PINE RIVER FOUNDATION

FINANCIAL STATEMENTS

MARCH 31, 2023

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Crowe Soberman | Canada

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Pine River Foundation

Qualified Opinion

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

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 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.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to donations revenue, excess of revenues over expenditures, and cash flows from operations for the years ended March 31, 2023 and 2022, current assets as at March 31, 2023 and 2022, and net assets as at April 1, 2022 and 2021, and March 31, 2023 and 2022. Our audit opinion on the financial statements for the year ended March 31, 2022 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization 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 qualified 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

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

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Auditors' 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 auditors' 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 Organization'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 Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Organization 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.

Crowe Soberman LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
August 23, 2023

PINE RIVER FOUNDATION
STATEMENT OF FINANCIAL POSITION

At March 31		**2023**		2022
ASSETS				
Current				
Cash	**$**	**3,569,442**	$	3,524,073
Accounts receivable *(Note 5)*		**1,515**		352,861
Sales tax rebate recoverable		**63,265**		8,702
Prepaid expenses and sundry		**37,252**		20,463
		3,671,474		3,906,099
Capital assets *(Note 3)*		**7,000,463**		5,899,301
	$	**10,671,937**	$	9,805,400
LIABILITIES				
Current				
Accounts payable and accrued liabilities *(Note 5)*	**$**	**461,702**	$	48,976
Deferred contributions *(Note 4)*		**-**		265,004
		461,702		313,980
NET ASSETS				
Unrestricted		**10,210,235**		9,491,420
	$	**10,671,937**	$	9,805,400

The accompanying notes are an integral part of the financial statements

On behalf of the Board

Director

Director

PINE RIVER FOUNDATION
STATEMENT OF CHANGES IN NET ASSETS

Year ended March 31	2023	2022
Balance, beginning of year	**$ 9,491,420**	7,614,110
Excess of revenues over expenditures	**718,815**	1,877,310
Balance, end of year	**$10,210,235**	$9,491,420

The accompanying notes are an integral part of the financial statements

PINE RIVER FOUNDATION
STATEMENT OF OPERATIONS

Year ended March 31		2023		2022
Revenues				
Donations *(Note 5)*	**$**	**1,695,114**	$	2,912,621
Restricted contribution *(Note 4)*		**265,004**		234,996
Rental income *(Note 5)*		**128,554**		99,292
Investment income		**58,835**		8,881
		2,147,507		3,255,790
Expenditure				
Salaries and benefits		**495,871**		337,772
Donation to Pine River Institute *(Note 5)*		**455,000**		700,000
Amortization		**227,853**		195,204
Professional fees		**67,392**		32,533
Recruitment		**59,818**		11,433
Rent		**32,100**		42,390
Insurance		**31,301**		25,359
Office expenses and supplies		**28,481**		20,215
Bank and processing fees		**16,625**		13,541
Fundraising event		**11,800**		-
Travel		**2,451**		33
		1,428,692		1,378,480
Excess of revenues over expenditures	**$**	**718,815**	$	1,877,310

The accompanying notes are an integral part of the financial statements

PINE RIVER FOUNDATION
STATEMENT OF CASH FLOWS

Year ended March 31	2023	2022
SOURCES (USES) OF CASH		
Operating activities		
Excess of revenues over expenditures	**$ 718,815**	$ 1,877,310
Item not involving cash		
Amortization	**227,853**	195,204
	946,668	2,072,514
Changes in non-cash working capital item		
Accounts receivable	**351,346**	(197,700)
Sales tax rebate recoverable	**(54,563)**	40,519
Prepaid expenses and sundry	**(16,789)**	(4,632)
Accounts payable and accrued liabilities	**412,726**	31,880
Deferred contribution	**(265,004)**	265,004
Cash provided by operating activities	**1,374,384**	2,207,585
Investing activity		
Additions to capital assets	**(1,329,015)**	(980,129)
Cash used in investing activity	**(1,329,015)**	(980,129)
Net increase in cash	**45,369**	1,227,456
Cash, beginning of year	**3,524,073**	2,296,617
Cash, end of year	**$ 3,569,442**	$ 3,524,073

The accompanying notes are an integral part of the financial statements

1. Purpose of the organization and income tax status

Pine River Foundation (the "Organization") was incorporated under the Canada Corporations Act as a non-profit organization by means of Letters Patent on December 11, 2009 and continued under the Canada Not-for-Profit Corporations Act on November 29, 2013. The Organization's objectives are to receive and maintain a fund or funds and to apply all or part of the principal and income therefrom, from time to time, to charitable organizations that are also registered charities under the Income Tax Act.

The Organization is a registered charity under the Income Tax Act and is exempt from income tax under Section 149(1)(l) of the Income Tax Act. Registration remains valid so long as the organization continues to fulfill the requirements of the Act and regulations in respect of registered charities.

2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and contingent liabilities at the statement of financial position date and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue recognition

The Organization follows the deferral method of accounting for contributions. Unrestricted donations are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions are deferred when initially received and recognized in the year in which the related expenses are incurred.

The Organization retains all of the benefits and risks of ownership of its capital assets and therefore accounts for leases with its tenants as operating leases. Rental income is recorded on a straight-line basis, whereby the total amount of cash to be received under a lease is recognized into income in equal periodic amounts over the term of the lease. Investment income is recorded when received.

2. Significant accounting policies (*continued*)

Financial instruments

The Organization initially measures its financial assets and financial liabilities originated or exchanged in arm's length transactions at fair value. Financial assets and financial liabilities originated and exchanged in related party transactions, except for those that involve parties whose sole relationship with the Organization is in the capacity of management, are initially measured at cost.

The cost of a financial instrument originated or exchanged in a related party transaction depends on whether the instrument has repayment terms. The cost of a financial asset or financial liability in a related party transaction that has repayment terms is determined using its undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. When the financial instrument does not have repayment terms, its cost is determined using the consideration transferred or received by the Organization in the transaction.

The Organization subsequently measures all of its financial assets and financial liabilities at cost or amortized cost.

Transaction costs related to financial instruments subsequently measured at fair value or to those originated or exchanged in a related party transaction are recognized in excess of revenue over expenses in the period incurred. Transaction costs related to financial instruments originated or exchanged in an arm's length transaction that are subsequently measured at cost or amortized cost are recognized in the original cost of the instrument. When the instrument is measured at amortized cost, the transaction costs are then recognized in excess of revenue over expenses over the life of the instrument using the straight-line method.

Capital assets

Capital assets are recorded at cost less accumulated amortization. Amortization is provided annually on bases designed to amortize the assets over their estimated useful lives, as follows:

Buildings	-	4% declining balance
Computer equipment	-	30% declining balance

Contributed services

The Organization would not be able to carry out its activities without the services of numerous volunteers who donate a considerable amount of time. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

3. Capital assets

	Cost	Accumulated Amortization	**2023 Net Carrying Amount**	2022 Net Carrying Amount
Land	$ 953,708	$ -	**$ 953,708**	$ 814,544
Buildings	6,839,026	795,191	**6,043,835**	5,083,322
Computer equipment	8,730	5,810	**2,920**	1,435
	$ 7,801,464	$ 801,001	**$ 7,000,463**	$ 5,899,301

4. Deferred contributions

Deferred contributions reported in net assets relate to restricted contributions received for creating a Center for Family Initiative ("CFI"), in the current period that is related to the current and subsequent periods. Changes in the deferred contributions balance reported in net assets are as follows:

	2023	2022
Beginning balance	**$ 265,004**	$ -
Amounts received during the year	**-**	500,000
Less: Amounts recognized as revenue during the year	**(265,004)**	(234,996)
Ending balance	**$ -**	$ 265,004

5. Related party transactions

Pine River Institute and the Organization are related parties as they share economic interest.

During the year ended March 31, 2023, the Organization engaged in transactions in the normal course of operations, which were measured at the agreed upon exchange amount, with this related party as follows:

	2023	2022
Donations received	**$ 727,050**	$ 1,394,940
Rental income	**128,554**	99,292
Donations paid	**455,000**	700,000

At March 31, 2023, accounts receivable includes $Nil (2022 - $326,632) owing from the above-noted related party.

At March 31, 2023, accounts payable and accrued liabilities includes $422,703 (2022 - $Nil) owing to the above-noted related party.

6. Financial instruments

The Organization regularly evaluates and manages the principal risks assumed with its financial instruments. The risks that arise from transacting in financial instruments include liquidity risk, credit risk, market risk, interest rate risk, and foreign currency risk. The following analysis provides a measure of the Organization's risk exposure and concentrations. There are no significant changes in the risk exposures from the prior period.

Credit risk

The Organization is exposed to credit risk in the event of non-performance by counterparties in connection with its accounts receivable. The Organization does not obtain collateral or other security to support the accounts receivable subject to credit risk but mitigates this risk by dealing only with what management believes to be financially sound counterparties and, accordingly, does not anticipate significant loss for non-performance.

The Organization is not exposed to any significant liquidity risk, foreign currency risk, interest rate risk or market risk at the statement of financial position date.