

Combined Financial Statements of

MAKEWAY

And Independent Auditors' Report thereon

Year ended March 31, 2022



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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, 2022
- 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, 2022, 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 22, 2022

MAKEWAY

Combined Statement of Financial Position

March 31, 2022, with comparative information for 2021

	2022	2021
Assets		
Current assets:		
Cash	\$ 28,335,445	\$ 13,276,492
Accounts receivable (note 3)	16,429,423	3,068,233
Prepaid expenses and other assets	325,044	292,702
Current portion of loans receivable (note 4)	95,099	47,549
	<u>45,185,011</u>	<u>16,684,976</u>
Loans receivable (note 4)	136,734	184,284
Investments (note 5)	44,464,084	44,406,824
Tangible capital assets (note 6)	8,879,586	3,017,645
Intangible assets (note 7)	1,203,016	1,410,762
	<u>\$ 99,868,431</u>	<u>\$ 65,704,491</u>

Liabilities and Fund Balances

Current liabilities:		
Accounts payable and accrued liabilities (note 8)	\$ 2,957,309	\$ 3,044,940
Loan payable (note 9)	194,333	-
	<u>3,151,642</u>	<u>3,044,940</u>
Fund balances:		
General	(37,195)	1,353,444
Restricted (note 10)	96,753,984	61,306,107
	<u>96,716,789</u>	<u>62,659,551</u>
Commitments (note 16)		
	<u>\$ 99,868,431</u>	<u>\$ 65,704,491</u>

See accompanying notes to the combined financial statements.

Approved on behalf of the Board:



Maxine Ifill, Treasurer



Joanna Kerr, President and CEO

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Combined Statement of Operations

Year ended March 31, 2022, with comparative information for 2021

	2022			2021		
	General	Restricted	Total	General	Restricted	Total
Revenues (note 11):						
Grants and donations	\$ 6,928,341	\$ 62,787,075	\$ 69,715,416	\$ 5,781,919	\$ 25,917,209	\$ 31,699,128
Fees for services	140,250	4,581,476	4,721,726	138,797	4,645,642	4,784,439
Other revenue	774	753,490	754,264	5,849	676,845	682,694
COVID-19 government subsidies (note 12)	806,336	-	806,336	2,703,583	-	2,703,583
	7,875,701	68,122,041	75,997,742	8,630,148	31,239,696	39,869,844
Expenses:						
General and administrative (note 13)	7,548,420	-	7,548,420	6,974,432	-	6,974,432
Grant and program expenses (note 14)	-	34,649,792	34,649,792	-	30,629,916	30,629,916
	7,548,420	34,649,792	42,198,212	6,974,432	30,629,916	37,604,348
Excess of revenue over expenses, before the undernoted	327,281	33,472,249	33,799,530	1,655,716	609,780	2,265,496
Investment income (loss) (note 5)	(1,717,920)	1,975,628	257,708	2,334,651	6,248,569	8,583,220
Excess (deficiency) of revenues over expenses	\$ (1,390,639)	\$ 35,447,877	\$ 34,057,238	\$ 3,990,367	\$ 6,858,349	\$ 10,848,716

See accompanying notes to the combined financial statements.

MAKEWAY

Combined Statement of Changes in Fund Balances

Year ended March 31, 2022, with comparative information for 2021

	2022			2021
	General	Restricted	Total	Total
Fund balances, beginning of year	\$ 1,353,444	\$ 61,306,107	\$ 62,659,551	\$ 51,810,835
Excess (deficiency) of revenues over expenses	(1,390,639)	35,447,877	34,057,238	10,848,716
Fund balances, end of year	\$ (37,195)	\$ 96,753,984	\$ 96,716,789	\$ 62,659,551

See accompanying notes to the combined financial statements.

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Combined Statement of Cash Flows

Year ended March 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operating:		
Excess of revenues over expenses	\$ 34,057,238	\$ 10,848,716
Items not involving cash:		
Amortization of tangible capital assets	245,691	85,304
Amortization of intangible assets	222,769	205,454
Unrealized loss (gain) on investments	4,634,873	(5,751,479)
	39,160,571	5,387,995
Changes in non-cash operating working capital:		
Accounts receivable	(13,361,190)	(1,445,106)
Prepaid expenses and other assets	(32,342)	18,514
Accounts payable and accrued liabilities	(87,631)	809,510
	25,679,408	4,770,913
Financing:		
Proceeds from loan payable	220,000	-
Repayment of loan payable	(25,667)	-
	194,333	-
Investing:		
Purchase of investments	(4,839,835)	(2,499,414)
Proceeds on return of capital of investments	147,702	133,077
Redemption proceeds on guaranteed investment certificates	-	3,000,000
Acquisition of tangible capital assets	(6,107,632)	(2,564,898)
Purchase of intangible assets	(15,023)	(53,870)
	(10,814,788)	(1,985,105)
Increase in cash and cash equivalents	15,058,953	2,785,808
Cash, beginning of year	13,276,492	10,490,684
Cash, end of year	\$ 28,335,445	\$ 13,276,492

See accompanying notes to combined financial statements.

MAKEWAY

Notes to Combined Financial Statements

Year ended March 31, 2022

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 includes: 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.

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.

(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.

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Notes to Combined Financial Statements (continued)

Year ended March 31, 2022

2. Significant accounting policies (continued):

(b) Fund accounting (continued):

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 general 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 grantors; (b) donor advised funds ("DAFs"); and (c) an internally restricted operating reserve fund. A DAF is a fund where the donor retains the ability to recommend a grant to a qualified donee based on the purpose of the fund. DAFs 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. Administrative fees charged on externally restricted contributions are recognized as revenue of the general fund. 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.

(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.

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Notes to Combined Financial Statements (continued)

Year ended March 31, 2022

2. Significant accounting policies (continued):

(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, and term deposits. Financial assets measured at cost included limited investment partnerships.

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, 2022

2. Significant accounting policies (continued):

(g) Tangible capital assets:

Tangible 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
Building	25 - 28 years
Furniture and equipment	3 - 10 years
Leasehold improvements	Remaining term, including one renewal option
Other	10 - 20 years

Construction in progress is not amortized until the asset is available for use. Land is not amortized. Cultural artifacts that MakeWay intends to protect and preserve with value that is worth preserving perpetually are not amortized.

(h) Intangible assets:

Software 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 tangible 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 long-lived asset exceeds its fair value or replacement cost.

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Notes to Combined Financial Statements (continued)

Year ended March 31, 2022

2. Significant accounting policies (continued):

(j) Expense allocations:

Shared expenses, including investment management fees and insurance are allocated to the general fund and the 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.

(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:

	2022	2021
Fees for services	\$ 492,152	\$ 1,348,997
Awards (a)	15,472,562	609,230
COVID-19 government subsidies (note 12)	-	768,893
Other	464,709	341,113
	<u>\$ 16,429,423</u>	<u>\$ 3,068,233</u>

(a) Included in awards receivable is a \$15,000,000 grant that MakeWay received from the Province of British Columbia on March 30, 2022, which remains as a receivable at year-end.

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, which has not been requested by MakeWay, and the amount due on December 20, 2022 of \$47,550 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, 2022

5. Investments:

	2022	2021
Investments carried at fair value:		
Money market funds (a)	\$ 195,745	\$ 2,526,930
Pooled bond funds (a)	17,268,838	16,168,608
Pooled equity funds	25,337,962	23,946,543
	42,802,545	42,642,081
Investment carried at amortized cost:		
Term deposit (b)	554,000	554,000
Limited investment partnerships carried at cost (c)	1,107,539	1,210,743
	\$ 44,464,084	\$ 44,406,824

(a) Money market and pooled bond funds have a weighted average yield of 0.27% and 2.39% (2021 - 0.60% and 2.37%), respectively.

(b) The term deposit bears interest at a rate of 2.875% and has a maturity date of May 20, 2024. Accrued interest is included other accounts receivable (note 3).

(c) Investments carried at cost consist of 1,498 units (2021 - 1,453 units) acquired in social venture funds to invest in program related sectors that are critical for a sustainable environment and economy and to generate investment returns. The companies invested in by the funds 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. MakeWay has committed to purchasing additional units in these funds (note 16(b)). Periodically, MakeWay receives contributed publicly traded securities, which are liquidated as soon as possible. The proceeds are recorded in the general or restricted fund as stipulated by the donor.

Investment income (loss) comprises the following:

	2022			2021		
	General	Restricted	Total	General	Restricted	Total
Interest income	\$ 21,588	\$ 740,424	\$ 762,012	\$ 23,508	\$ 470,297	\$ 493,805
Dividend income	-	1,413,517	1,413,517	-	1,592,799	1,592,799
Realized gain (loss)	961	2,726,041	2,727,002	(3,308)	59,764	56,456
Unrealized gain (loss)	(1,740,469)	(2,894,404)	(4,634,873)	2,314,450	3,437,029	5,751,479
Other	-	(9,950)	(9,950)	1	688,680	688,681
	\$ (1,717,920)	\$ 1,975,628	\$ 257,708	\$ 2,334,651	\$ 6,248,569	\$ 8,583,220

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Notes to Combined Financial Statements (continued)

Year ended March 31, 2022

6. Tangible capital assets:

			2022	2021
	Cost	Accumulated amortization	Net book value	Net book value
Land (a)	\$ 1,871,420	\$ -	\$ 1,871,420	\$ -
Building (a) and (b)	4,968,806	103,965	4,864,841	-
Furniture and equipment	1,346,947	352,400	994,547	92,930
Leasehold improvements	550,088	111,874	438,214	497,482
Other	477,611	-	477,611	-
Cultural artifacts	20,000	-	20,000	-
Construction-in-progress (b)	212,953	-	212,953	2,427,233
	<u>\$ 9,447,825</u>	<u>\$ 568,239</u>	<u>\$ 8,879,586</u>	<u>\$ 3,017,645</u>

(a) In September 2021, MakeWay purchased the land and building at what is formerly known as the Tofino Botanical Gardens, renamed the Clayoquot Campus, to focus on supporting Indigenous-led conservation. The purchase is allocated between land and building based on BC Assessment values. The campus includes Naa'Waya'Sum Gardens, learning lodge, and café, and houses Indigenous cultural artifacts.

(b) Construction-in-progress, as of March 31, 2021, related to the Nawalakw Culture Project healing centre for Indigenous culture and language revitalization. The primary building and dock were completed in fiscal 2022. Construction-in-progress, as at March 31, 2022, relates to four tiny homes relating to the project. MakeWay has a permit to utilize the land on which the building sits until 2050.

7. Intangible assets:

			2021	2020
	Cost	Accumulated amortization	Net book value	Net book value
Computer software	\$ 133,304	\$ 92,554	\$ 40,750	\$ 42,906
Enterprise software	2,026,316	906,446	1,119,870	1,322,710
Licenses and permits	55,000	12,604	42,396	45,146
	<u>\$ 2,214,620</u>	<u>\$ 1,011,604</u>	<u>\$ 1,203,016</u>	<u>\$ 1,410,762</u>

8. Government remittances payable:

Included in accounts payable and accrued liabilities, as at March 31, 2022, are government remittances payable of \$21,986 (2021 - \$8,560) relating to payroll taxes.

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Notes to Combined Financial Statements (continued)

Year ended March 31, 2022

9. Loan payable:

In fiscal 2022, MakeWay borrowed \$220,000 from a commercial bank for the purchase of a used crew boat for use at the Nawalakw Culture Project healing centre. The term is 60-months and interest is calculated at prime rate plus 0% per annum. The loan is secured by a first-priority specific security interest on the crew boat and assignment of all insurance policies related to the crew boat with the commercial bank as a first loss payee. As the loan is due on demand, the entire amount is presented as current. Although the loan due on demand, until such time, the principal is repayable in equal monthly instalments of \$3,667.

10. Restricted fund:

As at March 31, the restricted fund consists of:

	2022	2021
Externally restricted funds for programmatic work	\$ 59,457,294	\$ 31,433,407
Donor advised funds	33,919,095	28,331,835
Operating reserve fund	3,377,595	1,540,865
	<u>\$ 96,753,984</u>	<u>\$ 61,306,107</u>

11. Revenue by source:

	2022	2021
Donations to donor advised funds	\$ 11,439,014	\$ 3,352,013
Government:		
Federal government	3,411,799	2,018,770
Provincial / territorial governments	17,694,098	2,186,589
Municipal governments	830,210	688,025
	<u>21,936,107</u>	<u>4,893,384</u>
Non-government:		
Foundations, charities and nonprofits	39,258,349	27,309,564
Individuals and families	630,174	635,271
Businesses	1,927,762	976,029
	<u>41,816,285</u>	<u>28,920,864</u>
COVID-19 government subsidies (note 12)	806,336	2,703,583
	<u>\$ 75,997,742</u>	<u>\$ 39,869,844</u>

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Notes to Combined Financial Statements (continued)

Year ended March 31, 2022

12. 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, 2022, Makeway recognized government contributions related to CEWS of \$721,431 (2021 - \$2,604,397) and related to CERS of \$84,905 (2021 - \$99,186), which are included as revenue in the combined statement of operations. As at March 31, 2022, included in accounts receivable are nil (2021 - \$703,418) relating to CEWS and nil (2021 - \$65,475) related to CERS.

13. General and administrative expenses:

	2022	2021
Staff costs	\$ 5,796,450	\$ 5,481,942
Office	839,334	849,011
Amortization	316,841	282,872
Professional services	469,377	277,901
Travel	20,393	8,537
Communications	94,108	55,093
Finance costs	4,250	9,403
Events and programming	7,667	9,673
	<u>\$ 7,548,420</u>	<u>\$ 6,974,432</u>

14. Grants and program expenses:

	2022	2021
Grants and expenses made from donor advised funds	\$ 3,986,700	\$ 3,692,737
Program grants and expenses made from externally restricted funds:		
Shared Platform programs (a)	24,143,604	18,810,543
Pacific Program (b)	3,054,602	4,066,843
Northern Canada program (c)	1,604,506	2,465,284
Northern Manitoba Food, Culture and Community Collaborative (d)	1,380,245	949,616
National programs and advisory services	480,135	644,893
	<u>30,663,092</u>	<u>26,937,179</u>
	<u>\$ 34,649,792</u>	<u>\$ 30,629,916</u>

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Notes to Combined Financial Statements (continued)

Year ended March 31, 2022

14. Grants and program expenses (continued):

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 70 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.

15. 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 cash, receivables and investments in pooled funds that hold debt securities that are exposed to such risks.

Substantially all cash is held by one Canadian chartered bank.

The maximum exposure to credit risk in terms of receivables, including loans receivable, is \$16,661,256 as at March 31, 2022 (2021 - \$3,300,066). MakeWay manages credit risk on receivables by ensuring sufficient security is in place.

MakeWay limits the credit risk of investments in money market funds and pooled 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.

MAKEWAY

Notes to Combined Financial Statements (continued)

Year ended March 31, 2022

15. Financial risks (continued):

(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, 2022, is \$9,813,374 in United States funds and \$9,550,064 in international funds (2021 - \$12,311,417 in United States 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.

(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

Notes to Combined Financial Statements (continued)

Year ended March 31, 2022

15. Financial risks (continued):

(c) Market risk (continued):

(iii) Other price risk (continued):

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 fiscal 2021.

16. Commitments:

(a) Grants:

As of March 31, 2022, MakeWay has committed to grants totaling \$799,695 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 combined financial statements as at and for the year ended March 31, 2022.

(b) Investments:

MakeWay had committed to purchasing units in limited investment partnerships totaling \$1,686,501. As at March 31, 2022, 1,498 units totaling \$1,527,538 have been purchased (note 5(c)). The remaining commitment of \$158,963 is required at the call of the general partner when further investment capital is required.

As at March 31, 2022, 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	341	159	500,000	341,037	158,963
	\$ 1,657	\$ 1,498	\$ 159	\$ 1,686,501	\$ 1,527,538	\$ 158,963

The difference of \$419,999 between limited investment partnerships carried at cost of \$1,107,539 (note 5(c)) and the amount originally invested of \$1,527,538 represents return of capital.

MAKEWAY

Notes to Combined Financial Statements (continued)

Year ended March 31, 2022

16. Commitments (continued):

(c) Operating leases:

As at March 31, 2022, annual minimum lease payments under MakeWay's operating leases for premises in Vancouver, Toronto, Yellowknife, Winnipeg and Alert Bay are as follows:

2023	\$	524,789
2024		422,862
2025		293,677
2026		233,388
2027		236,140
	\$	1,710,856

17. Remuneration disclosures:

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, 2022, Foundation paid remuneration of \$1,523,593 (2021 - \$1,365,002) to the top 10 highest paid employees and contractors for services with amounts greater than \$75,000.

For the year ended March 31, 2022, Society paid remuneration of \$1,220,911 (2021 - \$1,070,603) to the top 10 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, 2022, no commission fees were incurred (2021 - \$97,205) or distributions received (2021 - \$525,438) related to an investment in a company of which a Board member is the Chief Executive Officer.