LION HEARTS INC.

FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2023

WILKINSON

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WILKINSON

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Lion Hearts Inc.

Qualified Opinion

We have audited the financial statements of Lion Hearts Inc. (the Organization), which comprise the statement of financial position as at December 31, 2023, and the statements of net assets, operations 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 the Organization as at December 31, 2023, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many charitable organizations, the Organization derives revenue in the form of donations and fundraising, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization and we were not able to determine whether, as at and for the years ended December 31, 2023 and December 31, 2022, any adjustments might be necessary to donations and fundraising revenue, excess of revenues over expenditures, assets and net assets.

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 Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion

Emphasis of Matter

These financial statements were initially issued with our independent auditor's report dated June 24, 2024 attached thereto. As further disclosed in Note 2 to these financial statements, the financial statements have been revised and reissued to correct an understatement of receipted in-kind donations and program expenses.

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

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

WILKINSON & COMPANY LLP - CHARTERED PROFESSIONAL ACCOUNTANTS
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**INDEPENDENT AUDITOR'S REPORT
(CONT'D)**

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 Organization's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 Organization to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Wilkinson & Company LLP

Chartered Professional Accountants
Licensed Public Accountants

BELLEVILLE, Canada
June 24, 2024
(Reissued June 25, 2025 - Note 2)

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LION HEARTS INC.
STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2023

	2023 $	2022 $
ASSETS		
CURRENT		
Cash	**112,568**	512,105
Donations and grants receivable	**264,979**	41,076
HST receivable	**111,731**	99,935
Prepaid expenses	**73,429**	46,506
	562,707	699,622
LONG-TERM		
Endowment Fund - Note 4	**20,606**	18,786
TANGIBLE CAPITAL ASSETS - at cost less accumulated amortization - Note 5	**1,507,910**	632,997
	2,091,223	1,351,405
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	**137,685**	137,895
Government remittances payable	**42,895**	16,502
Deferred contributions - Note 6	**264,597**	293,750
Current portion of long-term debt - Note 7	**19,122**	60,000
	464,299	508,147
LONG-TERM		
Loans payable - Note 7	**111,256**	60,000
Deferred contributions related to tangible capital assets - Note 8	**1,004,208**	236,876
	1,115,464	296,876
Less: Current portion included above - Note 7	**(19,122)**	(60,000)
	1,096,342	236,876
	1,560,641	745,023
NET ASSETS		
Investment in tangible capital assets - Note 9	**503,702**	396,121
Endowment Fund - Note 4	**20,606**	18,786
Unrestricted Fund	**6,274**	191,475
	530,582	606,382

COMMITMENTS - Note 10

APPROVED ON BEHALF OF THE BOARD

______________________________ Director

______________________________ Director

	2023	2022
	2,091,223	1,351,405

The accompanying notes form an integral part of these financial statements

LION HEARTS INC.
STATEMENT OF NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023

	2023				
	Invested in Tangible Capital Assets $	Unrestricted Fund $	Endowment Fund $	Total $	2022 $
NET ASSETS - BEGINNING OF YEAR	**396,121**	**191,475**	**18,786**	**606,382**	172,708
EXCESS OF REVENUE OVER EXPENDITURES BEFORE UNDERNOTED		**23,773**		**23,773**	486,768
PURCHASE OF TANGIBLE CAPITAL ASSETS	**1,077,750**	**(1,077,750)**		**NIL**	NIL
DEFERRED CONTRIBUTIONS RELATING TO TANGIBLE CAPITAL ASSETS	**(868,776)**	**868,776**		**NIL**	NIL
AMORTIZATION OF DEFERRED CONTRIBUTIONS RELATING TO TANGIBLE CAPITAL ASSETS	**101,444**			**101,444**	34,888
AMORTIZATION OF TANGIBLE CAPITAL ASSETS	**(202,837)**			**(202,837)**	(86,518)
	107,581	**(185,201)**	**NIL**	**(77,620)**	435,138
ENDOWMENT CONTRIBUTIONS	**NIL**	**NIL**	**1,820**	**1,820**	NIL
UNREALIZED LOSS ON ENDOWMENT FUND	**NIL**	**NIL**	**NIL**	**NIL**	(1,464)
NET ASSETS - END OF YEAR	**503,702**	**6,274**	**20,606**	**530,582**	606,382

LION HEARTS INC.
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2023

	2023 $	2022 $
REVENUE		
Canada Helps donations	**270,346**	241,725
Donations and fundraising	**362,211**	327,079
Receipted in-kind donations	**566,701**	483,314
Grants		
United Way	**418,861**	502,965
Other	**1,620,581**	597,219
Program income	**421,385**	244,465
Investment income and loans forgiven	**21,926**	
	3,682,011	2,396,767
EXPENDITURES		
Advertising and promotion	**32,380**	26,275
Board expenses	**26,247**	
Communication expenses	**45,463**	26,764
Community garden		5,071
Donations to other registered charities	**60,500**	45,900
Honorariums	**1,900**	5,000
Insurance	**46,770**	33,693
Interest and service charges	**15,227**	11,406
Interest on long-term debt	**789**	913
Occupancy costs	**394,026**	257,261
Office supplies	**23,713**	16,002
Professional fees	**78,606**	47,660
Program expenses	**1,141,367**	850,066
Travel and meals	**40,802**	44,008
Vehicle expenses	**119,306**	61,222
Wages and benefits	**1,631,142**	478,758
	3,658,238	1,909,999
EXCESS OF REVENUE OVER EXPENDITURES BEFORE UNDERNOTED	**23,773**	486,768
Amortization of deferred contributions relating to tangible capital assets	**101,444**	34,888
Amortization of tangible capital assets	**(202,837)**	(86,518)
EXCESS OF REVENUE OVER EXPENDITURES (EXPENDITURES OVER REVENUE) FOR YEAR	**(77,620)**	435,138

LION HEARTS INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

	2023 $	2022 $
OPERATING ACTIVITIES		
Excess of revenue over expenditures (expenditures over revenue) for year	**(77,620)**	435,138
Adjustment for items which do not affect cash -		
Amortization of tangible capital assets	**202,837**	86,518
Amortization of deferred contributions relating to tangible capital assets	**(101,444)**	(34,888)
Loan forgiveness	**(20,000)**	
	3,773	486,768
Net change in non-cash working capital balances related to operations - Note 11	**(265,592)**	196,707
CASH FLOWS PROVIDED FROM (USED IN) OPERATING ACTIVITIES	**(261,819)**	683,475
INVESTING ACTIVITIES		
Purchase of tangible capital assets	**(1,077,750)**	(567,845)
FINANCING ACTIVITIES		
Repayment of loan payable	**(41,523)**	(12,902)
Issuance of loan payable	**112,779**	
Deferred contributions relating to tangible capital assets	**868,776**	147,749
CASH FLOWS PROVIDED FROM FINANCING ACTIVITIES	**940,032**	134,847
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS FOR YEAR	**(399,537)**	250,477
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	**512,105**	261,628
CASH AND CASH EQUIVALENTS - END OF YEAR	**112,568**	512,105
REPRESENTED BY:		
Cash	**112,568**	512,105

LION HEARTS INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

1. PURPOSE OF THE ORGANIZATION

The purpose of the Organization is to improve the situation for marginalized and disenfranchised citizens in Eastern Ontario through the following programs:

- Operating a Community Food Redistribution Warehouse (CFRW), which redistributes surplus food, donated clothing, household goods, and hygiene supplies from local businesses to front-line agencies providing services to those experiencing food insecurity
- Embassy Live Music Cafes, which bring together a cross-section of people in a venue that is safe and non-judgmental
- FAST 101 (Fight Against Sex Trafficking), which provides education and resources to those who are in the primary demographic to be trafficked and who provide assistance to those who may be targeted for trafficking
- Operating a Supportive Housing program in Kingston, which provides shelter and housing to individuals through a mix of warming centres, shelters and transitional housing options.
- Operating a Vocational Program in Kingston, which provides training to individuals to teach skills to succeed in the workplace.

The Organization was incorporated on July 20, 2023 and is a registered charity exempt from income taxes.

2. REISSUANCE OF FINANCIAL STATEMENTS

Subsequent to the issuance of the financial statements with an Independent Auditor's Report date of June 24, 2024, it was noted that receipted in-kind donations and program expenses had been understated on the statement of operations. The aggregate income for the year is not impacted.

As a result of these understatements, these financial statements have been revised and reissued as follows:

	2023 As previously Reported $	2023 Revision $	**2023 Reissued $**
Statement of Operations			
Receipted in-kind donations	55,229	511,472	**566,701**
Program Expenses	629,895	511,472	**1,141,367**

LION HEARTS INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

2. REISSUANCE OF FINANCIAL STATEMENTS (Cont'd)

Additionally, subsequent to the issuance of the Organization's financial statements for the year-ended December 31, 2022 with an Independent Auditor's Report date of August 14, 2023, the same error was noted. The financial statements for the 2022 year-end were subsequently reissued with an Independent Auditor's Report date of APPROVAL DATE.

3. ACCOUNTING POLICIES

Outlined below are those accounting policies adopted by the Organization considered to be particularly significant:

(a) Basis of Accounting

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

(b) Accounting Estimates

The preparation of 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 the financial statements and the reported amounts of revenues and expenses during the year. Significant items subject to such estimates and assumptions include the estimated useful life of tangible capital assets. Actual results could differ from those estimates.

(c) Tangible Capital Assets and Amortization

Purchased tangible capital assets are recorded at acquisition cost. Contributed tangible capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of a piece of tangible capital assets are capitalized. When the tangible capital asset no longer contributes to the Organization's ability to provide services, its carrying amount is written down to its residual value. Any gains or losses on disposal are charged to operations in the year of disposition.

Tangible capital assets are amortized on a declining balance basis using the following annual rates:

Asset	**Rate**
Furniture and equipment	20%
Vehicles	20%
Computer equipment	55%
Leasehold improvements	20%
Building	4%

LION HEARTS INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

3. ACCOUNTING POLICIES (Cont'd)

(d) Revenue Recognition

(i) Donations and fundraising

The Organization uses the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the period in which the related expenses are incurred. 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.

(ii) Grants

The Organization receives grants from various agencies under agreements. Grants are recorded as revenue in the period to which they relate. Grants earned but not received at year end are accrued. When a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period. Grants received relating to direct funding of tangible capital assets are recognized in accordance with Note 3(d)(iii) below.

(iii) Deferred Contributions Relating to Tangible Capital Assets

Contributions received relating to the purchase of tangible capital assets are deferred and amortized over future periods. The amortization period is based on the period used to amortize the corresponding tangible capital assets.

(iv) Contributed Services

Volunteers contribute significant time each year to assist the Organization in carrying out its service delivery activities. However, due to the difficulty of determining the fair value, these contributed services are not recognized in the financial statements.

(v) Donations in Kind

Donations in kind of tangible capital assets and materials are recorded at fair market value when the value can be reasonably estimated, the Organization would have paid for the item if it had not been donated and the amount is receipted. The amounts are recognized as both revenue and expenditures when received.

LION HEARTS INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

3. ACCOUNTING POLICIES (Cont'd)

(d) Revenue Recognition (Cont'd)

(vi) Endowment

The Endowment Fund accounts for donations designated for Endowment. The investment earnings of endowment funds are to be used for purposes outlined by the Community Foundation for Kingston & Area and are recognized as a direct increase or decrease in net assets. The Annual Distributable Earnings from the fund are to be allocated towards relief of poverty within the Kingston area community, and are not to be used for religious purposes.

(vii) Program Income

Program income is recognized as services are provided and the income is earned.

(e) Leases

Leases are classified as capital or operating leases. A lease that transfers substantially all of the benefits and risks incident to the ownership of property is classified as a capital lease. All other leases are accounted for as operating leases wherein rental payments are expensed as incurred. At the inception of a capital lease, an asset and an obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair value at the beginning of such lease.

(f) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on deposit.

(g) Financial Instruments

(i) Measurement of Financial Instruments

The Organization initially measures its financial assets and liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Organization subsequently measures all its financial assets and financial liabilities at amortized cost except for equities quoted in an active market, which are subsequently measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash, donations and grants receivable and HST receivable.

Financial assets measured at fair value include the Endowment Fund.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, government remittances payable and loans payable.

LION HEARTS INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

3. ACCOUNTING POLICIES (Cont'd)

(g) Financial Instruments (Cont'd)

(ii) Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is reflected in excess of revenue over expenditures (expenditures over revenue). When events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in excess of revenue over expenditures (expenditures over revenue), up to the amount previously recognized as impaired.

(h) Government Assistance

Government assistance in the form of grants and forgivable loans is accounted for using the cost reduction approach, whereby the cost of the capital item or operating expense is reduced by the assistance received; if assistance received is not for a specific expenditure, the assistance is recorded as revenue. Government assistance is recognized in the period where all conditions of the grants or forgivable loans are met.

4. ENDOWMENT FUND

The Endowment Fund, invested in pooled equity funds quoted in an active market, consists of total contributed capital of $20,250 (2022 - $20,250). The fair market value at December 31, 2023 was $20,606 (2022 - $18,786).

LION HEARTS INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

5. TANGIBLE CAPITAL ASSETS

	2023		2022	
	Cost	**Accumulated Amortization**	Cost	Accumulated Amortization
	$	**$**	$	$
Land	**105,000**			
Building	**300,789**			
Computer equipment	**42,185**	**20,638**	22,346	6,427
Furniture and equipment	**730,051**	**148,035**	310,253	55,008
Leasehold improvements	**382,186**	**89,559**	282,173	28,903
Vehicles	**298,799**	**92,868**	166,488	57,925
	1,859,010	**351,100**	781,260	148,263
Cost less accumulated amortization	**$ 1,507,910**		$ 632,997	

In the current year, the Organization made leasehold improvements for cash consideration of $100,013 (2022 - $250,962). The Organization also purchased furniture and equipment for cash consideration of $55,129 (2022 - $219,186), buildings for cash consideration of $300,789 (2022 - $Nil), land for cash consideration of $105,000 (2022 - $Nil), computers for cash consideration of $19,840 (2022 - $21,322) and vehicles for $132,311 (2022 - $76,375). The Organization received $Nil (2022 - $27,400) of leasehold improvements and $364,669 (2022 - $19,500) of furniture and equipment through in-kind contributions at fair value.

6. DEFERRED CONTRIBUTIONS

These funds are comprised of externally restricted donations and grants to be applied to expenses as intended or as outlined in approved agreements negotiated between Lion Hearts Inc. and the respective funding agency.

Total deferred contributions are as follows:

	Opening Balance	Contributions Received	Contributions Spent	**Ending Balance**
	$	$	$	**$**
Children's Weekend Wellness	41,176	73,514	(68,096)	**46,594**
The Embassy Kingston	15,436	5,499	(12,402)	**8,533**
The Embassy Ottawa	460			**460**
FAST 101	10,843	5,056	(150)	**15,749**
Support Not Stigma	225,835		(225,835)	
City of Kingston		1,185,088	(991,828)	**193,260**
	293,750	1,269,157	(1,298,311)	**264,596**

LION HEARTS INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

7. LOANS PAYABLE

	2023	2022
	$	$
Non-interest bearing, unsecured loan, with no repayment requirements until January 18, 2024. The loan has an authorized limit of $60,000 under the Canada Emergency Business Account program. Up to $20,000 is forgivable if certain conditions are met, including repayment of $40,000 on or before January 18, 2024. Amounts owing after January 18, 2024 was converted into a 3-year term loan, repayable in monthly instalments, bearing interest at 5% per annum. The loan was fully repaid and forgiven at year end.		60,000
Unsecured, fixed rate term loan repayable at 8.39%, repayable in blended monthly instalments of $2,311 until November 2028.	**111,256**	
	111,256	60,000
Less: Current portion	**(19,122)**	(60,000)
	92,134	NIL

The requirements for future repayment of the loan payable over the five years are as follows:

	$
2024	**19,122**
2025	**20,790**
2026	**22,603**
2027	**24,573**
2028	**24,168**
	111,256

LION HEARTS INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

8. DEFERRED CONTRIBUTIONS RELATED TO TANGIBLE CAPITAL ASSETS

Deferred contributions related to tangible capital assets represent the remaining unamortized balances of donations and grants received for tangible capital assets acquisitions. Details of the continuity of these funds are as follows:

	2023	2022
	$	$
Beginning of year	**236,876**	77,115
Add: Amounts received related to tangible capital asset additions:		
Donation for freezer		70,425
Grant for leasehold improvements		42,324
Grants for furniture and equipment		35,000
Donation of forklift		19,500
Donation of HVAC units		27,400
Donations for Sydenham property	**432,000**	
Donation of warehousing and commercial kitchen equipment	**364,669**	
Grants for furniture and equipment	**72,107**	
	1,105,652	271,764
Less: Amount recognized as revenue in year	**(101,444)**	(34,888)
End of year	**1,004,208**	236,876

LION HEARTS INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

9. INVESTMENT IN TANGIBLE CAPITAL ASSETS

(a) Investment in tangible capital assets represents the following:

	2023 **$**	2022 $
Tangible capital assets	**1,507,910**	632,997
Less: Amounts financed by deferred contributions	**(1,004,208)**	(236,876)
	503,702	396,121

(b) Change in net assets invested in tangible capital assets is calculated as follows:

	2023 **$**	2022 $
Excess of expenditures over revenue:		
Amortization of deferred contributions relating to tangible capital assets	**101,444**	34,888
Amortization of tangible capital assets	**(202,837)**	(86,518)
	(101,393)	(51,630)
Purchase of tangible capital assets	**1,077,750**	567,845
Deferred contributions received related to tangible capital asset additions	**(868,776)**	(147,749)
Net change in investment in tangible capital assets for year	**107,581**	368,466

10. COMMITMENTS

The Organization entered into a five-year lease agreement for a warehouse in Ottawa. Beginning May 1, 2023 base rent is set at $80,422, plus applicable sales taxes, per year with annual increases each year. The Organization is also responsible for common costs.

The minimum lease payment requirements over the five years are as follows:

	$
2024	**184,130**
2025	**190,174**
2026	**196,062**
2027	**119,727**
2028	**31,369**

LION HEARTS INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

11. NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES RELATED TO OPERATIONS

Cash provided from (used in) non-cash working capital is compiled as follows:

	2023	2022
	$	$
(INCREASE) DECREASE IN CURRENT ASSETS		
Donations and grants receivable	**(223,903)**	(17,438)
HST receivable	**(11,796)**	(61,404)
Prepaid expenses	**(26,923)**	40,688
	(262,622)	(38,154)
INCREASE (DECREASE) IN CURRENT LIABILITIES		
Accounts payable and accrued liabilities	**(210)**	92,312
Government remittances payable	**26,393**	9,646
Deferred contributions	**(29,153)**	132,903
	(2,970)	234,861
NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES RELATED TO OPERATIONS	**(265,592)**	196,707

12. FINANCIAL RISKS AND CONCENTRATION OF RISK

The Organization has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The risks that arise from transacting financial instruments include interest rate risk, liquidity risk, and market (other price) risk. Price risk arises from changes in interest rates, foreign currency exchange rates and market prices.

(a) Liquidity Risk

Liquidity risk is the risk that the Organization will not be able to meet all cash outflow obligations as they come due.

The Organization's exposure to liquidity risk is dependent on the receipt of funds from its operations. The Organization mitigates this risk by monitoring cash activities and expected outflows. Management is of the opinion that the Organization will be able to meet all of its cash outflow obligations as they come due and is not subject to significant liquidity risk.

There have been no significant changes from the previous period in the exposure to risk or policies, procedure and methods used to measure the risk.

12. FINANCIAL RISKS AND CONCENTRATION OF RISK (Cont'd)

(b) Credit Risk

Credit risk is the risk of financial loss to the Organization if a debtor fails to make payments of interest and principal when due.

The Organization is exposed to credit risk in the event of non-performance by clients in connection with donations and grants receivable. The Organization mitigates this risk by dealing only with what management believes to be financially sound counterparties, and accordingly, does not anticipate significant loss for non-performance.

There have been no significant changes from the previous period in the exposure to risk or policies, procedure and methods used to measure the risk.