

Financial Statements

Compassion House Foundation

February 28, 2023

Contents

	Page
Independent Auditor's Report	1 - 3
Statement of Operations	3
Statement of Changes in Net Assets	4
Statement of Financial Position	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 – 16

Independent Auditor's Report

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To the Board of Directors of Compassion House Foundation

Qualified Opinion

We have audited the financial statements of Compassion House Foundation (the "Foundation"), which comprise the statement of financial position as at February 28, 2023, and the statements of operations, changes in net assets and 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 Compassion House Foundation as at February 28, 2023, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Foundation derives revenue from fundraising activities, 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 Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended February 28, 2023 and February 28, 2022, current assets as at February 28, 2023 and February 28, 2022, and net assets as at March 1 and February 28, 2023 and March 1 and February 28, 2022. Our audit opinion on the financial statements for the year ended February 28, 2022 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other Information

Management is responsible for the other information. The other information comprises the information, other than the financial statements and our auditor's report thereon, in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Annual Report prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statement

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Edmonton, Canada

June 19, 2023



Chartered Professional Accountants

Compassion House Foundation

Statement of Operations

Year ended February 28

2023

2022

	General	Sorrentino's Compassion House	Total	Total
Revenues				
Donations	\$ 433,153	-	\$ 433,153	\$ 186,149
Events and other fundraisings (Note 12)	145,235	-	145,235	72,014
Accommodation fees	-	101,420	101,420	106,555
Amortization of deferred capital contributions (Note 7)	-	95,986	95,986	95,980
Casino and raffle	-	62,012	62,012	71,115
In-kind donations	48,357	-	48,357	52,558
Third party events	50,767	-	50,767	49,787
Grants	56,800	-	56,800	114,125
Canada Emergency wage subsidy (Note 9)	25,038	-	25,038	54,797
Rental income	14,252	-	14,252	10,244
Fashion show	-	-	-	237,769
CEBA loan forgiveness (Note 9)	-	-	-	10,000
Net investment (loss) income (Note 8)	(173,550)	-	(173,550)	147,112
	<u>600,052</u>	<u>259,418</u>	<u>859,470</u>	<u>1,208,205</u>
Direct expenses				
In-kind donations	48,357	-	48,357	52,558
Events and other fundraisings (Note 12)	19,883	-	19,883	10,465
Third party events	4,982	-	4,982	4,877
Fashion show	-	-	-	101,012
	<u>73,222</u>	<u>-</u>	<u>73,222</u>	<u>168,912</u>
Operating expenses				
Advertising	32,048	-	32,048	12,411
Ambassador Program	-	8,923	8,923	2,597
Amortization	-	121,050	121,050	121,051
Bank charges	3,994	3,994	7,988	8,405
Business license	3,357	-	3,357	3,282
Computer maintenance	42,163	42,163	84,326	73,757
Education and training	7,366	7,366	14,732	13,472
Insurance	-	28,322	28,322	23,805
Meetings	336	-	336	3,186
Office and sundry	5,072	5,071	10,143	9,453
Postage and courier	468	468	936	1,008
Professional fees	64,443	64,443	128,886	30,331
Programs and community relations	15,208	3,720	18,928	11,072
Repairs and maintenance	-	220,047	220,047	145,120
Salaries and benefits	527,131	225,913	753,044	718,199
Supplies	-	26,002	26,002	18,589
Telephone and utilities	-	55,565	55,565	53,034
Travel	3,462	-	3,462	2,771
Volunteer recognition	1,687	-	1,687	366
	<u>706,735</u>	<u>813,047</u>	<u>1,519,782</u>	<u>1,260,909</u>
Deficiency of revenues over expenses	<u>\$ (179,905)</u>	<u>\$ (553,629)</u>	<u>\$ (733,534)</u>	<u>\$ (221,616)</u>

See accompanying notes to the financial statements.

Compassion House Foundation
Statement of Changes in Net Assets

Year ended February 28

2023

2022

	<u>General</u>	Investment in tangible capital assets (Note 10)	Internally restricted sustainability fund (Note 11)	<u>Total</u>	<u>Total</u>
Balance, beginning of year	\$ 2,743,290	\$ 1,435,509	\$ 2,108,774	\$ 6,287,573	\$ 6,509,189
Deficiency of revenues over expenses	<u>(708,470)</u>	<u>(25,064)</u>	-	<u>(733,534)</u>	<u>(221,616)</u>
Balance, end of year	<u>\$ 2,034,820</u>	<u>\$ 1,410,445</u>	<u>\$ 2,108,774</u>	<u>\$ 5,554,039</u>	<u>\$ 6,287,573</u>

Compassion House Foundation

Statement of Financial Position

As at February 28

2023

2022

Assets

Current

Cash	\$ 36,691	\$ 301,794
Short-term marketable securities (Note 3)	4,417,140	4,861,849
Accounts receivable	-	2,500
Goods and services tax recoverable	7,663	5,362
Prepays and term deposits	<u>9,645</u>	<u>7,832</u>
	4,471,139	5,179,337

Tangible capital assets (Note 4)	<u>4,124,410</u>	<u>4,245,460</u>
	\$ 8,595,549	\$ 9,424,797

Liabilities

Current

Accounts payable and accruals	\$ 79,347	\$ 45,349
CEBA loan	40,000	-
Deferred contributions (Note 6)	208,198	241,924
Deferred capital contributions (Note 7)	<u>2,713,965</u>	<u>2,809,951</u>
	3,041,510	3,097,224

CEBA Loan	<u>-</u>	<u>40,000</u>
	3,041,510	3,137,224

Net assets

General fund - unrestricted	2,034,820	2,743,290
Investment in tangible capital assets (Note 10)	1,410,445	1,435,509
Internally restricted (Note 11)	<u>2,108,774</u>	<u>2,108,774</u>
	5,554,039	6,287,573
	\$ 8,595,549	\$ 9,424,797

On behalf of the Board

_____ Director

_____ Director

See accompanying notes to the financial statements.

Compassion House Foundation

Statement of Cash Flows

Year ended February 28

2023

2022

(Decrease) increase in cash (bank indebtedness)

Operating		
Deficiency of revenues over expenses	\$ (733,534)	\$ (221,616)
Amortization of tangible capital assets	121,050	121,051
Amortization of capital contributions	(95,986)	(95,980)
Amortization of CEBA loan	-	(10,000)
Realized gain on sale of marketable securities	43,708	(15,109)
Unrealized loss on changes in fair value of marketable securities	<u>276,959</u>	<u>38,277</u>
	(387,801)	(183,377)
Change in non-cash operating working capital:		
Accounts receivable	2,500	(1,500)
Goods and services tax recoverable	(2,301)	(1,058)
Prepays and term deposits	(1,813)	(774)
Accounts payable and accruals	33,998	(8,130)
Deferred contributions - net	<u>(33,726)</u>	<u>78,185</u>
	(389,144)	(116,654)
Investing		
Purchase of marketable securities	(437,277)	(666,054)
Proceeds from sale of marketable securities	561,318	941,160
Purchase of tangible capital assets	-	(48,340)
Change in restricted cash	<u>26,823</u>	<u>(64,406)</u>
	150,864	162,360
Financing		
Proceeds from CEBA loan	-	20,000
	-	20,000
Net (decrease) increase in cash (bank indebtedness)	(238,280)	65,706
Cash, beginning of year	<u>208,632</u>	<u>142,926</u>
(Bank indebtedness) cash, end of year	\$ <u>(29,648)</u>	\$ <u>208,632</u>

Cash consists of the following:

	<u>2023</u>	<u>2022</u>
(Bank indebtedness) cash	\$ (29,648)	\$ 208,632
Restricted casino funds	<u>66,339</u>	<u>93,162</u>
	\$ <u>36,691</u>	\$ <u>301,794</u>

Compassion House Foundation

Notes to the Financial Statements

February 28, 2023

1. Purpose of the Foundation

The Compassion House Foundation (the “Foundation”) is dedicated to providing accommodation facilities and a sanctuary of care and compassion for cancer patients and their families during treatment and recovery. The Foundation was incorporated under the Societies Act of Alberta as a not-for-profit organization, is a registered charity under the Income Tax Act and is exempt from income taxes.

2. Summary of significant accounting policies

These financial statements are prepared by management in accordance with Canadian accounting standards for not-for-profit organizations (“ASNPO”) and reflect the following significant accounting policies:

Allocation of expenses

The Foundation engages in providing accommodation facilities and fundraising. The costs of each program include the costs of personnel, premises and other expenses that are directly related to providing the program. The Foundation also incurs a number of general support expenses that are common to the administration of the Foundation and each of its programs.

The costs incurred for fundraising are included in the general category in the statement of operations. The costs incurred for accommodation facilities are included in the Sorrentino’s Compassion House category in the statement of operations.

The Foundation allocates certain of its expenses by identifying the appropriate basis of allocating each component expense, and applies that basis consistently each year. General support expenses are allocated on the following basis:

Amortization – proportionately on the basis of the cost of tangible capital assets within the programs;

Salaries and benefits – on the basis of the number of people employed within the program; and

Remaining operating expenses – on the estimated consumption attributable to the running of the Sorrentino’s Compassion House accommodation facility and the fundraising activity of the Foundation.

Compassion House Foundation

Notes to the Financial Statements

February 28, 2023

2. Summary of significant accounting policies (cont'd)

Use of estimates and measurement uncertainty

In preparing the Foundation's financial statements in conformity with ASNPO, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Significant estimates included in these financial statements are the useful lives of tangible capital assets, impairment tests for long-lived assets and fair value of marketable securities.

Revenue recognition

The Foundation follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Restricted contributions received for the purchase of capital assets that will be amortized are deferred and recognized as revenue on the same basis as the amortization expense related to the acquired capital assets. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Other revenues are recognized as revenue when the related service is performed and when reasonable assurance exists regarding the measurement and collection of the consideration received.

Investment income on marketable securities is recorded as revenue when earned.

Cash

Cash include cash on hand and bank balances, net of outstanding cheques and deposits.

Short-term investments which are highly liquid or convertible to cash in less than one year and used to support the operations of the Foundation are included in short-term marketable securities and guaranteed investment certificates. Investments with an original maturity of greater than one year are included in long-term marketable securities.

The Foundation's definition of investing activities for the statement of cash flows includes short-term investments in marketable securities and restricted cash.

Compassion House Foundation

Notes to the Financial Statements

February 28, 2023

2. Summary of significant accounting policies (cont'd)

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated at the prevailing rate of exchange at the balance sheet date. Revenues and expenses are translated at the exchange rates prevailing on the transaction dates. The Foundation does not use derivative instruments to mitigate foreign exchange risk.

Financial instruments

The Foundation considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. The Foundation accounts for the following as financial instruments:

- Cash
- Short-term marketable securities
- Accounts receivable
- Accounts payable and accruals

A financial asset or liability is recognized when the Foundation becomes party to contractual provisions of the instrument.

Financial assets or liabilities obtained in arm's length transactions are initially measured at their fair value. In the case of a financial asset or liability not being subsequently measured at fair value, the initial fair value will be adjusted for financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption.

Financial assets and financial liabilities are subsequently measured according to the following methods:

<u>Financial instrument</u>	<u>Subsequent measurement</u>
Cash	Amortized cost
Short-term marketable securities	Fair value
Accounts receivable	Amortized cost
Accounts payable and accruals	Amortized cost

Financial assets measured at cost are tested for impairment when there are indicators of impairment. Previously recognized impairment losses are reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in the statement of operations.

Compassion House Foundation

Notes to the Financial Statements

February 28, 2023

2. Summary of significant accounting policies (cont'd)

Tangible capital assets

Purchased tangible capital assets are recorded at cost less accumulated amortization. Contributed tangible capital assets are recorded at fair value at the date of contribution, when fair value can be reasonably determined.

The Foundation provides for amortization on all tangible capital assets on a straight-line basis over their estimated useful lives as follows:

Buildings	20 – 40 years
Furnishings	10 years
Landscaping	40 years
Office equipment	5 years
Appliances	10 years
Computer equipment	3 years
Resource material	5 years
Computer software	3 years

Costs are capitalized on buildings which are under development, including all expenditures incurred in connection with the acquisition, development, and construction. Amortization of the asset commences when the building is complete and available for use.

Donated materials and contributed services

Donated materials and services are recorded at fair value as determined on the date contributed when the fair value can be reasonably estimated and when the materials and services are normally purchased by the Foundation.

The Foundation is dependent upon the services provided by its volunteers and Board of Directors. Volunteers contributed numerous hours in carrying out the activities of the Foundation. Due to the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

Impairment of long-lived assets

Long lived assets, including tangible capital assets, are reviewed for impairment when events or circumstances indicate that their carrying value exceeds the sum of the undiscounted cash flows expected from their use and eventual disposal. An impairment loss is measured as the amount by which the long-lived assets' carrying value exceeds the fair value. No impairment was recognized for the fiscal year ended February 28, 2023.

Compassion House Foundation

Notes to the Financial Statements

February 28, 2023

3. Marketable securities

	<u>2023</u>	<u>2022</u>
Mawer Canadian Money Market Fund Series O	\$ 300,886	\$ 218,071
Canadian Bond Pooled Fund	2,251,619	2,517,490
Canadian Equity Pooled Fund	894,354	1,059,186
US Equity Fund Series O	446,678	540,704
International Equity Pooled Fund	443,603	526,038
Guaranteed investment certificate, bearing interest at 4.3%, maturing February 2024	80,000	-
	\$ 4,417,140	\$ 4,861,489

The cost of marketable securities is \$5,049,325 (2022 - \$5,216,714).

The fair values of marketable securities are based on quoted market prices and are subject to significant fluctuations in the equity market. Marketable securities in foreign equities of \$890,282 CDN (2022 - \$1,066,742 CDN) maybe subject to currency risk. Management has responded with a policy of monitoring market values of the investment portfolio as well as portfolio diversification to mitigate the Foundation's exposure to market and foreign currency risk.

The securities are held for purposes of funding future operations of Sorrentino's Compassion House.

4. Tangible capital assets

		<u>Accumulated</u>	<u>2023</u>	<u>2022</u>
	<u>Cost</u>	<u>Amortization</u>	<u>Net</u>	<u>Net</u>
			<u>Book Value</u>	<u>Book Value</u>
Land	\$ 965,160	\$ -	\$ 965,160	\$ 965,160
Building	4,303,215	1,209,388	3,093,827	3,201,407
Furnishings	397,849	376,649	21,200	24,229
Vehicles	48,340	19,336	29,004	38,672
Office equipment	40,846	40,846	-	-
Appliances	39,861	39,861	-	-
Landscaping	30,959	15,740	15,219	15,992
Computer equipment	25,015	25,015	-	-
Resource material	8,234	8,234	-	-
	\$ 5,859,479	\$ 1,735,069	\$ 4,124,410	\$ 4,245,460

Compassion House Foundation

Notes to the Financial Statements

February 28, 2023

5. Operating loan

At February 28, 2023, the Foundation has a revolving loan of \$80,000 with \$nil outstanding. The revolving loan bears interest at prime plus 0.045%. The revolving loan is secured by the \$80,000 guaranteed investment certificate (Note 3).

6. Deferred contributions

Deferred contributions represent unspent resources related to funds raised for specific expenditures other than the purchase of tangible capital assets. These funds are recognized as revenue when the related expenditures are incurred.

Changes in deferred contributions are as follows:

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 241,924	\$ 163,740
Add: contributions received during the year	71,800	156,781
Less: contribution recognized as revenue	<u>(105,526)</u>	<u>(78,597)</u>
Balance, end of year	<u>\$ 208,198</u>	<u>\$ 241,924</u>

The deferred contributions include the following:

Alberta Liquor and Gaming	\$ 66,339	\$ 93,162
Workshop/retreat funding	49,258	50,621
Compassion fund	65,226	70,766
Grant from Community Foundation of Northwestern Alberta	<u>27,375</u>	<u>27,375</u>
	<u>\$ 208,198</u>	<u>\$ 241,924</u>

7. Deferred capital contributions

Deferred capital contributions represent amounts received specifically for the purchase of tangible capital assets, including the capital campaign. Contributors to the campaign contribute cash and in-kind donations as well as pledge amounts that are to be received by the Foundation in the future.

Funds are recognized as revenue on the same basis as the amortization expense related to the acquired tangible capital assets. Expenses related to fundraising for the capital campaign are expensed as incurred.

Compassion House Foundation

Notes to the Financial Statements

February 28, 2023

7. Deferred capital contributions (cont'd)

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 2,809,951	\$ 2,905,931
Less: contributions recognized as revenue	<u>(95,986)</u>	<u>(95,980)</u>
Balance, end of year	<u>\$ 2,713,965</u>	<u>\$ 2,809,951</u>

8. Net investment (loss) income

	<u>2023</u>	<u>2022</u>
Investment income	\$ 179,864	\$ 212,054
Realized (loss) gain on sale of marketable securities	(43,708)	15,109
Unrealized loss from changes in fair value	(276,959)	(38,277)
Investment management fees	<u>(32,747)</u>	<u>(41,774)</u>
	<u>\$ (173,550)</u>	<u>\$ 147,112</u>

9. Government assistance

During the year, the Foundation was eligible to receive funding from the Federal government under the Canada Emergency Wage Subsidy (CEWS) program. Under the CEWS program, the Foundation was entitled to receive a subsidy equal to a percentage of an employee's wage – up to a set amount per week. During the year, the Foundation has recognized revenue of \$25,038 (2022 - \$54,795), which has been disclosed as Canada Emergency Wage Subsidy in the statement of operations.

In the fiscal year of 2022 and 2021, the Foundation has taken advantage of the Canada Emergency Business Accountant (CEBA) program. As of prior year, the Foundation has received a total of \$60,000 CEBA loan. This funding from the Federal Government provides interest-free loans to not-for-profit organizations to cover operating costs during COVID-19. The loan has no interest or annual fee until December 31, 2023. The balance of the loan as at December 31, 2023 will convert to a 3-year term loan, funded by the Government of Canada with an interest rate of 5% per annum and a maturity date of December 31, 2025. Repayment of the balance of the loan on or before December 31, 2023 will result in a loan forgiveness of \$20,000. The Foundation intends to repay the loan prior to the deadline, and as such, has recognized an \$10,00 in each of the fiscal year of 2022 and 2021 of the amount borrowed as CEBA loan forgiveness in the statement of operations.

Compassion House Foundation

Notes to the Financial Statements

February 28, 2023

10. Investment in tangible capital assets

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ <u>1,435,509</u>	\$ <u>1,446,974</u>
Amortization of tangible capital assets	(121,050)	(121,051)
Amortization of deferred capital contributions	<u>95,986</u>	<u>95,980</u>
Deficiency of revenue over expenses	<u>(25,064)</u>	<u>(25,071)</u>
Other items:		
Acquisition of tangible capital assets	-	48,340
Expended capital contributions	<u>-</u>	<u>(34,734)</u>
	<u>-</u>	<u>13,606</u>
Balance, end of year	\$ <u>1,410,445</u>	\$ <u>1,435,509</u>

11. Internally restricted sustainability funds

During the year, management and the Board of Directors internally restricted funds raised in the sustainability fund in the amount of \$nil (2022 - \$nil). These funds will be used to support the operations of the Sorrentino's Compassion House.

	<u>2023</u>	<u>2022</u>
Sustainability fund	\$ <u>2,108,774</u>	\$ <u>2,108,774</u>

12. Events and other fundraisings

Events and other fundraising held by the Foundation during the year included:

	<u>2023</u>	<u>2022</u>
<u>Revenues</u>		
Walk Her Way 5K	\$ <u>127,610</u>	\$ <u>72,014</u>
Wine & Chocolate	<u>17,625</u>	<u>-</u>
	<u>\$ <u>145,235</u></u>	<u>\$ <u>72,014</u></u>
 <u>Expenditures</u>		
Walk Her Way 5K	\$ <u>13,779</u>	\$ <u>10,465</u>
Wine & Chocolate	<u>6,104</u>	<u>-</u>
	<u>\$ <u>19,883</u></u>	<u>\$ <u>10,465</u></u>

Compassion House Foundation

Notes to the Financial Statements

February 28, 2023

13. Financial instrument risks

The Foundation's main financial instrument risk exposure is detailed as follows:

The Foundation holds marketable security investments, which are subject to various risks such as interest rate and market risk and currency risk. These risks are mitigated by restricting both the type and term of securities eligible for investment. The Foundation is subject to interest rate risk for fair value of future cash flows due to the variable rate applicable to the marketable securities. The Foundation is subject to market risk on its investment in equities in an active market since changes in market prices could result in changes in the fair value of these investments. The Foundation is subject to currency risk primarily on its marketable securities which are invested in foreign currency investments. Changes in foreign currency rates expose the Foundation to cash flow and fair value risk on those investments.

It is management's opinion that the Foundation is not exposed to significant liquidity risk.

14. Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.