Flows

Year ended December 31	2023	2022
Increase (decrease) in cash		
Operating		
Excess (deficiency) of revenue over expenses	**$ 370,771**	$ (6,908,224)
Items not affecting cash		
Amortization	**29,077**	28,289
Unrealized (gain) loss on investments	**(2,671,546)**	3,828,511
	(2,271,698)	(3,051,424)
Change in non-cash working capital items		
Accounts receivable	**17,702**	5,766
Prepaid expenses	**(3,405)**	(7,471)
Accounts payable and accrued liabilities	**(327,322)**	92,830
	(2,584,723)	(2,960,299)
Investing		
Net decrease in founding investments	**4,397,819**	2,310,843
Net increase of mission-related investments	**(192,310)**	(471,903)
Purchase of property and equipment	**(1,645)**	(1,871)
	4,203,864	1,837,069
Increase (decrease) in cash	**1,619,141**	(1,123,230)
Cash		
Beginning of year	**603,700**	1,726,930
End of year	**$ 2,222,841**	$ 603,700

1. Nature of operations

Inspirit Foundation (the "Foundation") was incorporated without share capital by Letters Patent under the Canada Corporations Act on April 27, 1984 under the name Vision TV: Canada's Faith Network/Réseau Religieux Canadien (Vision TV). The Foundation is a registered charity under the Income Tax Act (Canada) and, as such, is exempt from income taxes. The Foundation continued under the Canada Not-for-Profit Corporations Act in July 2014.

The Foundation, as a registered charity, is required to meet a disbursement quota defined by the Act. The Foundation reports on compliance with this requirement each year in the annual filings with the Canada Revenue Agency (CRA). The Foundation was in compliance with this disbursement quota requirement for fiscal 2023.

2. Basis of accounting and significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are detailed as follows:

Revenue recognition

Investment income is recorded on an accrual basis and includes interest income and dividends.

The realized gain (loss) on sale of investments is the difference between proceeds received and the average cost of investments sold.

All changes in fair value are recognized in the statement of operations as unrealized gain or loss of investments.

Other income, which includes donation and miscellaneous income, is recognized when received. The Foundation follows the deferral method of accounting for externally restricted contributions. Externally restricted contributions are initially recorded as deferred contributions and then recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received. Miscellaneous income is recognized as earned.

Property and equipment

Purchased property and equipment are recorded at cost and are amortized using the straight-line method over the following number of years.

Condominium	40 years
Computer equipment	3 years
Office equipment	5 years
Furniture and fixtures	5 years
Computer software	5 years

Property and equipment are tested for impairment when events or changes in circumstances indicate that an asset might be impaired. The assets are tested for impairment by comparing the net carrying value to their fair value or replacement cost. If the asset's fair value or replacement cost is determined to be less than its net carrying value, the resulting impairment is reported in the statement of operations. Any impairment recognized is not reversed.

2. Basis of accounting and significant accounting policies (continued)

Financial instruments

The Foundation considers any contract creating a financial asset, liability or equity instrument as a financial instrument.

The Foundation's financial instruments consistent of cash, accounts receivable, founding investments, mission-related investments and accounts payable.

Founding investments are recorded at fair value.

Cash, accounts receivable and accounts payable are initially measured at fair value and, subsequently, at amortized cost.

Mission-related investments that are impact fixed income instruments are initially recorded at cost and adjusted for impairment when circumstances arise that indicate the investment cost will not be recouped. Mission-related investments that are equity instruments are initially recorded at cost and adjusted for impairment when circumstances arise that indicate the investment cost will not be recouped. When the investment is determined to be impaired, its value is written down to its residual value.

Management estimates

Certain items in the preparation of these financial statements require management's best estimate. Management reviews the carrying amounts of items in the financial statements at each statement of financial position date to assess the need for revision or any possibility of impairment. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action.

These estimates are reviewed periodically and adjustments are made to the excess (deficiency) of revenue over expenses as appropriate in the year they become known. Estimates include the allowance for doubtful accounts receivable, estimated useful lives of property and equipment, and valuation of investments.

3. Founding investments

		2023		2022
Cash and cash equivalents	**$**	**263,793**	$	205,045
Fixed income securities		**3,906,850**		7,565,259
Canadian equities		**7,312,519**		6,306,981
Foreign equities		**15,509,443**		15,360,475
Alternative investments		**2,289,019**		1,570,137
	$	**29,281,624**	$	31,007,897

Cash and cash equivalents included in the founding investments portfolio are intended to be held for long-term and thus have been classified as long-term.

Fixed income securities consist of pooled funds.

Alternative investments include private equity invested in civil infrastructure (roads, bridges, water distribution), social infrastructure (schools, hospitals), and renewable power infrastructure (hydro, wind, solar).

4. Mission-related investments

	2023	2022
Impact fixed income instruments (at cost)		
Community Forward Fund	**$ 250,000**	$ 250,000
Windmill Microlending	**250,000**	250,000
RE Royalties	**250,000**	250,000
SKETCH Working Arts	**250,000**	250,000
Afro-Carribbean Network Foundation Canada	**250,000**	250,000
Kaleidoscope Social	**250,000**	-
VERGE Breakthrough Fund	**50,000**	50,000
	1,550,000	1,300,000
Equity instruments (at cost)		
YMCA Quebec	**259,814**	226,472
Renewal 3	**251,249**	251,249
New Commons Development II	**250,000**	119,760
Raven Indigenous Impact	**229,154**	200,426
New Commons Development	**187,500**	187,500
Investeco	**75,410**	75,410
LGI Media	**25,000**	25,000
Blue Ice Docs	**15,000**	15,000
Southern First Nations	**-**	250,000
	1,293,127	1,350,817
	$ 2,843,127	$ 2,650,817

Impact fixed income instruments consist of investments bearing interest between 0% and 6% per annum and maturing between December 2024 and September 2028. As the intent is to hold these investments for the long-term, they are classified as such.

5. Property and equipment

			2023	2022
	Cost	Accumulated Amortization	**Net Book Value**	Net Book Value
Condominium	$ 1,106,633	$ 256,085	**$ 850,548**	$ 878,214
Computer equipment	31,979	31,979	**-**	1,247
Office equipment	1,646	165	**1,481**	-
Furniture and fixtures	104,242	104,242	**-**	-
Computer software	4,316	4,316	**-**	-
	$ 1,248,816	$ 396,787	**$ 852,029**	$ 879,461

6. Commitments and guarantees

(a) Commitments:

As at December 31, 2023, the Foundation is committed to grant payments of $2,120,000 in fiscal 2024, $910,000 in fiscal 2025, and $535,000 in fiscal 2026.

(b) Guarantees:

The Foundation is committed to a maximum guarantee of $100,000 of borrowing by Windmill Microlending.

7. Related party transactions

The Foundation and 3858278 Canada Foundation are related parties as they share the same Board of Directors. 3858278 Canada Foundation is a registered Canadian charity.

During fiscal 2023, the Foundation provided a grant of $20,000 (2022 - designated grant of $40,000 for the Doc Impact Fund project) to 3858278 Canada Foundation. This is included in grants and programs expense in the statement of operations.

This transaction is in the normal course of operations and has been valued in these financial statements at cost.

8. Financial instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of the financial statements in assessing the extended risk related to financial instruments. The Foundation is primarily exposed to interest rate, market, currency, credit and liquidity risks. There has been no changes to the nature of the risk exposure from prior year.

(a) Interest rate risk

Interest rate risk is the risk that the fair value of financial instruments will fluctuate due to changes in market interest rates.

The Foundation is exposed to interest rate risk arising from its investments. Interest rate risk arise from the possibility that changes in interest rates will affect the value of fixed income securities held by the Foundation. This risk is managed by staggering the terms of the securities held and ensuring diversification of the holdings.

(b) Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, or its issuer, or factors affecting all securities traded in the market.

The Foundation is exposed to market risk arising from its investments, particularly those trading in equity securities, fixed income securities, holdings in alternative investments and mission-related investments. The Foundation mitigates this risk through controls to monitor its holdings and the diversification of its holdings.

(c) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates.

The Foundation is exposed to currency risk arising from its investments. As at December 31, 2023, 54% (2022 - 50%) of founding investments are invested in non-Canadian equities. Foreign currency risk arises from gains and losses due to fluctuations in foreign currency exchange rates on the Foundation's foreign securities. The philosophy of the Foundation, and its global investment management service provider, is that since the portfolio is managed such that individual securities are held for the long-term and investments are held in multiple currencies, any foreign exchange risks should be minimized in the long-term without the need for a hedging strategy to be implemented.

8. Financial instruments (continued)

(d) Credit risk

Credit risk is the risk that a counterparty may default on its contractual obligations resulting in a financial loss.

The Foundation is exposed to credit risk arising from its mission-related investments (including the guarantee) and alternative investments, due to the inherent higher degree of risk in private equity and venture capital. The Foundation mitigates this risk through ongoing monitoring of investment performance, including periodic review of financial statements and interim financial reports, and limiting concentration levels with any one investment through alternative investments or mission-related investments.

The Foundation is also exposed to credit risk arising from its accounts receivable. However, given the nature of accounts receivable being from credit worthy organizations, the risk is considered minimal. As at December 31, 2023, the Foundation has an allowance for doubtful accounts of $Nil (2022 - $Nil).

(e) Liquidity risk

Liquidity risk is the risk that the Foundation will be unable to fulfill its obligations on a timely basis or at a reasonable cost.

The Foundation is exposed to liquidity risk arising from its accounts payable. The Foundation manages its liquidity risk by monitoring its operating requirements. The Foundation prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

9. Comparative figures

Certain comparative figures have been reclassified from those previously presented to conform to the presentation of the 2023 financial statements.