

PAYPAL GIVING FUND CANADA

Financial Statements

December 31, 2018

PAYPAL GIVING FUND CANADA
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Year Ended December 31, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Member of PayPal Giving Fund Canada

Opinion

We have audited the financial statements of PayPal Giving Fund Canada (the "Organization"), which comprise the statement of financial position as at December 31, 2018, and the statements of activities and 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 Organization's ability to continue as a going concern, disclosing, as applicable, matters relating 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.

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.

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Independent Auditor's Report to the Member of PayPal Giving Fund Canada *(continued)*

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Hogg, Shain & Scheck PC

Toronto, Ontario
July 25, 2019

Authorized to practise public accounting by the
Chartered Professional Accountants of Ontario

PAYPAL GIVING FUND CANADA
Statement of Financial Position
As at December 31, 2018

	2018	2017
		(Note 1)
ASSETS		
CURRENT		
Cash	\$ 2,922,002	\$ -
Accounts receivable	7,164	-
	<hr/>	<hr/>
	\$ 2,929,166	\$ -
LIABILITIES		
CURRENT		
Grants payable (<i>Note 3</i>)	\$ 2,847,625	\$ -
Accounts payable and accrued liabilities (<i>Note 4</i>)	12,395	-
	<hr/>	<hr/>
	2,860,020	-
NET ASSETS		
UNRESTRICTED		
	<hr/>	<hr/>
	69,146	-
	<hr/>	<hr/>
	\$ 2,929,166	\$ -

APPROVED ON BEHALF OF THE BOARD

_____*Director*

_____*Director*

PAYPAL GIVING FUND CANADA
Statement of Activities and Changes in Net Assets
Year Ended December 31, 2018

	2018	2017
		(Note 1)
REVENUES		
Contributions	\$ 3,109,282	\$ -
In-kind contributions (<i>Note 5</i>)	218,876	-
Program services (<i>Note 5</i>)	<u>168,510</u>	-
	<u>3,496,668</u>	-
EXPENSES		
Grants to other charities	3,109,282	-
In-kind expenses (<i>Note 5</i>)	218,876	-
Professional fees	50,346	-
Salaries and benefits	44,997	-
Travel	2,010	-
Miscellaneous	1,485	-
Bank and service fees	<u>526</u>	-
	<u>3,427,522</u>	-
EXCESS OF REVENUES OVER EXPENSES	69,146	-
NET ASSETS - BEGINNING OF YEAR	-	-
NET ASSETS - END OF YEAR	\$ 69,146	\$ -

See the accompanying notes to these financial statements

PAYPAL GIVING FUND CANADA
Statement of Cash Flows
Year Ended December 31, 2018

	2018	2017
		(Note 1)
OPERATING ACTIVITIES		
Excess of revenues over expenses	<u>\$ 69,146</u>	\$ -
Changes in non-cash working capital:		
Accounts receivable	(7,164)	-
Grants payable	2,847,625	-
Accounts payable and accrued liabilities	<u>12,395</u>	-
	<u>2,852,856</u>	-
INCREASE IN CASH FLOWS	2,922,002	-
CASH - BEGINNING OF YEAR	-	-
CASH - END OF YEAR	<u>\$ 2,922,002</u>	\$ -

See the accompanying notes to these financial statements

PAYPAL GIVING FUND CANADA
Notes to Financial Statements
Year Ended December 31, 2018

1. NATURE AND PURPOSE OF THE ORGANIZATION

PayPal Giving Fund Canada (“PPGF Canada” or the “Organization”) is a not-for-profit organization incorporated without share capital on October 1, 2008, and continued under the Canada Not-for-profit Corporations Act on September 9, 2014. The sole member of PPGF Canada is the PayPal Charitable Giving Fund (“PPGF US”), incorporated under the laws of the state of Delaware in the United States of America, and exempt from federal taxation under Section 501(c)(3) of the US Internal Revenue Code.

PPGF Canada’s Board is comprised of officers and employees of PayPal Canada, PayPal Inc., and PPGF US, as well as independent directors.

The Organization is a registered charity under the Income Tax Act (Canada), and, as such, is exempt from taxes, and maintains the ability to issue donation receipts for income tax purposes. PPGF Canada is a public foundation.

The primary purpose of the Organization is to enable people to give to charity on the platforms of PayPal Canada, Facebook, and other online platforms. PPGF Canada receives funds donated through these platforms and seeks to grant them to charities recommended by donors.

Until July 2018, PPGF Canada was inactive as it worked to develop its fundraising platform. PPGF Canada officially launched its operations on November 1, 2018.

Effective October 1, 2018, the Organization changed its year end from September 30 to December 31 to coincide with that of PPGF US. These financial statements reflect the activity for the fiscal period of January 1, 2018 to December 31, 2018, compared to January 1, 2017 to December 31, 2017, during which time the Organization was still inactive.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are the representation of management and are the first audited financial statements prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") in Part III of the CPA Canada Handbook and include the following significant accounting policies.

Revenue recognition

The Organization follows the deferral method of accounting for contributions. All contributions are considered available for PPGF Canada’s general programs unless specifically externally restricted. Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized in revenue in the year received or receivable if the amount to be received can be estimated and collection is reasonably assured.

In accordance with the Organization’s mission to enable donors to identify opportunities aligned with their values and charitable interests, contributions are received from donors who provide recommended grant recipients at the time of donation. PPGF conducts due diligence on the recommended charities before approving them to receive a grant, and makes every effort to deliver each donation according to the donor’s wishes. In the rare event that the recommended charity cannot be funded, PPGF Canada may reassign funds to another charitable organization, and whenever possible, will ask the donor to recommend another charity to benefit from the donation.

Program services revenue in support of operating expenses is recognized when received.

Contributed goods and services

Contributed goods and services are recognized at fair value when received, when they would be used in the normal course of operations, and would otherwise have been purchased.

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PAYPAL GIVING FUND CANADA
Notes to Financial Statements
Year Ended December 31, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments

PPGF Canada's financial instruments consist of cash, accounts receivable, grants payable, and accounts payable. Financial instruments are initially recognized at fair value, and subsequently, at amortized cost. The carrying amount of PPGF Canada's financial instruments approximates fair value due to their short-term maturities.

Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Such estimates are periodically reviewed and any adjustments necessary are reported in the Statement of Activities in the year in which they become known. The significant estimate impacting PPGF Canada's financial statements is the fair value of in-kind contributions and the offsetting value of related expenses (*Note 5*). Actual results could differ from these estimates.

3. GRANTS PAYABLE

Grants payable at year end are expected to be paid in the following year.

4. GOVERNMENT REMITTANCES PAYABLE

There were no government remittances payable at year end.

5. ECONOMIC DEPENDENCE AND RELATED PARTY TRANSACTIONS

PPGF Canada is dependent on PayPal Canada, PayPal Inc., and PPGF US to support its operations. During 2018, the Organization received in-kind contributions from PayPal Canada and PPGF US of \$166,289 and \$52,587, respectively, related to personnel (accounting, legal, and marketing), IT and platform support, transaction processing, and office space. PPGF Canada would have paid for these expenses if they had not been contributed.

In August 2018, the Organization entered into a Grant Agreement (the "Agreement") with PPGF US to provide PPGF Canada with program services revenue, contingent on the support PPGF US receives from PayPal Inc., to fund its budgeted operating expenditures. The Organization received USD \$132,000 (CAD \$168,510) in support in 2018.

6. FINANCIAL INSTRUMENTS

Except as noted below, it is management's opinion that the Organization is not exposed to significant credit, liquidity, or other market risks arising from its financial instruments.

The Organization received program services revenue in US dollars in 2018, but will receive funds in Canadian dollars going forward. Therefore, it is management's assessment that the Organization is not subject to significant currency risk.
