

**PINE RIVER FOUNDATION**  
**FINANCIAL STATEMENTS**  
**MARCH 31, 2022**

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## INDEPENDENT AUDITORS' REPORT

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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, 2022, 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, 2022, 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, 2022 and 2021, current assets as at March 31, 2022 and 2021, and net assets as at April 1, 2021 and 2020, and March 31, 2022 and 2021. Our audit opinion on the financial statements for the year ended March 31, 2021 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 audit 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.

### ***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  
September 21, 2022

**PINE RIVER FOUNDATION**  
**STATEMENT OF FINANCIAL POSITION**  
**At March 31**

**2022**                      **2021**

**ASSETS**

**Current**

|                              |                     |              |
|------------------------------|---------------------|--------------|
| Cash                         | <b>\$ 3,524,073</b> | \$ 2,296,617 |
| Accounts receivable          | <b>352,861</b>      | 155,161      |
| Sales tax rebate recoverable | <b>8,702</b>        | 49,221       |
| Prepaid expenses and sundry  | <b>20,463</b>       | 15,831       |

**3,906,099**                      2,516,830

**Capital assets (Note 3)**

**5,899,301**                      5,114,377

**\$ 9,805,400**                      \$ 7,631,207

**LIABILITIES**

**Current**

|                                          |                  |           |
|------------------------------------------|------------------|-----------|
| Accounts payable and accrued liabilities | <b>\$ 48,976</b> | \$ 17,097 |
| Deferred contributions (Note 4)          | <b>265,004</b>   | -         |

**313,980**                      17,097

**NET ASSETS**

**Unrestricted**                      **9,491,420**                      7,614,110

**\$ 9,805,400**                      \$ 7,631,207

*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**

|                                      | <b>2022</b>         | <b>2021</b> |
|--------------------------------------|---------------------|-------------|
| Balance, beginning of year           | <b>\$ 7,614,110</b> | 6,630,439   |
| Excess of revenues over expenditures | <b>1,877,310</b>    | 983,671     |
| Balance, end of year                 | <b>\$ 9,491,420</b> | \$7,614,110 |

*The accompanying notes are an integral part of the financial statements*

**PINE RIVER FOUNDATION**  
**STATEMENT OF OPERATIONS**  
**Year ended March 31**

|                                             | 2022                | 2021              |
|---------------------------------------------|---------------------|-------------------|
| <b>Revenues</b>                             |                     |                   |
| Donations <i>(Note 5)</i>                   | \$ 2,912,621        | \$ 2,020,467      |
| Restricted contribution <i>(Note 4)</i>     | 234,996             | -                 |
| Rental income                               | 99,292              | 54,284            |
| Investment income                           | 8,881               | 7,955             |
|                                             | <b>3,255,790</b>    | <b>2,082,706</b>  |
| <b>Expenditure</b>                          |                     |                   |
| Donation to Pine River Institute            | 700,000             | 397,804           |
| Salaries and benefits                       | 337,772             | 420,204           |
| Rent                                        | 42,390              | 48,771            |
| Professional fees                           | 32,533              | 26,321            |
| Insurance                                   | 25,359              | 14,395            |
| Office expenses and supplies                | 20,215              | 11,571            |
| Bank and processing fees                    | 13,541              | 10,032            |
| Recruitment                                 | 11,433              | 40,411            |
| Travel                                      | 33                  | -                 |
| Program                                     | -                   | 59,398            |
| Fundraising event                           | -                   | 132               |
| Amortization                                | 195,204             | 69,996            |
|                                             | <b>1,378,480</b>    | <b>1,099,035</b>  |
| <b>Excess of revenues over expenditures</b> | <b>\$ 1,877,310</b> | <b>\$ 983,671</b> |

*The accompanying notes are an integral part of the financial statements*

**PINE RIVER FOUNDATION**  
**STATEMENT OF CASH FLOWS**  
**Year ended March 31**

**2022**                      **2021**

**SOURCES (USES) OF CASH**

**Operating activities**

*Excess of revenues over expenditures*                      **\$ 1,877,310**    \$ 983,671

*Item not involving cash*

Amortization                      **195,204**                      69,996

**2,072,514**                      1,053,667

**Changes in non-cash working capital item**

Accounts receivable                      **(197,700)**                      (75,884)

Sales tax rebate recoverable                      **40,519**                      77,217

Prepaid expenses and sundry                      **(4,632)**                      (7,660)

Accounts payable and accrued liabilities                      **31,880**                      (370,189)

Deferred contribution                      **265,004**                      -

**Cash provided by operating activities**                      **2,207,585**                      677,151

**Investing activity**

Additions to capital assets                      **(980,129)**                      (1,904,403)

**Cash used in investing activity**                      **(980,129)**                      (1,904,403)

**Net increase (decrease) in cash**                      **1,227,456**                      (1,227,252)

**Cash, beginning of year**                      **2,296,617**                      3,523,869

**Cash, end of year**                      **\$ 3,524,073**                      \$ 2,296,617

*The accompanying notes are an integral part of the financial statements*

**PINE RIVER FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2022**

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**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.

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 recognized.

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.

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**NOTES TO FINANCIAL STATEMENTS**  
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**2. Significant accounting policies (*continued*)**

**Financial instruments**

The Organization initially measures its financial assets and financial liabilities at fair value.

The Organization subsequently measures all its financial instruments at amortized cost using the straight-line method.

Transaction costs are recognized in the statement of operations in the period incurred.

**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                    |
| Leasehold improvements | - | straight-line over the term of the lease |

**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**

|                        |                     |                     | <b>2022</b>         | <b>2021</b>         |
|------------------------|---------------------|---------------------|---------------------|---------------------|
|                        |                     |                     | <b>Net</b>          | <b>Net</b>          |
|                        |                     |                     | <b>Carrying</b>     | <b>Carrying</b>     |
|                        | <b>Cost</b>         | <b>Accumulated</b>  | <b>Amount</b>       | <b>Amount</b>       |
|                        |                     | <b>Amortization</b> |                     |                     |
| Land                   | \$ 814,544          | \$ -                | \$ <b>814,544</b>   | \$ 422,493          |
| Buildings              | 5,651,429           | 568,107             | <b>5,083,322</b>    | 4,682,547           |
| Computer equipment     | 6,476               | 5,041               | <b>1,435</b>        | 2,050               |
| Leasehold improvements | 102,016             | 102,016             | <b>-</b>            | 7,287               |
|                        | <b>\$ 6,574,465</b> | <b>\$ 675,164</b>   | <b>\$ 5,899,301</b> | <b>\$ 5,114,377</b> |

**PINE RIVER FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2022**

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**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:

|                                                     | 2022       | 2021 |
|-----------------------------------------------------|------------|------|
| Beginning balance                                   | \$ -       | \$ - |
| Amounts received during the year                    | 500,000    | -    |
| Less: Amounts recognized as revenue during the year | (234,996)  | -    |
| Ending balance                                      | \$ 265,004 | \$ - |

**5. Donations**

During the year, the Organization received donations of \$1,394,940 (2021 - \$387,000) from Pine River Institute. This amount is included in donation revenue.

**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.