

**PAYPAL GIVING FUND CANADA**  
**Financial Statements**  
**December 31, 2019**

**PAYPAL GIVING FUND CANADA**

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**Year Ended December 31, 2019**

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## INDEPENDENT AUDITOR'S REPORT

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To the Member of PayPal Giving Fund Canada

### *Opinion*

We have audited the financial statements of PayPal Giving Fund Canada ("PPGF Canada"), which comprise the statement of financial position as at December 31, 2019, 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 PPGF Canada as at December 31, 2019, 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 PPGF Canada 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 PPGF Canada'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 PPGF Canada or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing PPGF Canada'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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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  
June 2, 2020

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

**PAYPAL GIVING FUND CANADA**

**Statement of Financial Position**

**As at December 31, 2019**

	2019	2018
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 4,284,125	\$ 2,922,002
Accounts receivable	<u>71,833</u>	<u>7,164</u>
	<b><u>\$ 4,355,958</u></b>	<b><u>\$ 2,929,166</u></b>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Grants payable (Note 3)	\$ 4,196,918	\$ 2,847,625
Accounts payable and accrued liabilities (Note 4)	<u>33,670</u>	<u>12,395</u>
	<b>4,230,588</b>	<b>2,860,020</b>
<b>NET ASSETS</b>		
<b>UNRESTRICTED</b>	<u>125,370</u>	<u>69,146</u>
	<b><u>\$ 4,355,958</u></b>	<b><u>\$ 2,929,166</u></b>

**APPROVED ON BEHALF OF THE BOARD**

\_\_\_\_\_  
*Director*

\_\_\_\_\_  
*Director*

*See the accompanying notes to these financial statements*

**PAYPAL GIVING FUND CANADA**  
**Statement of Activities and Changes in Net Assets**  
**Year Ended December 31, 2019**

	2019	2018
<b>REVENUES</b>		
Contributions	\$ 25,649,957	\$ 3,109,282
In-kind contributions <i>(Note 5)</i>	813,184	218,876
Program services <i>(Note 5)</i>	372,467	168,510
	<u>26,835,608</u>	<u>3,496,668</u>
<b>EXPENSES</b>		
Grants to other charities	25,649,957	3,109,282
In-kind expenses <i>(Note 5)</i>	813,184	218,876
Salaries and benefits	241,319	44,997
Professional fees	45,102	50,346
Office	15,347	-
Bank and service fees	10,669	526
Travel	3,596	2,010
Miscellaneous	210	1,485
	<u>26,779,384</u>	<u>3,427,522</u>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	56,224	69,146
<b>NET ASSETS - BEGINNING OF YEAR</b>	<u>69,146</u>	<u>-</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 125,370</u>	<u>\$ 69,146</u>

*See the accompanying notes to these financial statements*

**PAYPAL GIVING FUND CANADA****Statement of Cash Flows****Year Ended December 31, 2019**

	2019	2018
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenses	\$ 56,224	\$ 69,146
Changes in non-cash working capital:		
Accounts receivable	(64,669)	(7,164)
Grants payable	1,349,293	2,847,625
Accounts payable and accrued liabilities	21,275	12,395
	<u>1,305,899</u>	<u>2,852,856</u>
<b>NET INCREASE IN CASH</b>	<b>1,362,123</b>	<b>2,922,002</b>
<b>CASH - BEGINNING OF YEAR</b>	<b>2,922,002</b>	<b>-</b>
<b>CASH - END OF YEAR</b>	<b>\$ 4,284,125</b>	<b>\$ 2,922,002</b>

*See the accompanying notes to these financial statements*

# **PAYPAL GIVING FUND CANADA**

## **Notes to Financial Statements**

**Year Ended December 31, 2019**

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### **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, 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, GoFundMe, 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, making fiscal year 2019 the Organization's first full year of operations.

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### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

These financial statements are the representation of management and are 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 Canada 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, 2019

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### 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 ASNPO 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.

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### 3. GRANTS PAYABLE

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

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### 4. GOVERNMENT REMITTANCES PAYABLE

There were no government remittances payable at year end.

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### 5. ECONOMIC DEPENDENCE AND RELATED PARTY TRANSACTIONS

PPGF Canada is dependent on PayPal Canada, PayPal Inc., and PPGF US to support its operations. During 2019, the Organization received in-kind contributions from PayPal Canada and PPGF US of \$295,763 and \$517,421 (2018 - \$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 \$372,467 in support in 2019 (2018 - \$168,510).

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### 6. FINANCIAL RISKS

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

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# **PAYPAL GIVING FUND CANADA**

## **Notes to Financial Statements**

**Year Ended December 31, 2019**

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### **7. SUBSEQUENT EVENT**

On January 31, 2020, the World Health Organization announced a global health emergency because of a new strain of coronavirus ("COVID-19"), and the risks to the international community as the virus spreads globally. On March 11, 2020, the World Health Organization declared the outbreak of COVID-19 a pandemic.

The COVID-19 pandemic has resulted in changes in donor giving in March 2020, April 2020, and May 2020, both ups and downs, and it could have a meaningful impact on future donations to charities. From an operating perspective, funding from PPGF US to cover annual operations of PPGF Canada has already been committed, and management does not see any material impacts to that funding over the next twelve to eighteen months.

No other matters or circumstances have arisen since the end of the fiscal year, which significantly affected or may significantly affect the operations of the Organization, results of operations or the state of affairs of the Organization in the future financial periods.

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