

Financial Statements of

ALLY GLOBAL FOUNDATION

And Independent Auditors' Report thereon

Year ended December 31, 2021



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INDEPENDENT AUDITORS' REPORT

To the Directors of Ally Global Foundation

Report on the Audit of Financial Statements

Qualified Opinion

We have audited the accompanying financial statements of Ally Global Foundation (the "Entity"), which comprise:

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

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

In our opinion, except for the possible effects of the matter described in the "**Basis for Qualified Opinion**" section of our auditors' report, the financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2021, 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 Entity derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Entity.

Therefore, we were not able to determine whether any adjustments might be necessary to:

- the current assets reported in the statement of financial position as at December 31, 2021 and December 31, 2020
- the donation revenue and excess (deficiency) of revenue over expenses reported in the statements of operations and changes in fund balances for the years ended December 31, 2021 and December 31, 2020



- the fund balances, at the beginning and end of the year, reported in the statements of changes in fund balances for the years ended December 31, 2021 and December 31, 2020
- the excess (deficiency) of revenue over expenses reported in the statement of cash flows for the years ended December 31, 2021 and December 31, 2020

Our opinion on the financial statements for the year ended December 31, 2020 was qualified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the **“Auditors’ Responsibilities for the Audit of the Financial Statements”** section of our 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 qualified opinion.

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

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

In preparing the financial statements, management is responsible for assessing the 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 the 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 auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the 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 the 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

Abbotsford, Canada
March 29, 2022

ALLY GLOBAL FOUNDATION

Statement of Financial Position

December 31, 2021, with comparative information for 2020

	2021	2020
Assets		
Current assets:		
Cash	\$ 3,894,096	\$ 1,150,377
Accounts receivable	11,704	11,403
Prepaid expenses and deposits	72,717	8,400
Inventory	5,665	-
	<u>3,984,182</u>	<u>1,170,180</u>
Tangible capital assets (note 3)	82,188	15,195
Intangible assets (note 2(g))	120,000	120,000
	<u>\$ 4,186,370</u>	<u>\$ 1,305,375</u>

Liabilities and Fund Balances

Current liabilities:		
Accounts payable and accrued liabilities (note 4)	\$ 42,537	\$ 36,059
Fund balances:		
General fund	1,833,985	615,519
Capital asset fund	202,188	135,195
Restricted fund	2,107,660	518,602
	<u>4,143,833</u>	<u>1,269,316</u>
Commitments (note 6)		
	<u>\$ 4,186,370</u>	<u>\$ 1,305,375</u>

See accompanying notes to financial statements.

Approved on behalf of the Board:



Director



Director

ALLY GLOBAL FOUNDATION

Statement of Operations

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

	General fund	Capital asset fund	Restricted fund	2021 Total	2020 Total
Revenue:					
Donations	\$ 2,109,972	\$ -	\$ 3,491,041	\$ 5,601,013	\$ 1,841,842
Interest income	120	-	48	168	212
Other income	9,579	-	-	9,579	8,354
Rental income	29,520	-	-	29,520	22,140
	2,149,191	-	3,491,089	5,640,280	1,872,548
Expenses:					
Amortization of tangible capital assets	-	12,113	-	12,113	2,789
Charitable donations	43,447	-	-	43,447	29,601
Education and awareness	109,501	-	151	109,652	115,349
Fund development	151,545	-	35,438	186,983	51,009
General and administrative	256,613	-	31,755	288,368	82,883
Overseas and general casework	290,513	-	1,834,687	2,125,200	669,712
	851,619	12,113	1,902,031	2,765,763	951,343
Excess (deficiency) of revenue over expenses	\$ 1,297,572	\$ (12,113)	\$ 1,589,058	\$ 2,874,517	\$ 921,205

See accompanying notes to financial statements.

ALLY GLOBAL FOUNDATION

Statement of Changes in Fund Balances

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

	General fund	Capital asset fund	Restricted fund	2021 Total	2020 Total
Fund balance, beginning of year	\$ 615,519	\$ 135,195	\$ 518,602	\$ 1,269,316	\$ 348,111
Excess (deficiency) of revenue over expenses	1,297,572	(12,113)	1,589,058	2,874,517	921,205
Interfund transfers (note 8)	(79,106)	79,106	-	-	-
Fund balance, end of year	\$ 1,833,985	\$ 202,188	\$ 2,107,660	\$ 4,143,833	\$ 1,269,316

See accompanying notes to financial statements.

ALLY GLOBAL FOUNDATION

Statement of Cash Flows

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

	2021	2020
Cash provided by (used in):		
Operating:		
Excess of revenue over expenses	\$ 2,874,517	\$ 921,205
Item not involving cash:		
Amortization of tangible capital assets	12,113	2,789
	<u>2,886,630</u>	<u>923,994</u>
Changes in non-cash operating working capital:		
Account receivable	(301)	44,218
Prepaid expenses and deposits	(64,317)	1,600
Inventory	(5,665)	-
Accounts payable and accrued liabilities	6,478	26,059
	<u>2,822,825</u>	<u>995,871</u>
Investing:		
Purchase of tangible capital assets	(79,106)	(15,954)
Increase in cash	2,743,719	979,917
Cash, beginning of year	1,150,377	170,460
Cash, end of year	<u>\$ 3,894,096</u>	<u>\$ 1,150,377</u>

See accompanying notes to financial statements.

ALLY GLOBAL FOUNDATION

Notes to Financial Statements

Year ended December 31, 2021

1. Nature of operations:

Ally Global Foundation (the “Foundation”) is registered under the Societies Act (British Columbia). The Foundation’s purpose is to relieve poverty by providing humanitarian assistance to individuals in need, and in particular by providing support, counselling, vocational training, food, clothing, and shelter to individuals affected by violence and human trafficking. The Foundation is a registered charity under the Income Tax Act (the “Act”) and accordingly is exempt from income taxes, provided certain requirements of the Act are met, and is authorized to issue donation receipts for income tax purposes.

2. Significant accounting policies:

These financial statements have been prepared by management in accordance with Canadian Accounting Standards for Not-for-Profit Organizations. The significant accounting policies are as follows:

(a) Fund accounting:

In order to ensure observance of the limitations and restrictions placed on the use of resources available, resources are classified for accounting and reporting purposes into funds. These funds are held in accordance with the objectives specified by donors or in accordance with directives issued by the Board of Directors (the “Board”). For financial reporting purposes, the accounts have been classified into the following funds:

(i) General fund:

The general fund reflects the results of operating activities and includes undesignated revenue and donations received by the Foundation.

(ii) Restricted fund:

The restricted fund includes donations and other funding received by the Foundation which has been designated for specific purposes by the donor or funder and internally restricted funds.

(iii) Capital asset fund:

The capital asset fund includes contributions designated for the purchase of capital assets and accounts for the amortization of capital assets used in the operations of the Foundation as well as the Foundation’s investment in tangible capital assets and intangible assets.

Transfers between the funds are made when it is considered appropriate and authorized by the Board. To meet the objectives of financial reporting and stewardship over assets, certain interfund transfers are necessary to ensure the appropriate allocation of assets and liabilities to the respective funds. These interfund transfers are recorded in the statement of changes in fund balances.

ALLY GLOBAL FOUNDATION

Notes to Financial Statements (continued)

Year ended December 31, 2021

2. Significant accounting policies (continued):

(b) Revenue recognition:

The Foundation follows the restricted fund method of accounting for contributions.

Unrestricted contributions are recognized in the general fund as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions are recognized as revenue in the related restricted funds when received if a relevant restricted fund exists. Externally restricted contributions for which a restricted fund does not exist are recorded as deferred revenue in the general fund and recognized as revenue in the period the related expense is incurred or the restrictions are met.

Interest income is recognized when earned.

Rental income is recognized when earned, the amount can be reasonably estimated, and collection is reasonably assured.

(c) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and 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. The Foundation has not elected to carry any other instruments 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 costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets 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, the Foundation 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 the Foundation 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.

ALLY GLOBAL FOUNDATION

Notes to Financial Statements (continued)

Year ended December 31, 2021

2. Significant accounting policies (continued):

(d) Allocation of expenses:

The Foundation incurs general management, marketing and administrative expenses that are common to the administration of the organization and each of its programs. Certain of these expenses are allocated based on an estimate of costs and services provided. General and administration expenses are included in the general fund.

(e) Inventory:

Inventory is valued at the lower of the original purchase price (or estimated fair value for donated goods) and replacement cost, and consists of promotional goods and supplies.

(f) Tangible capital assets:

Purchased tangible capital assets are stated at cost, less accumulated amortization. Amortization is provided over the useful life of the asset at the following annual rates using the described methods:

Asset	Basis	Rate
Computers and equipment	Declining balance	30%
Furniture and fixtures	Declining balance	20%
Leasehold improvements	Straight-line	5 years

Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. Tangible capital assets are reviewed for impairment whenever events or changes in circumstances indicate that either the full or partial amount of the asset no longer has long term service potential to the Foundation. If such conditions exist, an impairment loss is measured at the amount by which either the full or partial carrying amount of the asset exceeds its fair value or replacement cost.

(g) Intangible asset:

The intangible asset is a film which was contributed to the Foundation in fiscal 2019, for awareness and prevention purposes. It has an indefinite useful life and was initially recognized and measured at fair value. The carrying amount of an intangible asset whose life is determined to be indefinite is tested for recoverability whenever events or changes in circumstances indicate that the carrying amount may exceed its fair value. An impairment loss is recognized when the asset's carrying amount exceeds its fair value. Impairment losses are not subsequently reversed. No impairment loss has been recognized for the year ended December 31, 2021.

ALLY GLOBAL FOUNDATION

Notes to Financial Statements (continued)

Year ended December 31, 2021

2. Significant accounting policies (continued):

(h) Measurement of uncertainty:

The preparation of financial statements 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 revenue and expenses during the reporting period.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Actual results could differ from those estimates.

(i) Contributed materials and services:

Contributed materials are recorded at their fair market values where the amount is reasonably determinable, and the items would otherwise have been acquired.

A substantial number of volunteers contribute a significant amount of time to the Foundation each year. Because of the difficulty in determining their fair values, these contributed services are not recognized in the financial statements.

(j) Foreign currency translation:

Monetary assets and liabilities denominated in a foreign currency are adjusted at the balance sheet date to reflect the exchange rate in effect at that date. Revenues and expenses are translated at the exchange rates prevailing on the transaction date. Exchange gains and losses are included in the determination of excess of revenue over expenses for the period.

3. Tangible capital assets:

			2021	2020
	Cost	Accumulated amortization	Net book value	Net book value
Computers and equipment	\$ 15,307	\$ 7,061	\$ 8,246	\$ 12,422
Furniture and fixtures	3,036	659	2,377	2,773
Leasehold improvements	79,517	7,952	71,565	-
	\$ 97,860	\$ 15,672	\$ 82,188	\$ 15,195

4. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$7,425 (2020 - \$1,854) which includes amounts payable for payroll taxes.

ALLY GLOBAL FOUNDATION

Notes to Financial Statements (continued)

Year ended December 31, 2021

5. Allocation of expenses:

As described in the significant accounting policies, certain general and administrative expenses have been allocated to various programs.

General and administrative expenses have been allocated as follows:

	2021	2020
Education and awareness	\$ 99,543	\$ 56,159
Fund development	42,518	6,307
Overseas and general casework	238,518	70,245
	<u>\$ 380,579</u>	<u>\$ 132,711</u>

6. Commitments:

The Foundation is committed to a lease on office space with remaining minimum lease payments as follows:

2022	\$ 129,850
2023	140,700
2024	148,517
2025	153,988
2026	162,587
Thereafter	27,358

7. Remuneration of employees and contractors:

For the fiscal year ending December 31, 2021, the Foundation paid total remuneration of \$111,365 (2020 – nil) to one employee for services, for which the total annual remuneration was greater than \$75,000. No amounts were paid to members of the Board of Directors.

8. Interfund transfers:

During the year, the Foundation transferred nil (2020 - \$204,489) from the general fund to the restricted fund to fund certain restricted projects and \$79,106 (2020 - \$15,954) from the general fund to the capital asset fund for the acquisition of tangible capital assets.

ALLY GLOBAL FOUNDATION

Notes to Financial Statements (continued)

Year ended December 31, 2021

9. Financial risks and concentrations of risk:

(a) Liquidity risk:

Liquidity risk is the risk that the Foundation will not be able to meet its financial obligations as they fall due. The Foundation aims to retain a sufficient cash position to manage liquidity.

(b) Currency risk:

The Foundation is exposed to financial risks as a result of exchange rate fluctuations and the volatility of these rates. In the normal course of operations, the Foundation receives and makes contributions in U.S. dollars and holds a bank account denominated in U.S. dollars. At year-end, cash held in U.S. dollars converted to Canadian currency is \$1,422,301 (2020 - \$1,696). The Foundation does not currently enter into forward contracts to mitigate this risk.

It is management's opinion that the Foundation is not subject to significant interest rate, credit, other price risks or concentrations of risk arising from its financial instruments.

There has been no change to the risk exposures outlined above from the prior year other than the pervasive impact of the ongoing COVID-19 pandemic which may lead to adverse changes in cash flows, assets, and liabilities, which may also have a direct impact on the Foundation's operating results and financial position in the future. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on operations is not known at this time.