

WE CHARITY
FINANCIAL STATEMENTS
AND
SUPPLEMENTAL FINANCIAL INFORMATION
(Audited)
YEARS ENDED AUGUST 31, 2023 AND 2022

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
We Charity
Toronto, Ontario Canada

Opinion

We have audited the accompanying financial statements of WE Charity (a nonprofit organization), which comprise the statement of financial position as of August 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WE Charity as of August 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 required to be independent of We Charity and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about We Charity's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. 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. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- 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 We Charity's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events considered in the aggregate that raise substantial doubt about We Charity's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

The ZLC Group LLC

The ZLC Group, CPAs, LLC

Amherst, New York
January 13, 2024

WE CHARITY
Statements of Financial Position
August 31, 2023 and 2022

Assets

	<u>2023</u>	<u>2022</u>
Current Assets:		
Cash	\$ 523,527	\$ 3,687,567
Accounts Receivable - net of allowance	193,285	341,312
Escrowed Donation	-	565,574
Unconditional promises to give	992,239	1,110,833
Accrued interest receivable	24,396	10,177
Prepaid expenses	4,996	19,644
Marketable securities - available for sale	<u>11,116,887</u>	<u>10,507,784</u>
Total Current Assets	<u>12,855,330</u>	<u>16,242,891</u>
Equipment,		
Net of accumulated depreciation	<u>3,864</u>	<u>6,820</u>
Other Assets:		
Intangible assets, net of accumulated amortization	461,130	529,973
Unconditional promises to give-long term	<u>61,717</u>	<u>903,056</u>
	<u>522,847</u>	<u>1,433,029</u>
	<u>\$ 13,382,041</u>	<u>\$ 17,682,740</u>

Liabilities and Net Assets

	<u>2023</u>	<u>2022</u>
Current Liabilities:		
Accounts payable	\$ -	\$ 227,712
Accounts payable - related parties	-	1,000,000
Accounts payable - due to broker	441,306	-
Accrued expenses	<u>412,092</u>	<u>39,620</u>
Total Current Liabilities	<u>853,398</u>	<u>1,267,332</u>
Net Assets:		
Without Donor Restrictions	6,604,257	10,641,923
With Donor Restrictions	<u>5,924,386</u>	<u>5,773,485</u>
Total Net Assets	<u>12,528,643</u>	<u>16,415,408</u>
	<u>\$ 13,382,041</u>	<u>\$ 17,682,740</u>

The accompanying notes are an integral part of these financial statements.

WE CHARITY
Statements of Activities
Years Ended August 31, 2023 and 2022

	Without Donor Restrictions	With Donor Restrictions	Total Year Ended August 31, 2023
Public Support and Revenue:			
Public Support:			
Contributions and bequests	\$ 383,614	\$ 366,085	\$ 749,699
Grants	116,610	865,416	982,026
Total Public Support	<u>500,224</u>	<u>1,231,501</u>	<u>1,731,725</u>
Revenue:			
Interest and dividends	207,276	-	207,276
Service contracts	485,000	-	485,000
Miscellaneous	20,359	-	20,359
Realized (loss) gain on sale of securities	(26,267)	-	(26,267)
Unrealized loss on securities	(56,801)	-	(56,801)
	<u>629,567</u>	<u>-</u>	<u>629,567</u>
Total Revenue	<u>1,129,791</u>	<u>1,231,501</u>	<u>2,361,292</u>
Net assets released from restrictions:			
Satisfaction of program restrictions	<u>1,080,600</u>	<u>(1,080,600)</u>	<u>-</u>
Total Net Assets Released From Restrictions	<u>1,080,600</u>	<u>(1,080,600)</u>	<u>-</u>
Total Public Support and Revenue	<u>2,210,391</u>	<u>150,901</u>	<u>2,361,292</u>
Expenses:			
Program Services:			
International Projects	1,109,158	-	1,109,158
Domestic Projects	4,416,149	-	4,416,149
Total Program Services	<u>5,525,307</u>	<u>-</u>	<u>5,525,307</u>
Supporting Services:			
General and Administrative	488,873	-	488,873
Fundraising	233,877	-	233,877
Total Supporting Services	<u>722,750</u>	<u>-</u>	<u>722,750</u>
Total Expenses	<u>6,248,057</u>	<u>-</u>	<u>6,248,057</u>
Increase (Decrease) In Net Assets	<u>(4,037,666)</u>	<u>150,901</u>	<u>(3,886,765)</u>
Net Assets, Beginning	<u>10,641,923</u>	<u>5,773,485</u>	<u>16,415,408</u>
Net Assets, Ending	<u>\$ 6,604,257</u>	<u>\$ 5,924,386</u>	<u>\$ 12,528,643</u>

The accompanying notes are an integral part of these financial statements.

<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Year Ended August 31, 2022</u>
\$ 197,317	\$ 1,518,919	\$ 1,716,236
<u>327,478</u>	<u>6,674,987</u>	<u>7,002,465</u>
<u>524,795</u>	<u>8,193,906</u>	<u>8,718,701</u>
156,914	-	156,914
-	-	-
55	-	55
53,039	-	53,039
<u>(1,831,927)</u>	<u>-</u>	<u>(1,831,927)</u>
<u>(1,621,919)</u>	<u>-</u>	<u>(1,621,919)</u>
<u>(1,097,124)</u>	<u>8,193,906</u>	<u>7,096,782</u>
<u>6,791,186</u>	<u>(6,791,186)</u>	<u>-</u>
<u>6,791,186</u>	<u>(6,791,186)</u>	<u>-</u>
<u>5,694,062</u>	<u>1,402,720</u>	<u>7,096,782</u>
2,035,171	-	2,035,171
<u>3,597,159</u>	<u>-</u>	<u>3,597,159</u>
<u>5,632,330</u>	<u>-</u>	<u>5,632,330</u>
355,426	-	355,426
<u>78,239</u>	<u>-</u>	<u>78,239</u>
<u>433,665</u>	<u>-</u>	<u>433,665</u>
<u>6,065,995</u>	<u>-</u>	<u>6,065,995</u>
(371,933)	1,402,720	1,030,787
<u>11,013,856</u>	<u>4,370,765</u>	<u>15,384,621</u>
<u>\$ 10,641,923</u>	<u>\$ 5,773,485</u>	<u>\$ 16,415,408</u>

The accompanying notes are an integral part of these financial statements.

WE CHARITY
Statement of Functional Expenses
For the Year Ended August 31, 2023
With Summarized Comparative Totals for 2022

	Program Services		Total Program Services
	International Projects	Domestic Projects	
Salaries	\$ 63,120	\$ 189,360	\$ 252,480
Payroll taxes	5,187	15,563	20,750
Employee benefits	7,445	22,335	29,780
Advertising and promotion	-	4,577	4,577
Amortization	-	-	-
Bad Debts	-	-	-
Bank charges and fees	-	-	-
Consultants	131,244	447,016	578,260
Domestic projects	-	155,028	155,028
International projects	343,130	3,500,000	3,843,130
Depreciation	-	-	-
Dues and subscriptions	-	-	-
Fundraising and promotion	-	-	-
Insurance	-	-	-
Legal and accounting	523,503	63,649	587,152
Office	-	1,032	1,032
Postage and delivery	-	1,182	1,182
Taxes	-	-	-
Travel and meals	35,529	16,407	51,936
Utilities	-	-	-
Total Functional Expenses - 2023	<u>\$ 1,109,158</u>	<u>\$ 4,416,149</u>	<u>\$ 5,525,307</u>
- 2022	<u>\$ 2,035,171</u>	<u>\$ 3,597,159</u>	<u>\$ 5,632,330</u>

The accompanying notes are an integral part of these financial statements

	Supporting Services		Total Supporting Services	Total Years Ended August 31,	
	General and Administrative	Fundraising		2023	2022
\$	31,560	\$ 31,560	\$ 63,120	\$ 315,600	295,842
	2,594	2,594	5,188	25,938	25,072
	3,723	3,723	7,446	37,226	41,542
	-	-	-	4,577	-
	68,843	-	68,843	68,843	82,641
	-	-	-	-	74,183
	42,170	-	42,170	42,170	52,887
	-	196,000	196,000	774,260	708,607
	-	-	-	155,028	344,961
	-	-	-	3,843,130	3,069,456
	2,956	-	2,956	2,956	36,508
	31,474	-	31,474	31,474	33,075
	-	-	-	-	2,874
	8,296	-	8,296	8,296	6,132
	294,969	-	294,969	882,121	1,275,478
	-	-	-	1,032	3,535
	-	-	-	1,182	1,357
	2,288	-	2,288	2,288	658
	-	-	-	51,936	11,086
	-	-	-	-	101
	<u>488,873</u>	<u>233,877</u>	<u>722,750</u>	<u>6,248,057</u>	
\$	<u>355,426</u>	<u>78,239</u>	<u>433,665</u>		<u>6,065,995</u>

The accompanying notes are an integral part of these financial statements

WE CHARITY
Statements of Cash Flows
Years Ended August 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Operating Activities:		
(Decrease) Increase in net assets	\$ (3,886,765)	\$ 1,030,787
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	71,800	119,149
Donated securities (non-cash)	(97,673)	-
Interest and dividend income - marketable securities	(207,276)	(156,903)
Investment fees (non-cash)	54,082	19,925
Realized loss (gain) on sale of securities	26,267	(53,039)
Unrealized loss (gain) on securities	56,801	1,831,927
Changes in assets and liabilities:		
Decrease in accounts receivable	148,027	707,565
Decrease in escrowed donation	565,574	936,379
(Increase) decrease in accrued interest receivable	(14,219)	6,938
Decrease (increase) in unconditional promises to give	959,932	(2,013,889)
Decrease in prepaid expenses	14,649	47,102
(Decrease) Increase in accounts payable	(227,711)	198,711
Increase (decrease) in accrued expenses	372,472	(13,228)
(Decrease) Increase in accounts payable - related parties	(1,000,000)	476,033
Total Adjustments	<u>722,725</u>	<u>2,106,670</u>
Net Cash (Used In) Provided by Operating Activities	<u>(3,164,040)</u>	<u>3,137,457</u>
Investing Activities		
Capital expenditures	-	(5,222)
Proceeds from sale of marketable securities	816,131	-
Purchase of marketable securities - available for sale	(816,131)	(3,000,000)
Net Cash Used In Investing Activities	<u>-</u>	<u>(3,005,222)</u>
Net (Decrease) Increase In Cash	<u>(3,164,040)</u>	<u>132,235</u>
Cash - beginning of year	<u>\$ 3,687,567</u>	<u>3,555,332</u>
Cash - end of year	<u>\$ 523,527</u>	<u>\$ 3,687,567</u>
Non-cash donations received during the year were for:		
Contributed securities	<u>\$ 97,673</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2023 AND 2022

Note 1 - Summary of Significant Accounting Policies:

(A) Nature of Activities:

The Organization was incorporated on December 20, 1996, in New York State and its mission is to empower people to change the world, locally and globally, achieving transformative outcomes for themselves and others. WE Charity works internationally supporting sustainable international development and domestically through its services learning program and resources – WE Schools and WE Teachers.

(B) Accounting Principles:

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

The net assets of the Organization and the changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that may or will be met either by the actions of the Organization and/or the passage of time.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. A large portion of the organization's revenues come from individual and corporate donations, and the remaining portion consists of income from service contracts, interest, dividends, and investment gains from its investments accounts. Expenses are reported as decreases in net assets without donor restrictions. Expirations of donor restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time-period has elapsed) are reported as reclassification between the applicable classes of net assets.

WE CHARITY

NOTES TO FINANCIAL STATEMENTS, CONTINUED

AUGUST 31, 2023 AND 2022

Note 1 - Summary of Significant Accounting Policies: (continued)

(C) Tax Status:

The Organization is exempt from income tax as a not-for-profit corporation under IRC section 501(c)(3) and classified by the Internal Revenue Service as something other than a private foundation. The Organization's Form 990, Return of Organization Exempt from Income Tax, is subject to examination by the IRS, for the years ending August 31, 2023, 2022 and, 2021 (open years). The Organization is registered, and files returns in four states and in those states, is also subject to examination for open years. Management does not believe they have met nexus criteria requiring other state registrations currently and the Organization has no uncertain tax positions requiring disclosure.

(D) Unconditional Promises to Give:

Contributions are recognized when the donor makes a promise to give to the Organization that is in substance, unconditional. All donor-restricted contributions are reported as increases in net assets with donor restrictions. When a time or purpose restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

The Organization uses the allowance method to determine uncollectible accounts and unconditional promises to give receivables. The allowance is based on historical experience and management's analysis of specific promises made. There was no allowance for uncollectible accounts or promises to give at August 31, 2023 and 2022.

Promises to give that will not be contributed to the Organization within one year are reported in the accompanying financial statements at their net present values as of the financial statement reporting date.

(E) Marketable Securities – Available for Sale:

Investments in marketable securities with readily determinable fair values are reported at their fair values in the statement of financial position. Interest and dividends earned from such securities are measured by the amounts of interest and dividends credited to their investment accounts, as reported by the financial institutions (on a monthly basis) that hold those accounts. Interest and dividends are reported under "Interest and dividends" on the face of the financial statements.

WE CHARITY

NOTES TO FINANCIAL STATEMENTS, CONTINUED

AUGUST 31, 2023 AND 2022

Note 1 - Summary of Significant Accounting Policies: (continued)

(F) Equipment and Depreciation:

Equipment is recorded at cost. Equipment is depreciated over periods of five to seven years using the straight-line method. Repair and maintenance costs are expensed as incurred, while renewals and betterments which extend the asset's useful lives are capitalized.

(G) Intangible Assets:

Intangible assets, other than goodwill, are measured at cost less accumulated amortization. They are amortized over periods of three to fifteen years using the straight-line method.

(H) Educational Videos Cost:

Educational video costs are measured at cost less accumulated amortization pursuant to the guidance contained in ASC 926. These costs represent the accumulated costs of educational videos on service for schools and families. These videos are being amortized over a period of three years.

(I) Contributions and Grants:

All contributions and grants are considered to be available for unrestricted use unless specifically restricted by the donor. The Organization received contributions from three major donors representing 42%, 17%, and 12% of public support for the year ended August 31, 2023 and two major donors each representing 34% of public support for the year ended August 31, 2022.

(J) In-Kind Contributions:

Donated supplies, equipment, marketable securities, and other items are recorded at fair market value when received and recorded as contribution revenue.

(K) Contributed Services:

No amounts have been reflected in these statements for donated services since these amounts are indeterminable. The Organization generally pays for services requiring specific expertise.

WE CHARITY

NOTES TO FINANCIAL STATEMENTS, CONTINUED

AUGUST 31, 2023 AND 2022

Note 1 - Summary of Significant Accounting Policies: (continued)

(L) Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(M) Events Occurring After Reporting Date:

The Organization has evaluated events and transactions that occurred between September 1, 2023 and January 13, 2023, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements and there were none noted.

(N) Advertising Expense:

Generally, advertising costs are expensed at the time they are incurred.

(O) Allocation of expenses:

The financial statements report certain categories of expense that are attributable to more than one program or supporting function. These expenses require allocation on a reasonable basis that is consistently applied. These costs and the basis upon which they are allocated are as follows:

- Salaries, payroll taxes and benefits are allocated on the basis of estimates of time and effort.
- Consultants, travel, and meals are allocated based upon the underlying invoices.
- Depreciation and utilities are allocated based upon the locations and nature of use of the property and equipment to which they relate.

WE CHARITY

NOTES TO FINANCIAL STATEMENTS, CONTINUED

AUGUST 31, 2023 AND 2022

Note 2 - Cash:

For purposes of the statement of financial position and the statement of cash flows, cash and cash equivalents consist of cash and other highly liquid resources, such as investments in certificates of deposit and money market funds, with an original maturity of three months or less when purchased. Cash consists of the following at August 31:

	<u>2023</u>	<u>2022</u>
Bank of America – checking	\$ 390,544	\$ 3,116,342
- savings, interest at .01% each year.	12,832	12,830
- savings, interest at .01% each year	120,151	120,139
Bremer Bank		
- checking	-	46,410
- checking	-	16,698
TD Canada Trust - checking	<u>-</u>	<u>375,148</u>
	<u>\$ 523,527</u>	<u>\$ 3,687,567</u>

As of August 31, the Organization had concentrated its credit risk for cash by maintaining deposits in banks in excess of federally insured limits. This amount was \$273,226 on August 31, 2023 (\$3,271,234 - 2022). This calculation was based upon balances reported by the bank at the end of the year.

Note 3 – Unconditional Promises to Give:

Unconditional promises to give consist of the following at August 31 and represent funding for future programs.

	<u>2023</u>	<u>2022</u>
Receivable in less than one year	\$ 1,035,000	\$ 1,110,833
Receivable in one to five years	<u>70,000</u>	<u>1,000,000</u>
Total	1,105,000	2,110,833
Less unamortized discount	(51,043)	(96,944)
Less allowance for uncollectible promises	<u>-</u>	<u>-</u>
Net unconditional promises to give	1,053,957	2,013,889
Less current portion	<u>992,239</u>	<u>1,110,833</u>
Long term promises to give	<u>\$ 61,717</u>	<u>\$ 903,056</u>

WE CHARITY

NOTES TO FINANCIAL STATEMENTS, CONTINUED

AUGUST 31, 2023 AND 2022

Note 3 – Unconditional Promises to Give (continued):

Unconditional promises to give due in more than one year are recognized at fair value, using present value techniques and a discount rate of 6%, when the donor makes an unconditional promise to give to the Organization.

The Organization had a concentration of credit risk with an outstanding unconditional promise to give from one major donor representing 91% and 90% of total unconditional promises at August 31, 2023 and 2022, respectively. The maximum amount of loss due to credit risk that the organization would incur if the donor failed to completely perform according to the terms of the donor agreement is \$1,000,000.

Note 4 – Prepaid Expenses:

Prepaid expenses consist of the following at August 31:

	<u>2023</u>	<u>2022</u>
Insurance	\$ 2,174	\$ 1,773
Software Costs	1,494	17,871
Other	<u>1,328</u>	<u>-</u>
	<u>\$ 4,996</u>	<u>\$ 19,644</u>

Note 5 - Equipment:

Equipment consists of the following at August 31:

	<u>2023</u>	<u>2022</u>
Equipment	<u>\$ 9,458</u>	<u>\$ 1,093,005</u>
Less accumulated depreciation	<u>(5,594)</u>	<u>(1,086,185)</u>
Land, buildings and equipment – net	<u>\$ 3,864</u>	<u>\$ 6,820</u>

Depreciation expense for the years ended August 31, 2023 and 2022 was \$2,956 and \$36,508, respectively.

WE CHARITY

NOTES TO FINANCIAL STATEMENTS, CONTINUED

AUGUST 31, 2023 AND 2022

Note 6 – Intangible Assets:

Intangible assets consist of the following at August 31:

	<u>2023</u>	<u>2022</u>
Website domains	\$ 1,032,638	\$ 1,032,638
Website setup costs	-	5,315
We Teacher Program	-	40,000
Educational videos	-	509,174
	<u>1,032,638</u>	<u>1,587,127</u>
Less accumulated amortization	<u>(571,508)</u>	<u>(1,057,154)</u>
Total intangible assets net of accumulated amortization	<u>\$ 461,130</u>	<u>\$ 529,973</u>

Amortization expense for the year ended August 31, 2023 and 2022 was \$68,843 and \$82,641, respectively.

The Organization expects future amortization expense to be as follows:

August 31, 2024	\$ 68,843
2025	68,843
2026	68,843
2027	68,843
2028	68,843
Thereafter	<u>116,915</u>
	<u>\$ 461,130</u>

Note 7 – Due to Broker Account:

Due to broker represents amounts due to the broker for the purchase of four fixed income investments on August 31, 2023.

WE CHARITY

NOTES TO FINANCIAL STATEMENTS, CONTINUED

AUGUST 31, 2023 AND 2022

Note 8 – Fair Value Measurements:

The Organization's investments and unconditional promises to give are reported at fair value in the accompanying statements of financial position. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair value. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to measure the fair value of certain financial instruments could result in a different fair value at the reporting date.

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority. Level 2 inputs consist of observable inputs other than quoted prices for identical assets. Level 3 inputs are unobservable and have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments and promises to give. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 2 inputs are used for investments for which level 1 inputs are not available. Level 3 inputs are used when Level 1 or Level 2 inputs are not available. There are no assets requiring the use of Level 2 or 3 inputs for the years presented.

The fair values of common stocks, U.S. and Canadian Government securities, and the publicly traded partnerships are based on the closing price reported on the active market where the individual securities are traded.

The Organization does not hold any Level 2 or Level 3 investments.

The fair value option was chosen to measure investments and promises to give in order to simplify the accounting for its financial instruments and enhance the comparability of those financial instruments.

WE CHARITY

NOTES TO FINANCIAL STATEMENTS, CONTINUED

AUGUST 31, 2023 AND 2022

Note 8 – Fair Value Measurements (continued):

Fair value for all investments is determined by reference to quoted market prices. The fair value of assets measured on a recurring basis at August 31, 2023 and 2022 is as follows:

	Quoted Prices In Active Markets (Level 1)
<u>August 31, 2023</u>	
Equity Securities	\$ 4,947,718
Fixed Income Investments	4,501,842
Publicly Traded Partnership	1,664,078
Money Market	<u>3,249</u>
	<u>\$ 11,116,887</u>
<u>August 31, 2022</u>	
Equity Securities	\$ 6,589,938
Fixed Income Investments	1,395,396
Publicly Traded Partnership	2,352,165
Money Market	<u>170,285</u>
	<u>\$ 10,507,784</u>

WE CHARITY

NOTES TO FINANCIAL STATEMENTS, CONTINUED

AUGUST 31, 2023 AND 2022

Note 9 - Program Services:

Program services consist of two comprehensive cost centers, international and domestic projects. (1) Internationally, We Charity works in partnership with communities in Kenya and Ecuador, through its holistic and sustainable development programs. The model works to create long term solutions in education, health, water, food security, and alternative income opportunities. (2) Domestically, the Organization provides comprehensive programs for service learning and active citizenship, inspiring a generation to act. Its core domestic programming, WE Schools, and WE Teachers, provide youth with the inspiration and tools to become active local and global citizens. By instilling active citizenship, increasing academic engagement, and improving university and workplace readiness, WE Schools and WE Teachers work together to equip young leaders for a better tomorrow.

The COVID-19 pandemic has significantly impacted contribution revenue and the programs provided by the Organization, both internationally and domestically. Much of the domestic programming has been adapted to continue in a virtual setting.

Note 10 - Grants for Projects:

Grants for projects include the following at August 31:

	<u>2023</u>	<u>2022</u>
Medical Relief	\$ -	\$ -
Ecuador Project	257,000	400,000
Kenya Project	86,130	119,456
Domestic Projects	<u>3,500,000</u>	<u>2,550,000</u>
	<u>\$ 3,843,130</u>	<u>\$ 3,069,456</u>

WE CHARITY

NOTES TO FINANCIAL STATEMENTS, CONTINUED

AUGUST 31, 2023 AND 2022

Note 11 - Related Party Transactions:

The Organization periodically engages in transactions with its affiliates, WE Charity Canada and Wellbeing Foundation, to reimburse the costs they incur while assisting the Organization in administering part of its domestic programs (i.e. WE Schools and WE Teachers). The Organization had a zero balance in accounts payable-related parties at August 31, 2023. At August 31, 2022 there was \$1,000,000 due to the Wellbeing Foundation for a donation directed to the Wellbeing Foundation that was received by the Organization.

Payments to affiliated organizations for program-related costs include the following at August 31.

	<u>2023</u>	<u>2022</u>
We Charity – Canada	\$ 1,000,000	\$ 2,650,000
Wellbeing Foundation	<u>2,500,000</u>	<u>-</u>
Total payments to affiliated organizations	<u>\$ 3,500,000</u>	<u>\$ 2,650,000</u>

The Organization paid a related party consulting fees of \$195,996 for the years ended August 31, 2023 and 2022.

Note 12 – Rent:

The Organization shares office space with We Charity Canada. There was no rent paid to We Charity Canada in 2023 or 2022.

Note 13 – Liquidity:

We Charity's financial assets available within one year of the balance sheet date for general expenditures are as follows:

Cash	\$ 523,527
Accounts receivable	193,285
Unconditional promises to give (current portion)	992,239
Accrued interest receivable	24,396
Marketable securities	<u>11,116,887</u>
	\$ 12,850,334
Less: assets restricted by donor restrictions	<u>(5,862,669)</u>
	<u>\$ 6,987,665</u>

WE CHARITY

NOTES TO FINANCIAL STATEMENTS, CONTINUED

AUGUST 31, 2023 AND 2022

Note 13 – Liquidity (continued):

As a part of its liquidity management, We Charity has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. Generally, We Charity does not liquidate its marketable securities to meet its cash flow needs, but if deemed necessary the investments would be liquidated.

As of August 31, 2023, current financial assets with donor restrictions include:

Cash	\$ 523,527
Unconditional promises to give (current portion)	992,239
Marketable securities	<u>4,346,903</u>
	<u>\$ 5,862,669</u>

The remaining amount of assets with donor restrictions (\$61,717) consists of noncurrent unconditional promises to give.

Note 14 – Service contracts:

During the fiscal year, the Organization entered into service contracts with Microsoft Corporation and Jeunesse Kids Foundation (JKF).

Microsoft contracted with the Organization to develop educational materials for and help administer Microsoft's Learn Platform and WE Schools program. The contract required the Organization to label Microsoft as the "Powered by" sponsor on all materials used in connection with the contract, and the contract stipulated that all materials developed by the Organization for the platform/program would be considered Microsoft's confidential information. Based on the nature of the contract, revenue was earned when the materials and services were delivered to Microsoft at certain points during the year (i.e. payments made quarterly, starting in September 2022 and ending in June 2023), as outlined in the payment schedule that was included in the contract.

JKF, a nonprofit entity, engaged the Organization as an external consultant to provide management services (e.g. adopting governance policies, amending articles of incorporation, creating marketing assets) that will assist JKF in developing a mission, vision, and strategic roadmap for its charitable initiatives. Based on the nature of the contract, revenue is earned over the term of the contract (1 year) as services are rendered, as supported by the payment terms included in the contract. Specifically, JKF agreed to pay a one-time fee of \$25,000 at the start of the contract, and \$8,750 each month during the term of the contract.

WE CHARITY

NOTES TO FINANCIAL STATEMENTS, CONTINUED

AUGUST 31, 2023 AND 2022

Note 14 – Service contracts (continued):

The revenue earned from each contract during fiscal year 2023 is as follows:

Microsoft (recognized at point in time)	\$ 425,000
JKF (recognized over period of time)	<u>60,000</u>
Total service contract revenue	<u>\$ 485,000</u>

The Microsoft contract terminated in June 2023, but the JKF contract remains in effect until March 2024. The Organization has elected not to make the disclosures for remaining performance obligations based on the fact that the JKF contract has a term of only 1 year.

Note 15 – Net assets with donor restrictions:

Net assets with donor restrictions at August 31, 2023 and 2022 are available for the following purposes:

	<u>2023</u>	<u>2022</u>
Women empowerment projects in Ecuador	\$ 2,756,239	\$ 2,702,056
Scholarship fund and other support for Kisaruni Schools	3,027,634	3,000,000
Development projects for Nderiat community in Bomet, Kenya	71,429	71,429
Support for Baraka Hospital mobile ambulance services in Narok, Kenya	<u>69,084</u>	<u>-</u>
	<u>\$ 5,924,386</u>	<u>\$ 5,773,485</u>



INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTAL INFORMATION

The Board of Directors
We Charity
Toronto, Ontario Canada

We have audited the financial statements of We Charity as of and for the years ended August 31, 2023 and 2022, and our report thereon dated January 13, 2024, which expressed an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of changes in equipment is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The ZLC Group CPAs LLC

The ZLC Group, CPA, LLC

Amherst, New York
January 13, 2024

WE CHARITY

SCHEDULE OF CHANGES IN EQUIPMENT

YEAR ENDED AUGUST 31, 2023

SEE ACCOUNTANT'S REPORT ON SUPPLEMENTAL FINANCIAL INFORMATION

	<u>Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u>
EQUIPMENT (AT COST)				
Equipment	<u>\$1,093,005</u>	<u>\$ -</u>	<u>\$1,083,547</u>	<u>\$ 9,458</u>
TOTAL	<u>\$1,093,005</u>	<u>\$ -</u>	<u>\$1,083,547</u>	<u>\$ 9,458</u>
ACCUMULATED DEPRECIATION				
Equipment	<u>\$1,086,185</u>	<u>\$ 2,956</u>	<u>\$1,083,547</u>	<u>\$ 5,594</u>
TOTAL	<u>\$1,086,185</u>	<u>\$ 2,956</u>	<u>\$1,083,547</u>	<u>\$ 5,594</u>
EQUIPMENT - NET	<u>\$ 6,820</u>			<u>\$ 3,864</u>