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July 2018

Dear friends and supporters of WE,

Thank you for your continued interest in WE Charity, and the financial health of our organization. On behalf of myself, and WE Charity's U.S. Board of Directors and Finance Committee, I write this letter in order to provide additional information with respect to the Audited Financial Statement of 2017 Fiscal Year.

WE Charity has a long history of delivering empowerment programs around the world. What started as a group of twelve 12-year olds coming together against child labor in 1995 has grown into a powerful movement of dedicated change makers at home and abroad, working with over 4.3 million youth and 14,300+ schools around the world, and working in over 60 communities across 9 countries internationally. We have been able to achieve more than we ever imagined possible.

Our Unique Model

WE Charity is unique among charities in that it operates programs both domestically and internationally, in a manner that is intended to be interrelated and mutually reinforcing. Our overarching mandate is to help children and youth fulfill their potential to be agents of change. While most organizations typically serve primarily a domestic or international mandate, we serve both. In order to fulfill this mission we receive distinct funding for both our domestic youth empowerment and international development programming, and those funds are specifically invested into their designated programs.

Our unique partnership with ME to WE has been a key contributor to WE Charity's financial success, allowing us to grow and scale our operational capacity while remaining focused on our key programs and maintaining a low administration rate. ME to WE, an innovative social enterprise with a social mission, provides consumers with better choices for a better world. Through socially-conscious and environmentally-friendly products and life-changing experiences, ME to WE measures the bottom line not by dollars earned, but by the number of lives changed and the positive social impact made.

ME to WE operates based on a unique business model and uses its income to support the operating costs incurred by WE Charity. Half of ME to WE's net profit is donated directly to WE Charity and the other half is reinvested in ME to WE. Since its inception, ME to WE has donated over \$20 million to WE Charity through cash and in-kind donations.

Our Board of Directors

WE Charity's Board of Directors is a dynamic group of talented, experienced professionals, who oversee the activities and governance of WE Charity and continue to be highly engaged in the overall direction of the organization. Our board ensures that our governance is of the highest caliber and integrity, and that all of the necessary systems are in place for



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the sustainable growth and impact of our organization. The Board's key roles and responsibilities include the review and approval of the annual budget, overseeing and approving independent audits, the ongoing review of our financial wellbeing, and providing independent review and guidance of our domestic and international projects. We are incredibly lucky to have such a diverse range of expertise at the helm, all coming together and donating their time in service of WE Charity and ensuring that we are being financially sound and investing in the right programs to grow our mission.

Audited Financial Statement

Enclosed in this document are WE Charity USA's Audited Financial Statements for the most current fiscal year. Each year we post complete financial information to reflect our organization's commitment to financial transparency and accountability. We are proud to report that once again we have received an unqualified audit report, which means that our auditors have given their full approval of what is represented in our financial statements, following a comprehensive audit of our financial and accounting systems and operations.

I am also pleased to report that our global organizational administration rate remains under 10%, allowing us to invest over 90% of funds directly into projects and programming impacting the lives of youth and families, both locally and globally.

One change to look forward to in next year will be the change in the measurement of WE Charity's fiscal year. Based on an approved vote by WE Charity's Board of Directors in December of 2017, WE Charity will be implementing a change in its fiscal year, shifting from the calendar year (Jan 1 – Dec 31) to the academic year (Sept 1 – Aug 31) which will better align with the charity's overall program implementation. As always, we remain grateful to Board of Directors and the Finance Committee for their continued guidance and leadership in ensuring WE Charity remains a trusted and accountable organization.

2017 was a great year for the growth of our organization, and the expansion of our programming across the United States. Our Audited Financial Statements reflect the impact and support needed for the expansion of our programming across the country and abroad, and we look forward to another successful year of delivering impacts to the next generation of young changemakers across the world.

Sincerely,

A handwritten signature in black ink that reads 'Scott Baker'.

Scott Baker
Executive Director
WE Charity

WE CHARITY
FINANCIAL STATEMENTS
AND
SUPPLEMENTAL FINANCIAL INFORMATION
YEARS ENDED DECEMBER 31, 2017 AND 2016



INDEPENDENT AUDITOR'S REPORT

The Board of Directors
We Charity
Toronto, Ontario Canada

We have audited the accompanying financial statements of We Charity (a nonprofit organization), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

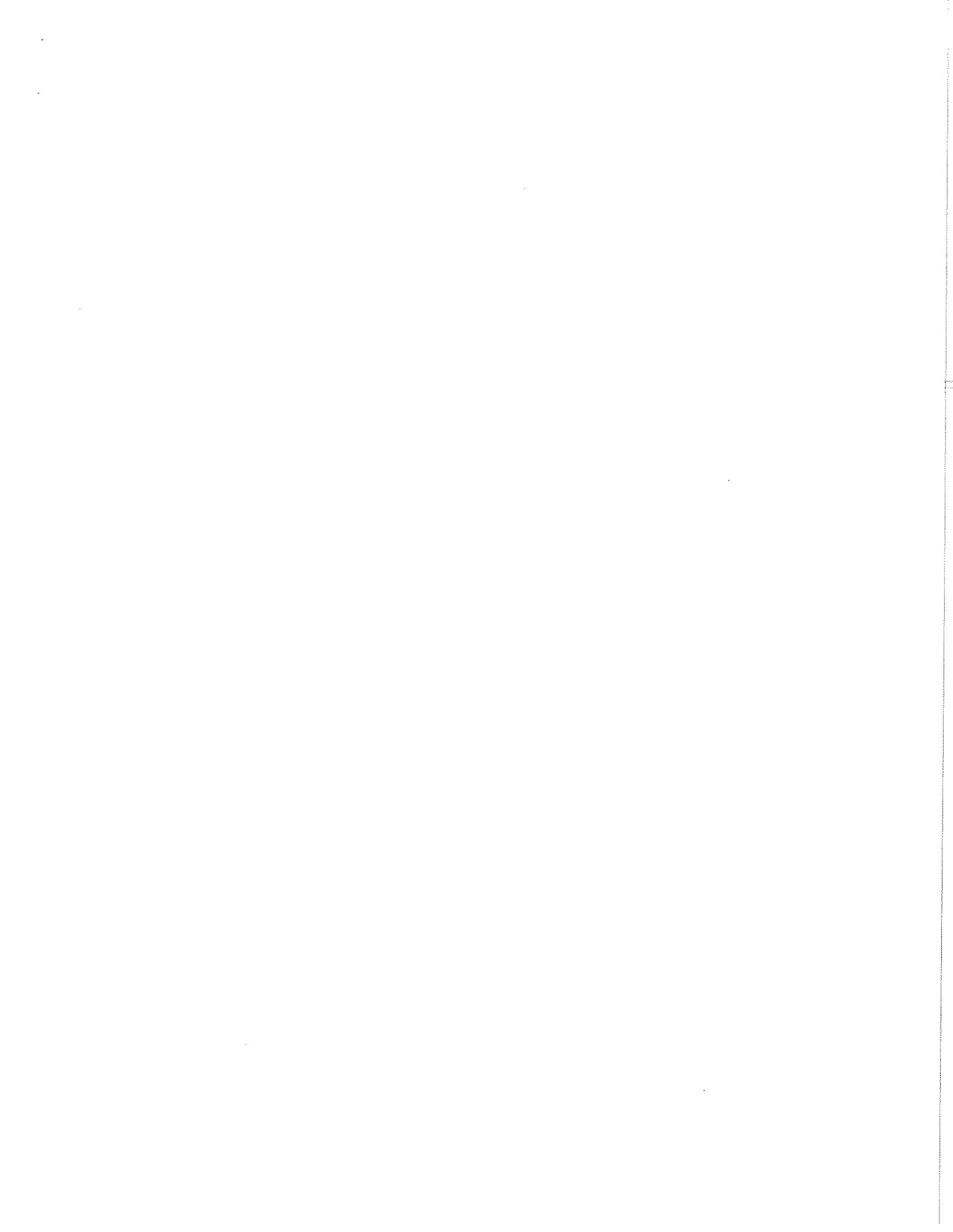
Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of We Charity as of December 31, 2017 and 2016 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Swiantek, Kling & Pasieka LLP

CERTIFIED PUBLIC ACCOUNTANTS

Kenmore, New York
March 22, 2018



WE CHARITY

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2017 AND 2016

ASSETS

	<u>2017</u>	<u>2016</u>
CURRENT ASSETS:		
Cash	\$12,677,018	\$ 9,949,164
Accounts receivable	6,851	102,126
Annuities receivable - current	-	12,218
Unconditional promises to give	744,772	4,999,468
Prepaid expenses	899,390	2,045,220
Marketable securities - available for sale	<u>3,501,597</u>	<u>2,051,399</u>
TOTAL CURRENT ASSETS	<u>17,829,628</u>	<u>19,159,595</u>
LAND, BUILDINGS AND EQUIPMENT, net of accumulated depreciation	<u>1,007,869</u>	<u>979,260</u>
OTHER ASSETS:		
Intangible assets, net of accumulated amortization	441,012	470,597
Promises to give-long term	<u>10,000</u>	<u>35,000</u>
	<u>451,012</u>	<u>505,597</u>
	<u>\$19,288,509</u>	<u>\$20,644,452</u>

LIABILITIES AND NET ASSETS

	<u>2017</u>	<u>2016</u>
CURRENT LIABILITIES:		
Accounts payable	\$ <u>568,231</u>	\$ <u>168,604</u>
TOTAL CURRENT LIABILITIES	<u>568,231</u>	<u>168,604</u>
NET ASSETS:		
Unrestricted	8,632,843	10,268,486
Temporarily restricted	<u>10,087,435</u>	<u>10,207,362</u>
TOTAL NET ASSETS	<u>18,720,278</u>	<u>20,475,848</u>
	 <u>\$19,288,509</u>	 <u>\$20,644,452</u>

The accompanying notes are an integral part
of these financial statements.

WE CHARITY

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>
PUBLIC SUPPORT AND REVENUE:		
PUBLIC SUPPORT:		
Contributions and bequests	\$11,206,644	\$ 3,782,800
Grants	<u>11,650,135</u>	<u>6,210,366</u>
TOTAL PUBLIC SUPPORT	<u>22,856,779</u>	<u>9,993,166</u>
REVENUE:		
Interest and dividends	29,824	-
Expense reimbursements	163,064	-
Miscellaneous	5,070	-
Realized gain on sale of securities	-	-
Unrealized gain (loss) on securities	340,030	-
Net sales - WE DAY	95,866	-
Cost of sales - WE DAY	<u>(95,866)</u>	<u>-</u>
Net	<u>-</u>	<u>-</u>
TOTAL REVENUE	<u>537,988</u>	<u>-</u>
NET ASSETS RELEASED FROM RESTRICTIONS	<u>10,113,093</u>	<u>(10,113,093)</u>
TOTAL PUBLIC SUPPORT AND REVENUE	<u>33,507,860</u>	<u>(119,927)</u>
EXPENSES:		
PROGRAM SERVICES:		
International Projects	12,922,803	-
Domestic Projects	<u>19,920,693</u>	<u>-</u>
TOTAL PROGRAM SERVICES	<u>32,843,496</u>	<u>-</u>
SUPPORTING SERVICES:		
General and administrative	1,703,154	-
Fundraising	<u>596,853</u>	<u>-</u>
TOTAL SUPPORTING SERVICES	<u>2,300,007</u>	<u>-</u>
TOTAL EXPENSES	<u>35,143,503</u>	<u>-</u>
INCREASE (DECREASE) IN NET ASSETS	<u>(1,635,643)</u>	<u>(119,927)</u>
NET ASSETS, BEGINNING	<u>10,268,486</u>	<u>10,207,362</u>
NET ASSETS, ENDING	<u>\$ 8,632,843</u>	<u>\$10,087,435</u>

TOTAL YEAR ENDED DECEMBER 31, <u>2017</u>	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL YEAR ENDED DECEMBER 31, <u>2016</u>
\$14,989,444	\$13,925,508	\$ 7,546,219	\$21,471,727
<u>17,860,501</u>	<u>7,520,605</u>	<u>2,168,971</u>	<u>9,689,576</u>
<u>32,849,945</u>	<u>21,446,113</u>	<u>9,715,190</u>	<u>31,161,303</u>
29,824	78,954	-	78,954
163,064	28,200	-	28,200
5,070	849	-	849
-	45,870	-	45,870
340,030	138,916	-	138,916
95,866	89,610	-	89,610
<u>(95,866)</u>	<u>(89,610)</u>	<u>-</u>	<u>(89,610)</u>
-	-	-	-
<u>537,988</u>	<u>292,789</u>	<u>-</u>	<u>292,789</u>
-	5,132,610	(5,132,610)	-
<u>33,387,933</u>	<u>26,871,512</u>	<u>4,582,580</u>	<u>31,454,092</u>
12,922,803	10,952,746	-	10,952,746
<u>19,920,693</u>	<u>14,214,555</u>	<u>-</u>	<u>14,214,555</u>
<u>32,843,496</u>	<u>25,167,301</u>	<u>-</u>	<u>25,167,301</u>
1,703,154	1,515,832	-	1,515,832
<u>596,853</u>	<u>558,267</u>	<u>-</u>	<u>558,267</u>
<u>2,300,007</u>	<u>2,074,099</u>	<u>-</u>	<u>2,074,099</u>
<u>35,143,503</u>	<u>27,241,400</u>	<u>-</u>	<u>27,241,400</u>
(1,755,570)	(369,888)	4,582,580	4,212,692
<u>20,475,848</u>	<u>10,638,374</u>	<u>5,624,782</u>	<u>16,263,156</u>
<u>\$18,720,278</u>	<u>\$10,268,486</u>	<u>\$10,207,362</u>	<u>\$20,475,848</u>

The accompanying notes are an integral part
of these financial statements.

WE CHARITY

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2017
WITH SUMMARIZED COMPARATIVE TOTALS FOR 2016

	<u>PROGRAM</u>	<u>SERVICES</u>	<u>TOTAL</u>
	<u>INTERNATIONAL</u>	<u>DOMESTIC</u>	<u>PROGRAM</u>
	<u>PROJECTS</u>	<u>PROJECTS</u>	<u>SERVICES</u>
Salaries	\$ 1,223,247	\$ 778,430	\$ 2,001,677
Payroll taxes	104,301	66,374	170,675
Employee benefits	69,760	130,023	199,783
Administrative fee	-	-	-
Advertising/promotion	-	-	-
Amortization	-	-	-
Auto	-	8,817	8,817
Bank charges and fees	-	-	-
Bad debts	-	-	-
Consultants	62,500	111,546	174,046
Domestic projects	-	9,989,727	9,989,727
International projects	2,925,918	-	2,925,918
Payments to affiliated organizations	8,347,500	8,200,000	16,547,500
Depreciation	-	31,078	31,078
Dues and subscriptions	-	3,478	3,478
Fundraising and promotion	-	-	-
Insurance	-	6,257	6,257
Legal and accounting	5,175	-	5,175
Loss on sale of assets	-	-	-
Office	76,002	41,662	117,664
Postage and delivery	-	20,677	20,677
Rent	-	199,298	199,298
Repairs and maintenance	-	75,174	75,174
Shipping and handling	108,400	-	108,400
Travel and meals	-	227,109	227,109
Utilities	-	31,043	31,043
TOTAL FUNCTIONAL EXPENSES - 2017	<u>\$12,922,803</u>	<u>\$19,920,693</u>	<u>\$32,843,496</u>
- 2016	<u>\$10,952,746</u>	<u>\$14,214,555</u>	<u>\$25,167,301</u>

<u>SUPPORTING SERVICES</u>		<u>TOTAL SUPPORTING SERVICES</u>	<u>TOTAL YEARS ENDED DECEMBER 31</u>	
<u>GENERAL AND ADMINISTRATIVE</u>	<u>FUNDRAISING</u>		<u>2017</u>	<u>2016</u>
\$ 220,409	\$ 247,121	\$ 467,530	\$ 2,469,207	\$ 1,351,561
18,964	21,071	40,035	210,710	120,761
32,414	39,249	71,663	271,446	164,236
24,000	-	24,000	24,000	24,000
22,468	-	22,468	22,468	33,286
37,073	-	37,073	37,073	36,559
-	-	-	8,817	8,501
27,691	-	27,691	27,691	24,114
-	-	-	-	13,670
458,177	-	458,177	632,223	973,269
-	-	-	9,989,727	6,086,193
-	-	-	2,925,918	1,967,702
-	-	-	16,547,500	15,057,000
120,652	-	120,652	151,730	125,595
5,342	-	5,342	8,820	5,035
-	289,412	289,412	289,412	251,392
9,721	-	9,721	15,978	14,818
113,761	-	113,761	118,936	94,359
-	-	-	-	3,771
100,406	-	100,406	218,070	114,019
-	-	-	20,677	21,041
96,000	-	96,000	295,298	203,329
-	-	-	75,174	92,294
-	-	-	108,400	140,800
396,857	-	396,857	623,966	269,446
19,219	-	19,219	50,262	44,649
<u>\$1,703,154</u>	<u>\$ 596,853</u>	<u>\$2,300,007</u>	<u>\$35,143,503</u>	
<u>\$1,515,832</u>	<u>\$ 558,267</u>	<u>\$2,074,099</u>		<u>\$27,241,400</u>

The accompanying notes are an integral part
of these financial statements.

WE CHARITY

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$ (1,755,570)	\$ 4,212,692
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Amortization	37,073	36,559
Depreciation	151,730	125,595
Loss on sale of vehicle	-	3,771
Donated securities (non-cash)	(1,081,248)	(1,246,248)
Realized gain on sale of marketable securities	-	(45,870)
Unrealized gain (loss) on securities	(340,030)	(138,916)
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	95,275	(46,929)
(Increase) decrease in annuities receivable	12,218	6,349
(Increase) decrease in unconditional promises to give	4,279,696	574,447
(Increase) decrease in prepaid expenses	1,145,830	(1,664,757)
Increase (decrease) in accounts payable	399,627	48,411
	<u>4,700,171</u>	<u>(2,347,588)</u>
 TOTAL ADJUSTMENTS		
 NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	 2,944,601	 1,865,104
 CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES:		
Capital expenditures	(180,339)	(171,174)
Intangible asset expenditures	(7,488)	(19,999)
Proceeds from sale of vehicle	-	500
Proceeds from sale of marketable securities	-	2,888,347
Purchase of marketable securities - available for sale	(28,920)	(966,502)
	<u>(216,747)</u>	<u>1,731,172</u>
 NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		
 NET INCREASE IN CASH	 2,727,854	 3,596,276
 CASH - beginning	 <u>9,949,164</u>	 <u>6,352,888</u>
 CASH - ending	 <u>\$12,677,018</u>	 <u>\$ 9,949,164</u>
 Non cash donations received during the year were for:		
Medical supplies	\$ 2,593,640	\$ 1,079,980
Contributed securities	\$ 1,081,248	\$ 1,246,248
Merchandise	\$ 22,400	\$ -

The accompanying notes are an integral part of these financial statements.

WE CHARITYNOTES TO FINANCIAL STATEMENTS, CONTINUEDDECEMBER 31, 2017 AND 2016Note 1 - Summary of Significant Accounting Policies (continued):

(B) Accounting Principles Continued:

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassification between the applicable classes of net assets.

(C) Tax Status:

The Organization is exempt from income tax as a not-for-profit corporation under IRC section 501(c)(3) and classified by the Internal Revenue Service as other than a private foundation. The Organization's Forms 990, Return of Organization Exempt from income tax, are subject to examination by the IRS, for the years ending December 31, 2016, 2015 and 2014 (open years). The Organization is registered and files returns in six states and in those states, is also subject to examination for open years. Management does not believe they have met nexus criteria requiring other state registrations at this time and the Organization has no uncertain tax positions requiring disclosure.

(D) Promises to Give:

Contributions are recognized when the donor makes a promise to give to the Organization that is in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restriction. When a time or purpose restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Organization uses the allowance method to determine uncollectible unconditional promises to give receivables. The allowance is based on prior year's experience and management's analysis of specific promises made.

Promises to give that will not be contributed to the Organization within one year are reported in the accompanying financial statements at their net present values as of the financial statement reporting date.



WE CHARITYNOTES TO FINANCIAL STATEMENTS, CONTINUEDDECEMBER 31, 2017 AND 2016Note 1 - Summary of Significant Accounting Policies (continued):(E) Marketable Securities - Available for Sale:

Investments in marketable securities with readily determinable fair values are reported at their fair values in the statement of financial position. Unrealized gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

(F) Land, Buildings, Equipment and Depreciation:

Land, buildings and equipment are recorded at cost. Equipment is depreciated over periods of five to seven years using the straight-line method. Buildings and improvements are depreciated using the straight-line method over periods between fifteen and thirty-nine years. Repair and maintenance costs are expensed as incurred, while renewals and betterments which extend the asset's useful lives are capitalized.

(G) Intangible Assets:

Intangible assets, other than goodwill, are measured at cost less accumulated amortization. They are amortized over periods of three to fifteen years using the straight-line method.

(H) Contributions and Grants:

All contributions and grants are considered to be available for unrestricted use unless specifically restricted by the donor. The Organization received contributions from two major donors representing 10% and 26% of public support in 2017 and four major donors representing of public support 10%, 11%, 13% and 14% in 2016.

(I) In-Kind Contributions:

Donated supplies, equipment, marketable securities and other are recorded at their fair market value when received and recorded as contribution revenue.

(J) Contributed Services:

No amounts have been reflected in these statements for donated services, inasmuch as these amounts are indeterminable. The Organization generally pays for services requiring specific expertise.



WE CHARITYNOTES TO FINANCIAL STATEMENTS, CONTINUEDDECEMBER 31, 2017 AND 2016Note 1 - Summary of Significant Accounting Policies (continued):

(K) Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(L) Events Occurring After Reporting Date:

The Organization has evaluated events and transactions that occurred between January 1, 2018 and March, 2018, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements and there were none noted.

(M) Advertising Expense:

Generally, advertising costs are expensed at the time they are incurred. Advertising expense for the years ended December 31, 2017 and 2016 totaled \$22,468 and \$33,286, respectively.



WE CHARITYNOTES TO FINANCIAL STATEMENTS, CONTINUEDDECEMBER 31, 2017 AND 2016Note 2 - Cash:

Cash consists of the following at December 31.

	<u>2017</u>	<u>2016</u>
Bank of America - checking	\$12,419,881	\$ 9,389,708
- savings, interest at .03% and .06%	12,818	212,709
- checking	3,698	10,456
- checking	8,940	5,106
- checking	10,118	3,027
- checking	3,956	7,795
- savings, interest at .03% each year	32	50,008
Bremer Bank - checking	77,372	127,575
- checking	11,495	17,430
TD Canada Trust - checking	<u>128,708</u>	<u>125,350</u>
	<u>\$12,677,018</u>	<u>\$ 9,949,164</u>

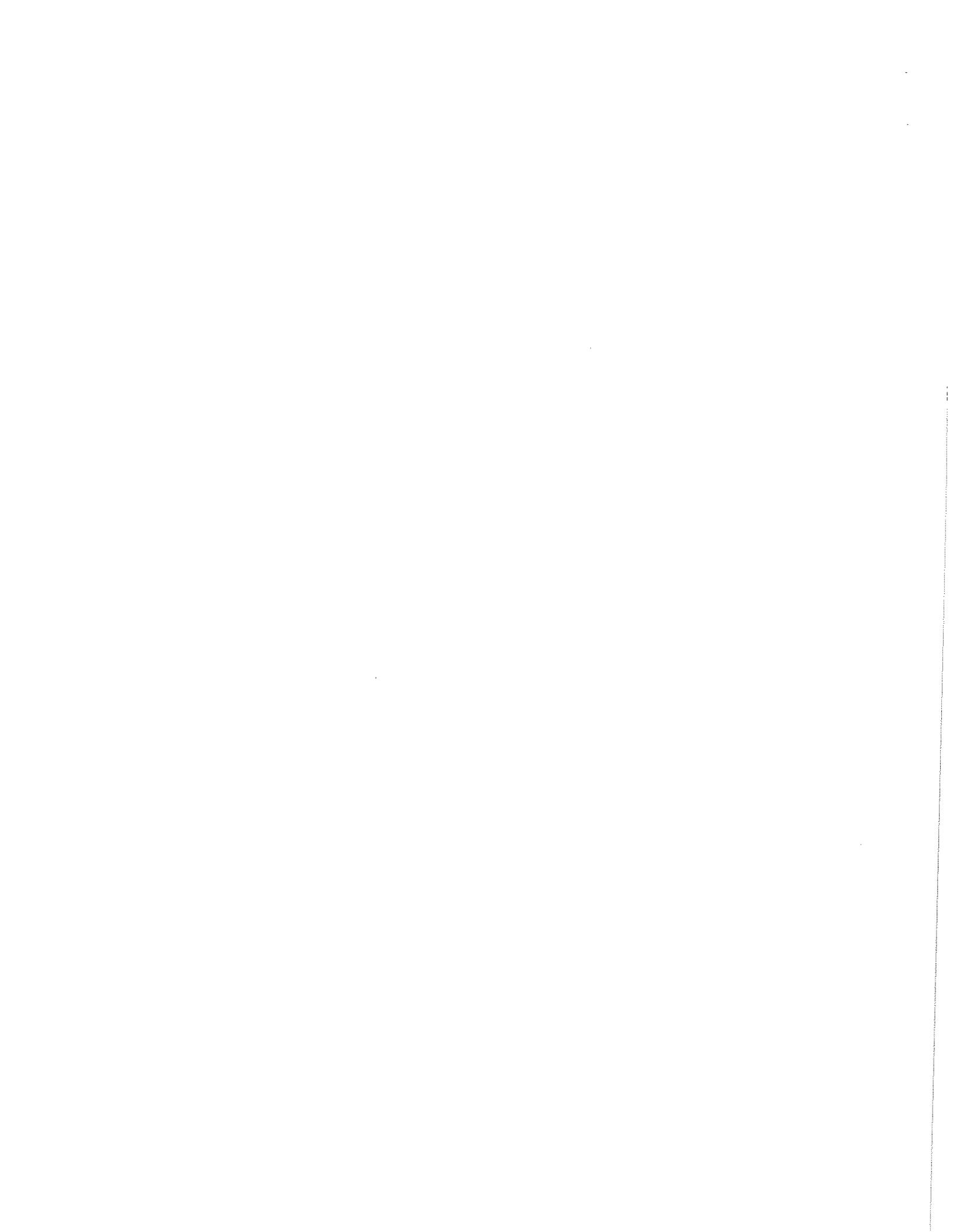
As of December 31, the Organization had concentrations of cash in one source totaling \$12,209,443 (2017) and \$9,428,809 (2016) above FDIC insured limits.

Note 3 - Annuities Receivable:

Annuities receivable consist of the following at December 31.

	<u>2017</u>	<u>2016</u>
Donated annuity contracts	\$ -	\$ 12,218
Less current portion	<u>-</u>	<u>12,218</u>
Long term annuities receivable	<u>\$ -</u>	<u>\$ -</u>

Annuity contracts are recognized as a donation at the time the policy is issued at an amount equal to the policy premium. Subsequent receipts are allocated between principal and interest when received.



WE CHARITYNOTES TO FINANCIAL STATEMENTS, CONTINUEDDECEMBER 31, 2017 AND 2016Note 4 - Promises to Give:

Unconditional promises to give consist of the following at December 31.

	<u>2017</u>	<u>2016</u>
Receivable in less than one year	\$ 747,076	\$ 5,024,605
Receivable in one to five years	10,000	35,000
Total	<u>757,076</u>	<u>5,059,605</u>
Less unamortized discount	(2,304)	(25,137)
Less allowance for uncollectible promises	-	-
Net unconditional promises to give	<u>754,772</u>	<u>5,034,468</u>
Less current portion	<u>744,772</u>	<u>4,999,468</u>
Long term promises to give	<u>\$ 10,000</u>	<u>\$ 35,000</u>

Unconditional promises to give due in more than one year are recognized at fair value, using present value techniques and a discount rate of 6%, when the donor makes an unconditional promise to give to the Organization. Unconditional promises at December 31, 2017 primarily represent funding for future We Day, We School and We Act events.

The Organization has a concentration of credit risk with outstanding unconditional promises to give from one major donor representing 50% (2017) and from two major donors representing 38%, and 49%, (2016).

Note 5 - Prepaid Expenses:

Prepaid expenses consist of the following at December 31.

	<u>2017</u>	<u>2016</u>
Insurance	\$ 7,422	\$ 8,171
Rent and security	15,674	13,708
Event fees	791,687	1,953,131
Other	<u>84,607</u>	<u>70,210</u>
	<u>\$ 899,390</u>	<u>\$ 2,045,220</u>



WE CHARITY

NOTES TO FINANCIAL STATEMENTS, CONTINUED

DECEMBER 31, 2017 AND 2016

Note 6 - Land, Buildings and Equipment:

Land, buildings and equipment consist of the following at December 31.

	<u>2017</u>	<u>2016</u>
Land	\$ 172,539	\$ 172,539
Buildings	814,946	783,723
Equipment	734,012	584,896
Horses	4,800	4,800
Vehicles	62,973	62,973
Total	<u>1,789,270</u>	<u>1,608,931</u>
Less accumulated depreciation	<u>(781,401)</u>	<u>(629,671)</u>
Land, buildings and equipment - net	<u>\$1,007,869</u>	<u>\$ 979,260</u>

Depreciation expense for the years ended December 31, 2017 and 2016 was \$151,730 and \$125,595, respectively.

Note 7 - Intangible Assets:

Intangible assets consist of the following at December 31.

	<u>2017</u>	<u>2016</u>
Website domains	\$ 532,638	\$ 525,149
Website setup costs	5,315	5,315
	<u>537,953</u>	<u>530,464</u>
Less accumulated amortization	<u>(96,941)</u>	<u>(59,867)</u>
Total intangible assets net of accumulated amortization	<u>\$ 441,012</u>	<u>\$ 470,597</u>

Amortization expense for the years ended December 31, 2017 and 2016 were \$37,073 and \$36,559, respectively.

The Organization expects future amortization expense to be as follows at December 31.

December 31, 2018	\$ 36,395
2019	36,395
2020	36,395
2021	36,395
2022	36,395
Thereafter	259,037
	<u>\$ 441,012</u>



WE CHARITYNOTES TO FINANCIAL STATEMENTS, CONTINUEDDECEMBER 31, 2017 AND 2016Note 8 - Fair Value Measurements:

The Organization's investments are reported at fair value in the accompanying statements of financial position. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair value. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to measure the fair value of certain financial instruments could result in a different fair value at the reporting date.

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority. Level 2 inputs consist of observable inputs other than quoted prices for identical assets. Level 3 inputs are unobservable and have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 2 inputs are used for investments for which level 1 inputs are not available. Level 3 inputs are used when Level 1 or Level 2 inputs are not available. There are no assets requiring the use of Level 2 or 3 inputs for the periods presented.

Level 1 Fair Value Measurements

The fair value of mutual funds is based on quoted net asset values of the shares as reported by the fund. The mutual fund held by the Organization is an open-end mutual fund registered with the U.S. Securities and Exchange Commission. The fund must publish its daily net asset value and transact at that price. The mutual fund held by the Organization is considered to be actively traded. The fair values of common stocks and U.S. Government securities are based on the closing price reported on the active market where the individual securities are traded.

The Organization does not hold any Level 2 or Level 3 investments.



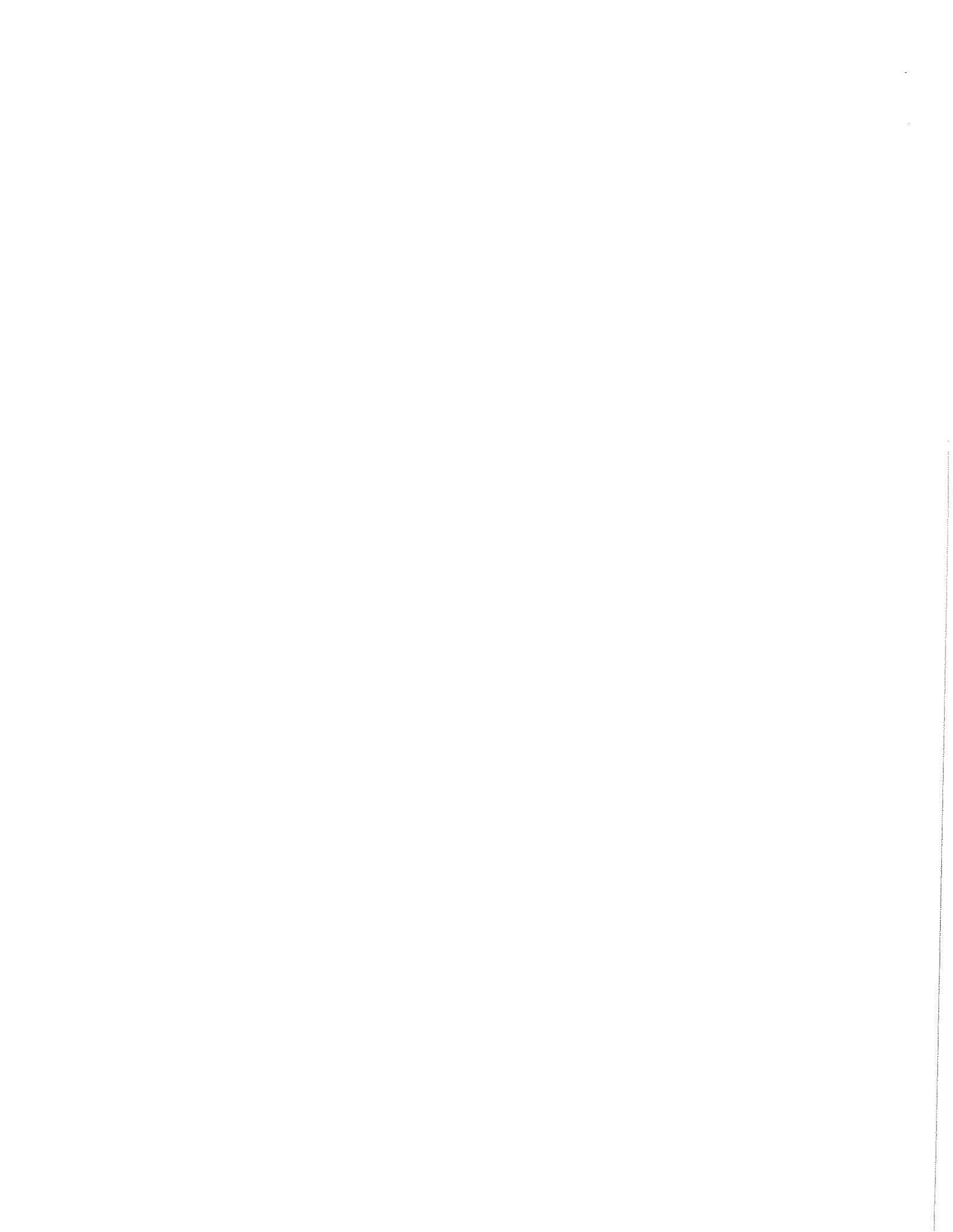
WE CHARITYNOTES TO FINANCIAL STATEMENTS, CONTINUEDDECEMBER 31, 2017 AND 2016Note 8 - Fair Value Measurements (Continued):

Fair value for all investments is determined by reference to quoted market prices. Fair value of assets measured on a recurring basis at December 31, 2017 and 2016 is as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)
<u>December 31, 2017</u>		
Equity Securities	\$3,461,257	\$3,461,257
Mutual fund	13,343	13,343
Money Market	<u>26,997</u>	<u>26,997</u>
	<u>\$3,501,597</u>	<u>\$3,501,597</u>
<u>December 31, 2016</u>		
Equity Securities	\$1,042,145	\$1,042,145
Mutual fund	11,176	11,176
Money Market	<u>998,078</u>	<u>998,078</u>
	<u>\$2,051,399</u>	<u>\$2,051,399</u>

Note 9 - Program Services:

Program services consist of two comprehensive cost centers, international and domestic projects. (1) Internationally, We Charity works in partnership with communities in Kenya, Tanzania, Sierra Leone, Ecuador, Haiti, Nicaragua, India and rural China through its holistic and sustainable development model, WE Villages. This model works to create long-term solutions for education, health, water, food security and alternative income opportunities. (2) Domestically, the Organization provides comprehensive programs for service learning and active citizenship, inspiring a generation to act. Its core domestic programming, WE Day and WE Schools, provide youth with the inspiration, tools and opportunities to become active local, national and global citizens. By instilling active citizenship, increasing academic engagement and improving the university and workplace readiness of participants, WE Day and WE Schools work together to equip today's young leaders for a better tomorrow.



WE CHARITYNOTES TO FINANCIAL STATEMENTS, CONTINUEDDECEMBER 31, 2017 AND 2016Note 10 - Grants for Projects:

Grants for projects include the following at December 31.

	<u>2017</u>	<u>2016</u>
Medical Relief	\$ 2,593,640	\$ 1,079,980
China project	320,000	881,000
Other	<u>12,278</u>	<u>6,722</u>
	<u>\$ 2,925,918</u>	<u>\$ 1,967,702</u>

Note 11 - Related Party Transactions:

Payments to affiliated organizations include the following at December 31.

	<u>2017</u>	<u>2016</u>
We Charity - Canada	<u>\$16,547,500</u>	<u>\$15,057,000</u>
Total payments to affiliated Organizations	<u>\$16,547,500</u>	<u>\$15,057,000</u>

Note 12 - Administrative Fees:

Included in functional expenses and allocated to program and supporting services are administrative fees paid to We Charity (its related Canadian not-for-profit organization). A summary of administrative fees and other costs for the years ended December 31, are as follows.

	<u>2017</u>	<u>2016</u>
General (payroll and other administrative)	\$ 24,000	\$ 24,000
Other costs:		
Internal accounting cost allocation	35,000	35,000
Rent	<u>96,000</u>	<u>96,000</u>
Total fees and rent	<u>\$ 155,000</u>	<u>\$ 155,000</u>



WE CHARITYNOTES TO FINANCIAL STATEMENTS, CONTINUEDDECEMBER 31, 2017 AND 2016Note 13 - Rent:

The Organization leases office space in Arizona, Illinois, Minnesota, New York and Washington State in addition to rent paid to We Charity Canada. These leases consist of both noncancelable operating leases and leases on a month to month basis. Rent expense at December 31, was \$295,298 (2017) and \$203,329 (2016); including rent of \$96,000 as further discussed in Note 12. The following is a schedule of future minimum lease payments as of December 31.

December 31, 2018	\$ 26,920
2019	-
2020	-
2021	-
Thereafter	-
	<u>\$ 26,920</u>



SKP

SWIANTEK, KLING & PASIEKA, LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTAL INFORMATION

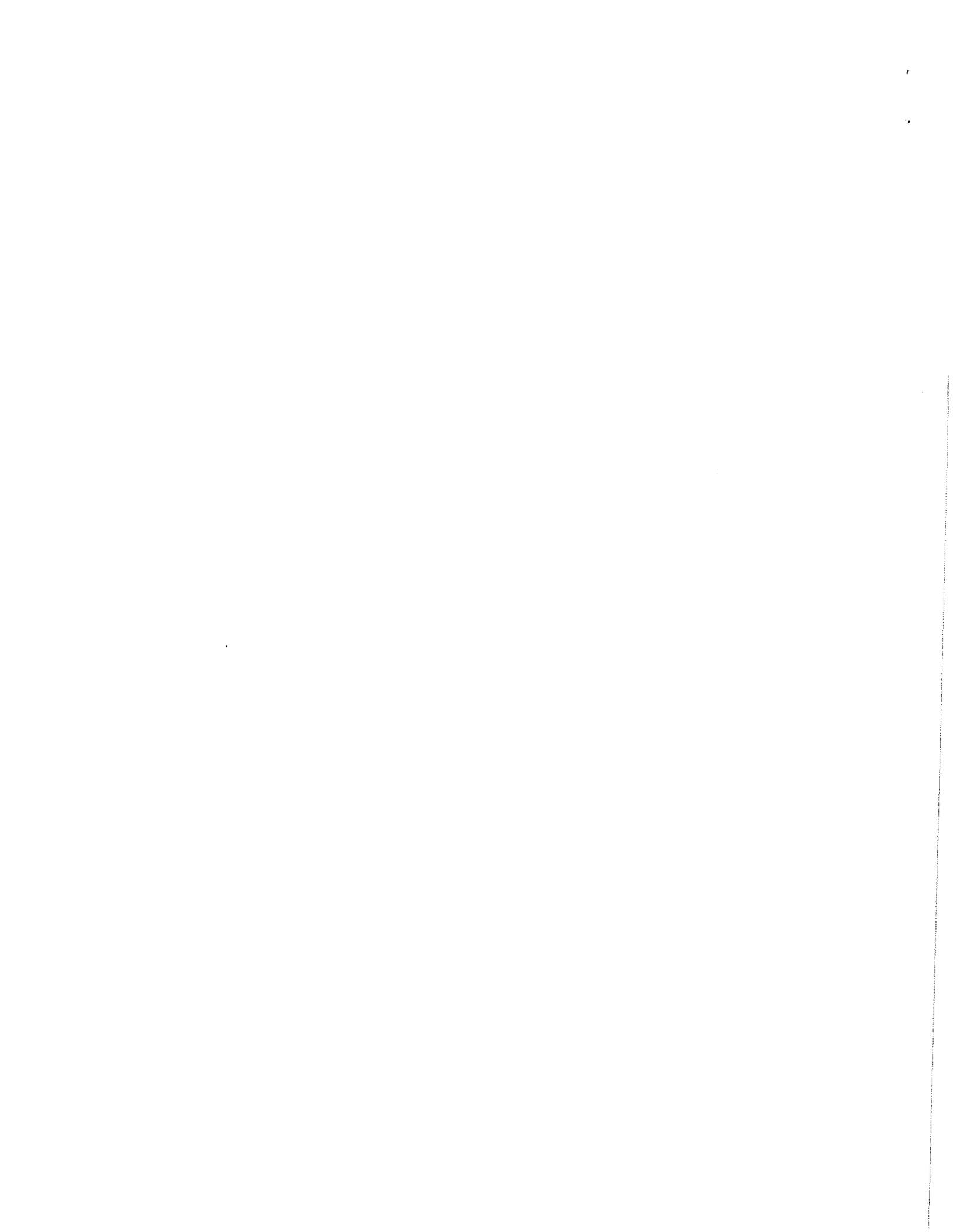
The Board of Directors
We Charity
Toronto, Ontario Canada

We have audited the financial statements of We Charity as of and for the years ended December 31, 2017 and 2016, and have issued our report thereon dated March 22, 2018, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The schedule of changes in land, building and equipment is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Swiantek, Kling & Pasieka

CERTIFIED PUBLIC ACCOUNTANTS

Kenmore, New York
March 22, 2018



WE CHARITYSCHEDULE OF CHANGES IN LAND,
BUILDINGS AND EQUIPMENTYEAR ENDED DECEMBER 31, 2017

SEE ACCOUNTANT'S REPORT ON SUPPLEMENTAL FINANCIAL INFORMATION

	<u>Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u>
LAND, BUILDINGS AND EQUIPMENT (AT COST)				
Land	\$ 172,539	\$ -	\$ -	\$ 172,539
Buildings	783,723	31,223	-	814,946
Equipment	584,896	149,116	-	734,012
Horses	4,800	-	-	4,800
Vehicles	62,973	-	-	62,973
TOTAL	<u>1,608,931</u>	<u>\$180,339</u>	<u>\$ -</u>	<u>1,789,270</u>
ACCUMULATED DEPRECIATION				
Buildings	162,029	\$ 23,999	\$ -	186,028
Equipment	410,019	120,652	-	530,671
Horses	4,114	686	-	4,800
Vehicles	53,509	6,393	-	59,902
TOTAL	<u>629,671</u>	<u>\$151,730</u>	<u>\$ -</u>	<u>781,401</u>
LAND, BUILDINGS AND EQUIPMENT - NET	<u>\$ 979,260</u>			<u>\$1,007,869</u>

