
ME TO WE FOUNDATION

FINANCIAL STATEMENTS

FOR THE ELEVEN MONTH PERIOD ENDED DECEMBER 31, 2018

ME TO WE FOUNDATION
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FOR THE ELEVEN MONTH PERIOD ENDED DECEMBER 31, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Members of ME to WE Foundation

Opinion

We have audited the financial statements of ME to WE Foundation (the Foundation), which comprise the statement of financial position as at December 31, 2018, and the statements of operations, changes in net deficiency and cash flows for the eleven month period 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, 2018, and the results of its operations and cash flows for the period then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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 those 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 Canadian accounting standards for not-for-profit organizations, 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 relating 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.

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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.

Markham, Ontario
July 2, 2019

Kestenberg • Rabinowicz • Partners LLP

Chartered Professional Accountants
Licensed Public Accountants

ME TO WE FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018

	\$
ASSETS	
CURRENT	
Cash	19,502
HST recoverable	4,093
Prepaid expenses	3,016
	26,611
CAPITAL ASSETS (Note 3)	1,635,232
ASSETS HELD IN TRUST (Note 4)	200,000
INVESTMENT IN CO-OWNERSHIP (Note 5)	4,574
	1,866,417
LIABILITIES	
CURRENT	
Accounts payable and accrued liabilities	12,991
Tenant deposit	2,500
Deferred contributions (Note 6)	700,000
Other payables (Note 7)	88,526
	804,017
DEFERRED CAPITAL CONTRIBUTION (Notes 7 and 8)	1,105,000
	1,909,017
NET DEFICIENCY	
Unrestricted	(596,494)
Invested in capital assets	553,894
	(42,600)
	1,866,417

ON BEHALF OF THE BOARD

_____ Director

_____ Director

See accompanying notes.

ME TO WE FOUNDATION**STATEMENT OF CHANGES IN NET DEFICIENCY****FOR THE ELEVEN MONTH PERIOD ENDED DECEMBER 31, 2018**

	Unrestricted	Invested in	2018
	\$	Capital assets	\$
	\$	\$	\$
NET ASSETS - BEGINNING OF PERIOD	-	-	-
DEFICIENCY OF REVENUE OVER EXPENDITURES	(42,600)	-	(42,600)
INVESTMENT IN CAPITAL ASSETS, NET	(553,894)	553,894	-
NET DEFICIENCY - END OF PERIOD	(596,494)	553,894	(42,600)

See accompanying notes.

ME TO WE FOUNDATION
STATEMENT OF OPERATIONS
FOR THE ELEVEN MONTH PERIOD ENDED DECEMBER 31, 2018

	\$
REVENUE	
Contributions in kind	5,445
Rental income	17,500
	22,945
EXPENDITURES	
Programs	
Payroll	4,811
Amortization	7,140
	11,951
Administration	
Bank charges	227
Legal fees	5,964
Occupancy costs	9,285
Professional fees	12,500
Payroll	8,669
Utilities	427
Amortization	16,522
	53,594
	65,545
DEFICIENCY OF REVENUE OVER EXPENDITURES FOR THE PERIOD	(42,600)

See accompanying notes.

ME TO WE FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE ELEVEN MONTH PERIOD ENDED DECEMBER 31, 2018

	\$
OPERATING ACTIVITIES	
Deficiency of revenue over expenditures	(42,600)
Item not affecting cash:	
Amortization	23,662
	(18,938)
Changes in non-cash working capital:	
HST recoverable	(4,093)
Prepaid expenses	(3,016)
Assets held in trust	(200,000)
Accounts payable and accrued liabilities	12,990
Tenant deposit	2,500
Other payables	88,526
Deferred contributions	700,000
Deferred capital contributions	1,105,000
	1,701,907
Cash flows from operating activities	1,682,969
INVESTING ACTIVITIES	
Purchase of capital assets	(1,658,893)
Investment in co-ownership	(4,574)
Cash flows used by investing activities	(1,663,467)
INCREASE IN CASH	19,502
CASH - BEGINNING OF PERIOD	-
CASH - END OF PERIOD	19,502

See accompanying notes.

ME TO WE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

1. NATURE OF OPERATIONS

ME to WE Foundation's (the "Foundation") purpose is to:

- a) Advance education by providing financial assistance to individuals for educational programs and by providing training programs designed to enable Canadians to understand different cultures, and learn about the causes of local and international poverty;
- b) Relieve poverty in developing nations by providing people in need with access to education, health programming, clean water and sanitation, agriculture and food security and basic tools and training required to generate income and develop a livelihood; and
- c) Improve efficiency of other non-profit organizations by providing a facility at below market rates and providing expertise on planning, structuring and improving charitable programs to better address the needs of beneficiaries.

The Foundation was incorporated on January 29, 2018 under the provision of Part II of the Canada Corporations Act as a non-profit corporation without share capital. It is a registered charity under the Income Tax Act, and as a result, the organization is exempt from income taxation under Section 149 of the Income Tax Act.

Accordingly, current period figures represent the result of the foundation's operations for the eleven month period ended December 31, 2018.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

Revenue recognition

The Foundation follows the deferral method of accounting for contributions, which are comprised of general donations and capital contributions.

Restricted contributions for specific programs are deferred and recognized as revenue in the year in which the related expenditures are incurred. Restricted contributions for capital expenditures are deferred and recognized as revenue on the same basis as the amortization of the acquired capital asset.

Unrestricted contributions are recognized as revenue when received or receivable, if the amount to be received can be reasonably determined and collection is reasonably assured.

Rental income is recognized as revenue when earned.

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ME TO WE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributed assets and services

Contributed assets and supplies are recognized when fair value can be reasonably determined and when the goods are used in the normal course of operations and would have otherwise been purchased. Contributed capital assets are capitalized at fair value on the date of contribution. Contributed supplies to be consumed in programs and operations are expensed.

While the Foundation also benefits from contributed services, due to the difficulty in determining their fair value, the value of contributed services has not been reflected in these financial statements.

Capital assets

Capital assets are stated at cost less accumulated amortization and are amortized over their estimated useful lives at the following rates and methods:

Buildings	4% declining balance method
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Investment in co-ownership

The Foundation accounts for its investment in co-ownership at cost, which is the amount of consideration paid.

Impairment of long lived assets

The Foundation tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

Net assets

- a) Net assets invested in capital assets represents the Foundation's net investment in land and buildings which is comprised of the unamortized amount of land and buildings purchased with capital contributions.
- b) Unrestricted net assets comprise the excess of revenue over expenses accumulated by the Foundation each year, net of transfers, and are available for general purposes.

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ME TO WE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates which include useful lives of capital assets and accruals are periodically reviewed and any adjustments necessary are reported in operations in the period in which they become known. Actual results could differ from these estimates.

Financial instruments

Measurement

The Foundation initially measures its financial assets and liabilities at fair value except for certain related party transactions which are measured at the carrying amount or exchange amount as appropriate. The Foundation subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, investment in co-ownership and assets held in trust.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and other payables.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of such. The amount of write-down is recognized in operations. A previously recognized impairment loss may be reversed to the extent of a recovery in value, directly or by adjusting the allowance account. The amount of reversal is recognized in operations.

3. CAPITAL ASSETS

	Cost \$	Accumulated amortization \$	Net book value \$
Land	475,802	-	475,802
Buildings	1,183,092	23,662	1,159,430
	1,658,894	23,662	1,635,232

4. ASSETS HELD IN TRUST

Assets held in trust are held by a charitable organization on behalf of the Foundation in accordance with donor agreements, as the Foundation did not obtain charitable status until subsequent to the period end.

ME TO WE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

5. INVESTMENT IN CO-OWNERSHIP

	\$
17% interest in a co-ownership in order to access the ownership of a real estate property	4,574

6. DEFERRED CONTRIBUTIONS

	\$
Balance - beginning of year	-
Restricted contributions received	700,000
	700,000
Less: amount recognized as revenue	-
	700,000

7. ECONOMIC INTERESTS

During the period, the Foundation received a capital contribution in the amount of \$1,105,000 from a foundation in the United States that shares the same mission and values as the foundation, for the purchase of a real property in Toronto, Ontario.

During the period, the Foundation received a cash contribution in the amount of \$500,000 from a charitable organization. The organization also provided program and administrative support at cost. The Foundation has a balance owing of \$58,024 to the organization as at December 31, 2018.

During the period, the Foundation received program and administrative support at cost from a for-profit entity that shares the same mission and values. The Foundation has a balance owing of \$30,502 to the entity as at December 31, 2018.

8. DEFERRED CAPITAL CONTRIBUTIONS

	\$
Balance - beginning of period	-
Contributions received	1,105,000
	1,105,000
Less: amount recognized as revenue	-
	1,105,000

ME TO WE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

9. FINANCIAL INSTRUMENTS

The Foundation is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Foundation's risk exposure and concentration as of December 31, 2018.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Foundation is exposed to credit risk from its cash balances. The Foundation manages its credit risk from cash balances by maintaining its accounts with creditworthy financial institutions.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Foundation is exposed to this risk mainly in respect of its accounts payable and accrued liabilities. The Foundation believes that its recurring financial resources are adequate to cover all its expenditures.

10. SUBSEQUENT EVENTS

On January 25, 2019, the Foundation completed the purchase of a real property located in Toronto, Ontario, for a total purchase price of \$2,600,000. The purchase was financed by a loan of \$2,000,000 USD from a foundation in the United States that shares the same mission and values as the foundation. The loan is unsecured, non-interest bearing and is due on demand.