

Combined Financial Statements of

MAKEWAY

And Independent Auditors' Report thereon

Year ended March 31, 2021



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INDEPENDENT AUDITORS' REPORT

To the Boards of Directors of MakeWay Foundation and MakeWay Charitable Society

Report on the Audit of Financial Statements

Opinion

We have audited the combined financial statements of MakeWay Foundation and MakeWay Charitable Society (together referred to as the "Entity"), which comprise:

- the combined statement of financial position as at March 31, 2021
- the combined statement of operations for the year then ended
- the combined statement of changes in fund balances for the year then ended
- the combined statement of cash flows for the year then ended
- and notes to the combined financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the combined financial position of the Entity as at March 31, 2021, and its combined results of operations and its combined cash flows for the year 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 "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report.

We are independent of the Entity 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.



Emphasis of Matter – Basis of Preparation

We draw attention to Note 2(a) in the financial statements which describes the basis of preparation used in these financial statements and the purpose of the financial statements.

Our opinion is not modified in respect of this matter.

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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 Entity'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 Entity'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 Entity 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.
- 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.

Report on Other Legal and Regulatory Requirements

As required by the Societies Act (British Columbia), we report that, in our opinion, the accounting policies applied by the Entity in preparing and presenting financial statements in accordance with Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding period.



Chartered Professional Accountants

Vancouver, Canada
September 29, 2021

MAKEWAY

Combined Statement of Financial Position

March 31, 2021, with comparative information for 2020

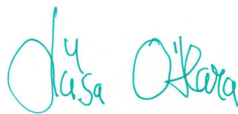
	2021	2020
Assets		
Current assets:		
Cash	\$ 13,276,492	\$ 10,490,684
Accounts receivable (note 3)	3,068,233	1,623,127
Prepaid expenses and other assets	292,702	311,216
Current portion of loans receivable (note 4)	47,549	95,099
	16,684,976	12,520,126
Loans receivable (note 4)	184,284	136,734
Investments (note 5)	44,406,824	39,289,008
Property and equipment (note 6)	3,017,645	538,051
Intangible assets (note 7)	1,410,762	1,562,346
	\$ 65,704,491	\$ 54,046,265

Liabilities and Fund Balances

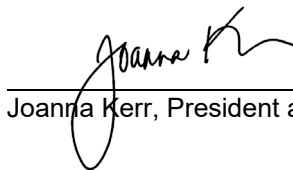
Current liabilities:		
Accounts payable and accrued liabilities (note 8)	\$ 3,044,940	\$ 2,235,430
Fund balances:		
General	1,353,444	(1,576,639)
Restricted (note 9)	61,306,107	53,387,474
	62,659,551	51,810,835
Commitments (note 15)		
	\$ 65,704,491	\$ 54,046,265

See accompanying notes to the combined financial statements.

Approved on behalf of the Board:



Liisa O'Hara, Treasurer



Joanna Kerr, President and CEO

MAKEWAY

Combined Statement of Operations

Year ended March 31, 2021, with comparative information for 2020

	2021			2020		
	General	Restricted	Total	General	Restricted	Total
Revenues:						
Grants and earned income	\$ 5,781,919	\$ -	\$ 5,781,919	\$ 5,520,680	\$ -	\$ 5,520,680
Other grants and donations (note 10)	-	25,917,209	25,917,209	-	24,045,685	24,045,685
Fees for services	138,797	4,645,642	4,784,439	170,133	3,827,614	3,997,747
Other revenue	5,849	676,845	682,694	16,169	519,244	535,413
COVID-19 government subsidies (note 11)	2,703,583	-	2,703,583	-	-	-
	8,630,148	31,239,696	39,869,844	5,706,982	28,392,543	34,099,525
Expenses:						
General and administrative (note 12)	6,974,432	-	6,974,432	6,536,114	-	6,536,114
Grant and program expenditures (note 13)	-	30,629,916	30,629,916	-	30,511,401	30,511,401
	6,974,432	30,629,916	37,604,348	6,536,114	30,511,401	37,047,515
Excess (deficiency) of revenue over expenses, before the undernoted	1,655,716	609,780	2,265,496	(829,132)	(2,118,858)	(2,947,990)
Investment income (loss) (note 5)	2,334,651	6,248,569	8,583,220	208,168	(960,829)	(752,661)
Excess (deficiency) of revenues over expenses	\$ 3,990,367	\$ 6,858,349	\$ 10,848,716	\$ (620,964)	\$ (3,079,687)	\$ (3,700,651)

See accompanying notes to the combined financial statements.

MAKEWAY

Combined Statement of Changes in Fund Balances

Year ended March 31, 2021, with comparative information for 2020

	2021			2020
	General	Restricted	Total	Total
Fund balances, beginning of year	\$ (1,576,639)	\$ 53,387,474	\$ 51,810,835	\$ 55,511,486
Excess (deficiency) of revenues over expenses	3,990,367	6,858,349	10,848,716	(3,700,651)
Interfund transfers	(1,060,284)	1,060,284	-	-
Fund balances, end of year	\$ 1,353,444	\$ 61,306,107	\$ 62,659,551	\$ 51,810,835

See accompanying notes to the combined financial statements.

MAKEWAY

Combined Statement of Cash Flows

Year ended March 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operating:		
Excess (deficiency) of revenues over expenses	\$ 10,848,716	\$ (3,700,651)
Items not involving cash:		
Amortization of capital assets	85,304	90,859
Amortization of intangible assets	205,454	191,834
Loss on disposal of capital assets	-	21,667
Unrealized loss (gain) on investments	(5,751,479)	2,899,202
	5,387,995	(497,089)
Changes in non-cash operating working capital:		
Accounts receivable	(1,445,106)	(1,026,797)
Prepaid expenses and other assets	18,514	42,595
Accounts payable and accrued liabilities	809,510	550,447
	4,770,913	(930,844)
Investments:		
Purchase of investments	(2,499,414)	(5,384,315)
Sale of investments	133,077	8,810,927
Redemption proceeds on guaranteed investment certificates	3,000,000	-
Acquisition of capital assets	(2,564,898)	(482,123)
Purchase of intangible assets	(53,870)	(133,197)
	(1,985,105)	2,811,292
Increase in cash and cash equivalents	2,785,808	1,880,448
Cash and cash equivalents, beginning of year	10,490,684	8,610,236
Cash and cash equivalents, end of year	\$ 13,276,492	\$ 10,490,684

See accompanying notes to combined financial statements.

MAKEWAY

Notes to Combined Financial Statements

Year ended March 31, 2021

1. Purposes of MakeWay:

MakeWay Foundation (“Foundation”) and MakeWay Charitable Society (“Society”) operating jointly with shared purpose as “MakeWay”, are not-for-profit societies incorporated under the Societies Act (British Columbia).

MakeWay’s purpose is to build partnerships and solutions that help nature and communities thrive together. MakeWay works with funders and the not-for-profit sector, providing “solutions” that include: grants; advisory services; program design and management; impact investing; a shared administrative platform; donor advised funds; and funding collaboratives.

Foundation is a national public foundation and Society is an operating charity. Foundation and Society, as registered charities under the Income Tax Act (Canada), are exempt from income taxes. Foundation was previously operating under the name Tides Canada Foundation and Society was previously operating under the name Tides Canada Initiatives Society until June 10, 2020 when their legal names were changed. MakeWay’s shared platform model operates within the Society.

Both Foundation and Society receive grants and donations from individuals, foundations, governments and corporations. The distribution of funds for philanthropic purposes is through grant making and program activities that further MakeWay’s purpose to build partnerships and solutions that help nature and communities.

In March 2020 the COVID-19 outbreak was declared a pandemic by the World Health Organization. The situation continues to present uncertainty over MakeWay’s future cash flows, and may have a significant impact on Makeway’s future operations. In response to the pandemic, Makeway implemented work from home policies and launched two rapid-response funds to quickly and flexibly drive funding directly into the communities. Makeway continues to closely monitor the impact on its financial implications and continuing operations.

2. Significant accounting policies:

These combined financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook - *Accounting*. MakeWay’s significant accounting policies are as follows:

(a) Principles of combination:

In April 2005, the members of Foundation and Society decided to operate the two organizations under common control. Foundation and Society have the same members, board of directors, and management. Consequently, the combined financial statements have been prepared as if Foundation and Society were a single organization (“MakeWay”) by the aggregation of their financial statements and the elimination of transactions and balances between them.

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Notes to Combined Financial Statements (continued)

Year ended March 31, 2021

2. Significant accounting policies (continued):

(b) Fund accounting:

In order to ensure observance of the limitations and restrictions placed on the use of resources available, these combined financial statements are prepared in accordance with fund accounting principles.

For financial reporting purposes, the accounts have been classified into the following funds:

(i) General fund:

The general fund comprises unrestricted funds for which purposes have not been specifically restricted and earned income. All general operating expenses, including fundraising and administrative costs, are charged to the unrestricted fund.

(ii) Restricted fund:

The restricted fund is comprised of (a) externally restricted funds for which the purposes have been externally restricted for specific designated purposes by donors and grantor; (b) donor advised funds (“DAFs”); and (c) an internally restricted reserve fund. A donor advised fund is a fund where the donor retains the ability to recommend a grant to a qualified donee based on the purpose of the fund. Donor advised funds are the property of MakeWay; however, MakeWay classifies these funds as restricted.

The restricted fund includes related restricted investment income earned.

(c) Revenue recognition:

MakeWay follows the restricted fund method of accounting for contributions. Under the restricted fund method of accounting for contributions, unrestricted contributions are recognized as revenue of the general fund. Externally restricted contributions are recognized as revenue of the externally restricted fund to which they relate. Externally restricted contributions for which no corresponding restricted fund is presented is recorded as deferred contributions in the general fund and recognized as revenue in the period in which the related expenses are incurred or the restrictions are met. Both unrestricted and externally restricted contributions are recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonable assured. Contributions include donations and grants.

Investment income, including interest and dividends, is recognized as revenue when earned. Externally restricted investment income earned on funds held by MakeWay are recorded to the related restricted fund. Changes in the market value of investments measured at fair value are recorded as gains (losses) in the statement of operations.

Fee for service revenue from advisory services is recognized as the services are provided.

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Notes to Combined Financial Statements (continued)

Year ended March 31, 2021

2. Significant accounting policies (continued):

(d) Government subsidies:

Government subsidies related to current expenses and revenues is included in the determination of excess of revenue over expenses for the period as revenue.

(e) Contributed materials and services:

Donated assets and services are recognized only when a fair value can be reasonably estimated and when the goods and services are used in the normal course of MakeWay's operations and would otherwise have been purchased.

A substantial number of volunteers and corporate supporters contribute a significant amount of their time and services to MakeWay each year. Because of the difficulty in determining their fair value, the value of contributed services is not recognized in these combined financial statements.

(f) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. MakeWay has elected to carry its investments in money market funds, pooled bond funds, and pooled equity funds at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction and financing costs incurred on acquisition, which are amortized using the straight-line method.

Financial assets measured at amortized cost include cash, accounts receivable, loans receivable, guaranteed investment certificates and term deposits.

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

Financial assets recorded at cost or amortized cost are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, MakeWay determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount MakeWay expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

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Notes to Combined Financial Statements (continued)

Year ended March 31, 2021

2. Significant accounting policies (continued):

(g) Capital assets:

Capital assets are initially recorded at cost. Repairs and maintenance costs are charged to expense. Betterments that extend the estimated life of an asset are capitalized. Amortization is provided on a straight-line basis over the estimated useful lives of assets as follows:

Asset	Rate
Furniture and equipment	3 - 6 years
Leasehold improvements	Remaining term, including one renewal option

Construction in progress is not amortized until the asset is available for use.

(h) Intangible assets:

Website and portal development and licenses and permits are initially recorded at cost and amortized on a straight-line basis over the estimated useful life of the assets as follows:

Asset	Rate
Computer software	3 years
Enterprise software	10 years
Licenses and permits	Over the term of the license or permit

(i) Impairment of long-lived assets:

MakeWay reviews the carrying amount of long-lived assets, including capital assets and intangible assets, for impairment whenever events or changes in circumstances indicate that the asset no longer contributes to MakeWay's ability to provide services, or that the value of future economic benefits or service potential associated with the asset is less than its carrying amount. If such conditions exist, an impairment loss is measured and recorded in the statement of operations at the amount by which the carrying amount of the capital asset exceeds its fair value or replacement cost.

(j) Expense allocations:

Shared expenses, including investment management fees and insurance are allocated to the general fund and the externally restricted fund based on the underlying nature of the expense and in accordance with MakeWay policies. An administration fee, as outlined in the underlying agreement, is charged to each project or program to cover core support expenses incurred by MakeWay.

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Notes to Combined Financial Statements (continued)

Year ended March 31, 2021

2. Significant accounting policies (continued):

(k) Use of estimates:

The preparation of combined financial statements in conformity 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 liabilities at the date of these combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(l) Foreign currency translation:

Monetary assets and liabilities denominated in foreign currency are translated into Canadian dollars at the exchange rate prevailing at the balance sheet date. Non-monetary items are translated at the rate in effect at the time the asset was acquired, or the liability was realized. Revenue and expenses are translated at the rate prevailing at the time of the transaction.

3. Accounts receivable:

	2021	2020
Fees for services	\$ 1,348,997	\$ 243,969
Awards	609,230	1,149,854
COVID-19 government subsidies (note 11)	768,893	-
Other	341,113	229,304
	<hr/> \$ 3,068,233	<hr/> \$ 1,623,127

4. Loans receivable:

MakeWay had loaned funds in the form of promissory notes to the New Market Funds Society, a community-focused impact investment intermediary, organized as a registered charity. These amounts are unsecured and do not bear interest. Maturity dates were amended in December 2020 and range from December 20, 2022 to December 20, 2026. The amount past due on December 20, 2019 of \$47,549 have not been requested by MakeWay and are presented as current in the combined statement of financial position.

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Notes to Combined Financial Statements (continued)

Year ended March 31, 2021

5. Investments:

	2021	2020
Money market funds (a)	\$ 2,526,930	\$ 2,024,672
Pooled bond funds	16,168,608	12,786,137
Pooled equity funds	23,946,543	20,032,975
Investments carried at fair value	42,642,081	34,843,784
Term deposit (b)	554,000	554,000
Guaranteed investment certificate	-	3,006,041
Investments carried at amortized cost	554,000	3,560,041
Limited investment partnerships carried at cost (c)	1,210,743	885,183
	\$ 44,406,824	\$ 39,289,008

(a) Money market and bond funds have a weighted average yield of 0.60% and 2.37% (2020 - 2.04% and 2.97%), respectively.

(b) The term deposit bears interest at a rate of 2.875% and has a maturity date of May 20, 2024.

(c) Investments carried at cost consist of 1,453 units (2020 - 1,195 units) acquired in a social venture fund to invest in program related sectors that are critical for a sustainable environment and economy and to generate investment returns. The companies are private companies and fair value is not readily determinable as there is no comparative market data available. As such, this investment is carried at cost less any impairment.

Periodically, MakeWay receives contributed publicly traded securities which are liquidated as soon as possible. The proceeds are recorded in the general or externally restricted fund as stipulated by the donor.

Investment income (loss) comprises the following:

	2021			2020		
	General	Restricted	Total	General	Restricted	Total
Interest income	\$ 23,508	\$ 470,297	\$ 493,805	\$ 290,529	\$ 512,718	\$ 803,247
Dividend income	-	1,592,799	1,592,799	353,381	530,147	883,528
Realized gain (loss)	(3,308)	59,764	56,456	55,733	247,790	303,523
Unrealized gain (loss)	2,314,450	3,437,029	5,751,479	(491,352)	(2,407,850)	(2,899,202)
Other	1	688,680	688,681	(123)	156,366	156,243
	\$ 2,334,651	\$ 6,248,569	\$ 8,583,220	\$ 208,168	\$ (960,829)	\$ (752,661)

MAKEWAY

Notes to Combined Financial Statements (continued)

Year ended March 31, 2021

6. Capital assets:

			2021	2020
	Cost	Accumulated amortization	Net book value	Net book value
Furniture and equipment	\$ 363,179	\$ 270,249	\$ 92,930	\$ 40,954
Leasehold improvements	549,781	52,299	497,482	497,097
Construction in-progress	2,427,233	-	2,427,233	-
	<u>\$ 3,340,193</u>	<u>\$ 322,548</u>	<u>\$ 3,017,645</u>	<u>\$ 538,051</u>

Construction in-progress relates to the build of the Nawalakw Culture Project healing centre for Indigenous culture and language revitalization. MakeWay has a permit to utilize the land on which the building is being constructed until 2050.

7. Intangible assets:

			2021	2020
	Cost	Accumulated amortization	Net book value	Net book value
Computer software	\$ 118,280	\$ 75,374	\$ 42,906	\$ -
Enterprise software	2,026,316	703,606	1,322,710	1,514,450
Licenses and permits	55,000	9,854	45,146	47,896
	<u>\$ 2,199,596</u>	<u>\$ 788,834</u>	<u>\$ 1,410,762</u>	<u>\$ 1,562,346</u>

8. Government remittances payable:

Included in accounts payable and accrued liabilities as at March 31, 2021 are government remittances payable of \$8,560 (2020 - \$12,610) relating to payroll taxes.

9. Restricted fund:

As at March 31, the restricted fund consists of:

	2021	2020
Externally restricted funds for programmatic work	\$ 31,433,407	\$ 27,624,037
Donor advised funds	29,872,700	25,763,437
	<u>\$ 61,306,107</u>	<u>\$ 53,387,474</u>

MAKEWAY

Notes to Combined Financial Statements (continued)

Year ended March 31, 2021

10. Other grants and donations:

	2021	2020
Donations to donor advised funds	\$ 2,659,989	\$ 7,309,657
Externally restricted funding for programmatic work:		
Government funding		
Federal government	1,979,644	1,568,906
Provincial / territorial governments	1,973,454	2,681,922
Municipal governments	528,331	1,177,451
	4,481,429	5,428,279
Non-government funding	18,775,791	11,307,749
	23,257,220	16,736,028
	\$ 25,917,209	\$ 24,045,685

11. COVID-19 government subsidies:

In response to the negative economic impact of COVID-19, the Canadian government introduced the Canada Emergency Wage Subsidy (“CEWS”) and Canada Emergency Rent Subsidy (“CERS”) programs. CEWS provides a wage subsidy to eligible employers based on specified criteria. CERS provides a subsidy to eligible organizations based on specified criteria and eligible costs. During the year ended March 31, 2021, Makeway recognized government contributions related to CEWS of \$2,604,397 and related to CERS of \$99,186, which are included as revenue in the combined statement of operations. Although there are no external restrictions with respect to how the funding received must be used, subsidy amounts related to MakeWay Charitable Society projects have been internally restricted and, therefore, transferred from the general fund to the restricted fund in the combined statement of operations. Included in accounts receivable are \$703,418 relating to CEWS and \$65,475 related to CERS accrued but not yet received (note 3). Subsequent to year-end, \$768,879 of the amounts accrued have been received.

12. General and administrative expenses:

	2021	2020
Staff costs	\$ 5,481,942	\$ 4,721,267
Office expenses	849,011	900,157
Amortization	282,872	260,079
Professional services	277,901	275,646
Travel	8,537	103,757
Communications	55,093	205,116
Finance costs	9,403	59,424
Events and programming	9,673	10,668
	\$ 6,974,432	\$ 6,536,114

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Notes to Combined Financial Statements (continued)

Year ended March 31, 2021

13. Grants and program expenditures:

	2021	2020
Grants and expenses made from donor advised funds	\$ 3,692,737	\$ 7,460,127
Program grants and expenses made from externally restricted funds:		
Shared Platform programs (a)	18,810,543	17,450,143
Pacific Program (b)	4,066,843	3,188,044
Northern Canada program (c)	2,465,284	1,833,280
Northern Manitoba Food, Culture and Community Collaborative (d)	949,616	430,887
National programs and advisory services	644,893	148,920
	26,937,179	23,051,274
	\$ 30,629,916	\$ 30,511,401

MakeWay programming reduces barriers and provides expertise, strategic partnerships, and deep community connections towards our vision of a world where nature and communities thrive together. Program activities include: resilient communities, healthy ecosystems, social justice, sustainable livelihoods, land and species conservation, Indigenous resurgence, food sovereignty, and clean waters.

- (a) The Shared Platform Programs supports over 60-community-led projects across the country address social and environmental issues including: climate change; Indigenous cultural resurgence; land and water conservation; digital justice; food security and sovereignty; refugee support; and youth leadership.
- (b) The Pacific Program partners with Indigenous communities, funders, the non-profit sector, and governments to advance healthy lands and waters; community well-being; and systems change.
- (c) The Northern Canada Program advances innovative community-led solutions in the following priority areas: emerging northern leaders; land and water stewardship; sustainable livelihoods; Indigenous cultural resurgence.
- (d) The Northern Manitoba Food, Culture and Community Collaborative helps northern Manitoba communities design local solution-oriented projects to address food insecurity and related issues.

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Notes to Combined Financial Statements (continued)

Year ended March 31, 2021

14. Financial risks:

(a) 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. Financial instruments that potentially subject MakeWay to concentrations of credit risk are receivables and investments in pooled funds that hold debt securities that are exposed to such risks.

MakeWay limits the credit risk of investments in money market funds and bond funds by dealing principally with counterparties that maintain a credit rating of Single A or higher as rated by Dominion Bond Rating Service or equivalent.

The maximum exposure to credit risk in terms of receivables is \$3,300,066 as at March 31, 2021 (2020 - \$1,854,960). MakeWay manages credit risk on receivables by ensuring sufficient security is in place.

(b) Liquidity risk:

Liquidity risk is the risk that MakeWay will encounter difficulty in meeting obligations associated with financial liabilities.

Liquidity risk is managed by investing the majority of MakeWay's assets in investments that are traded in an active market and can be readily liquidated. In addition, MakeWay retains sufficient cash positions to maintain liquidity.

(c) Market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The investments of MakeWay are subject to normal market fluctuations and to the risk inherent in investment in capital markets.

(i) Currency risk:

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Investments in foreign securities are exposed to currency risk due to fluctuations in foreign exchange rates. MakeWay is exposed to currency risk on its foreign currencies held within its cash accounts and through its investments in pooled US and international equity funds. The currency risk exposure as at March 31, 2021 is \$12,311,417 in US funds and \$5,426,829 in international funds.

(ii) Interest rate risk:

Interest rate risk is the risk that changes in market interest rates will affect future cash flows or fair values of financial instruments. Interest rate risk arises primarily from MakeWay's investment in interest-bearing financial instruments. The value of fixed income securities will generally rise when interest rates fall and decrease when interest rates rise.

Changes in interest rates may also affect the value of equity securities.

MAKEWAY

Notes to Combined Financial Statements (continued)

Year ended March 31, 2021

14. Financial risks (continued):

(c) Market risk (continued):

(iii) Other price risk:

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rates.

All investments represent a risk of loss of capital. Investments held by MakeWay are susceptible to other price risk arising from uncertainties about future prices of the investments. The maximum risk resulting from the investments is determined by the fair value of their total investments.

MakeWay actively manages market risk through its investment policy that outlines the objectives, constraints, and parameters related to its investment activities. The Finance and Investment Committee and management regularly review MakeWay's investments to ensure all activities adhere to the investment policy.

There have been no significant changes in risk exposure from prior years, other than the potential impact that the COVID-19 pandemic might have, particularly with respect to market risk, as disclosed in note 1.

15. Commitments:

(a) Grants:

As of March 31, 2021, MakeWay has committed to grants totaling \$2,843,973 in future conditional payments. Payment of these grants is conditional on the recipients meeting certain criteria and providing certain supporting information. As a result, these grants are not recognized as expenses or liabilities in these financial statements as at and for the year ended March 31, 2021.

(b) Investments:

MakeWay had committed to purchasing units in limited investment partnerships totaling \$1,686,501. As at March 31, 2021, 1,453 units totaling \$1,483,040 have been purchased (note 4). The remaining commitment of \$203,461 are required at the call of the general partner when further investment capital is required.

MAKEWAY

Notes to Combined Financial Statements (continued)

Year ended March 31, 2021

15. Commitments (continued):

(b) Investments (continued):

As at March 31, 2021, limited investment partnership commitments are as follows:

	Units			Amount		
	Commitment	Paid	Balance	Commitment	Paid	Balances
Renewal 2	\$ 709	\$ 709	\$ -	\$ 731,404	\$ 731,404	\$ -
Renewal3	250	250	-	254,982	254,982	-
Investeco	198	198	-	200,115	200,115	-
New Market Funds	500	296	204	500,000	296,539	203,461
	\$ 1,657	\$ 1,453	\$ 204	\$ 1,686,501	\$ 1,483,040	\$ 203,461

The difference of \$272,297 between the long-term investments carried at cost of \$1,210,743 (note 4) and the amount originally invested of \$1,483,040 represents return of capital.

(c) Operating leases:

As at March 31, 2021, annual minimum lease payments under MakeWay's operating leases for premises in Vancouver, Toronto, Yellowknife, Iqaluit, Montreal and Niagra Falls are as follows:

2022	\$ 479,789
2023	378,829
2024	352,855
2025	280,337
2026	233,388
	\$ 1,725,198

16. Remuneration:

The Societies Act (British Columbia) requires that societies, other than member-funded societies, disclose remuneration paid to directors and highest paid employees or contractors based on amounts paid over \$75,000 or the top ten highest paid.

For the year ended March 31, 2021, Foundation paid remuneration of \$1,365,002 (2020 - \$1,403,955) to the top ten highest paid employees and contractors for services with amounts greater than \$75,000.

For the year ended March 31, 2021, Society paid remuneration of \$1,070,603 (2020 - \$973,913) to the top ten highest paid employees and contractors for services with amounts greater than \$75,000.

No board member received any salary, wages, fees, commissions, or other amount for services rendered to the organization in their capacity as a director. For the year ended March 31, 2021, \$97,205 (2020 - \$43,546) was incurred in commission fees and distributions totaling \$525,438 (2020 - \$25,745) were received related to an investment in a company of which a board member is the CEO.