



Financial Statements

Inspirit Foundation

December 31, 2019

Contents

	Page
Independent Auditor's Report	1 - 2
Statement of Operations	3
Statement of Changes in Net Assets	4
Statement of Financial Position	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 12

Independent Auditor's Report

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, 2019, 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, 2019, 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 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.

Toronto, Canada
June 26, 2020

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

Chartered Professional Accountants
Licensed Public Accountants

Inspirit Foundation

Statement of Operations

Year ended December 31	2019	2018
Revenue		
Realized gain on sale of investments	\$ 5,700,821	\$ 1,272,670
Investment income	1,015,900	1,085,172
Other	2,057	17,836
	<u>6,718,778</u>	<u>2,375,678</u>
Expenses		
Unrealized loss on investments	1,123,259	2,370,042
Grants and programs (Note 7)	686,562	977,368
Salaries and benefits	620,015	892,133
General and administrative	206,593	359,799
Investment fees	200,970	216,078
Professional fees	64,176	62,295
Amortization of property and equipment	32,564	43,680
	<u>2,934,139</u>	<u>4,921,395</u>
Excess (deficiency) of revenue over expenses	\$ <u>3,784,639</u>	\$ <u>(2,545,717)</u>

Inspirit Foundation

Statement of Changes in Net Assets

Year ended December 31

	Invested in property and equipment	Unrestricted	Total 2019	Total 2018
Balance, beginning of year	\$ 993,775	\$ 33,217,697	\$ 34,211,472	\$ 36,757,189
Excess (deficiency) of revenue over expenses	<u>(32,564)</u>	<u>3,817,203</u>	<u>3,784,639</u>	<u>(2,545,717)</u>
Balance, end of year	<u>\$ 961,211</u>	<u>\$ 37,034,900</u>	<u>\$ 37,996,111</u>	<u>\$ 34,211,472</u>

Inspirit Foundation

Statement of Financial Position

December 31

2019

2018

Assets

Current

Cash	\$ 290,329	\$ 173,204
Accounts receivable	12,086	12,925
Prepaid expenses	<u>23,822</u>	<u>2,376</u>

326,237	188,505
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Founding investments (Note 3)	34,562,733	30,428,202
Mission-related investments (Note 4)	2,246,720	2,817,666
Property and equipment (Note 5)	<u>961,211</u>	<u>993,775</u>

\$ 38,096,901	\$ 34,428,148
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Liabilities

Current

Accounts payable and accrued liabilities	<u>\$ 100,790</u>	<u>\$ 216,676</u>
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Net assets

Invested in property and equipment	961,211	993,775
Unrestricted	<u>37,034,900</u>	<u>33,217,697</u>

37,996,111	34,211,472
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\$ 38,096,901	\$ 34,428,148
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Commitments and guarantees (Note 6)

On behalf of the Board of Directors

_____ Director

_____ Director

Inspirit Foundation

Statement of Cash Flows

Year ended December 31

2019

2018

Increase (decrease) in cash

Operating

Excess (deficiency) of revenue over expenses	\$ 3,784,639	\$ (2,545,717)
Items not affecting cash		
Amortization	32,564	43,680
Unrealized loss on investments	<u>1,123,259</u>	<u>2,370,042</u>
	4,940,462	(131,995)
Change in non-cash working capital items		
Accounts receivable	839	(3,601)
Prepaid expenses	(21,446)	-
Accounts payable and accrued liabilities	<u>(115,886)</u>	<u>1,998</u>
	4,803,969	(133,598)

Investing

Net (increase) decrease in founding investments	(5,257,790)	152,791
Net decrease (increase) of mission-related investments	570,946	(718,332)
Purchase of property and equipment	<u>-</u>	<u>(5,879)</u>
	(4,686,844)	(571,420)

Increase (decrease) in cash

117,125 (705,018)

Cash

Beginning of year	<u>173,204</u>	<u>878,222</u>
End of year	\$ 290,329	\$ 173,204

Inspirit Foundation

Notes to the Financial Statements

December 31, 2019

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 2019.

2. Significant accounting policies

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

Revenue recognition

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

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

All changes in fair value, other than investment income, are recognized in the statement of operations as unrealized gain or loss on sale of investments.

Other income, which includes donation and miscellaneous income, is recognized when received.

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
Furniture and fixtures	5 years
Computer software	5 years

Inspirit Foundation

Notes to the Financial Statements

December 31, 2019

2. 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 consist of cash, 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.

Inspirit Foundation

Notes to the Financial Statements

December 31, 2019

3. Founding investments	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 218,407	\$ 793,878
Fixed income securities	7,974,413	7,667,067
Canadian equities	8,021,900	7,072,053
Foreign equities	17,907,203	14,648,432
Alternative investments	440,810	246,772
	<u>\$ 34,562,733</u>	<u>\$ 30,428,202</u>

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

	<u>2019</u>	<u>2018</u>
Impact fixed income instruments (at cost)		
Artscape Launchpad	\$ 500,000	\$ 500,000
Immigrant Access Fund	250,000	250,000
SolarShare	250,000	250,000
Community Forward Fund	203,548	203,548
CoPower Fund II	63,450	63,451
Pillar	50,000	50,000
VERGE Breakthrough Fund	50,000	25,000
CoPower Green Bonds	34,745	34,745
Oikocredit	-	509,167
CoPower Green Infrastructure	-	400,000
Centre for Social Innovation	-	50,000
	<u>1,401,743</u>	<u>2,335,911</u>
Equity instruments (at cost)		
New Commons Development	250,000	140,625
Renewal 3	222,357	205,047
Raven Indigenous Impact	215,911	-
Investeco	116,709	136,083
Southern First Nations	25,000	-
Blue Ice Docs	15,000	-
	<u>844,977</u>	<u>481,755</u>
	<u>\$ 2,246,720</u>	<u>\$ 2,817,666</u>

Inspirite Foundation

Notes to the Financial Statements

December 31, 2019

5. Property and equipment

			<u>2019</u>	<u>2018</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Condominium	\$ 1,106,633	\$ 145,422	\$ 961,211	\$ 988,877
Computer equipment	27,943	27,943	-	4,007
Furniture and fixtures	104,242	104,242	-	891
Computer software	4,316	4,316	-	-
	<u>\$ 1,243,134</u>	<u>\$ 281,923</u>	<u>\$ 961,211</u>	<u>\$ 993,775</u>

6. Commitments and guarantees

(a) Commitments:

As at December 31, 2019, the Foundation is committed to grant payments of \$200,000. The Foundation also has committed to subscriptions on mission-related investments of \$442,561.

(b) Guarantees:

The Foundation is committed to a maximum guarantee of \$100,000 of borrowing by the Immigrant Access Fund of Canada Inc.

7. Related party transactions

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

During fiscal 2019, the Foundation provided a designated grant of \$110,000 (2018 - \$100,000) to 3858278 Canada Foundation for the Doc Impact Fund project. 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 the exchange amount which is the amount of consideration established and agreed to by the related parties.

Inspirit Foundation

Notes to the Financial Statements

December 31, 2019

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, 2019, 52% (2018 - 48%) 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.

Inspirit Foundation

Notes to the Financial Statements

December 31, 2019

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 primarily from the government related to sales tax, the risk is considered minimal. As at December 31, 2019, the Foundation has an allowance for doubtful accounts of \$Nil (2018 - \$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. Subsequent event

Since January 1, 2020, the spread of Covid-19 has severely impacted many local economies around the globe. In many countries, including Canada, organizations and businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to organizations worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The Foundation has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended December 31, 2019 have not been adjusted to reflect their impact. The duration and impact of the Covid-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Foundation for future periods.

10. Comparative figures

Comparative figures have been adjusted to conform to changes in the current year presentation.