

PAYPAL GIVING FUND CANADA
Financial Statements
December 31, 2020

PAYPAL GIVING FUND CANADA

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Year Ended December 31, 2020

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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 ("PPGF Canada"), which comprise the statement of financial position as at December 31, 2020, 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, 2020, 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
May 13, 2021

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

PAYPAL GIVING FUND CANADA

Statement of Financial Position

As at December 31, 2020

	2020	2019
ASSETS		
CURRENT		
Cash	\$ 4,168,766	\$ 4,284,125
Accounts receivable	365,427	71,833
	<u>\$ 4,534,193</u>	<u>\$ 4,355,958</u>
LIABILITIES		
CURRENT		
Grants payable (Note 3)	\$ 4,080,731	\$ 4,196,918
Accounts payable and accrued liabilities (Note 4)	38,692	33,670
Deferred revenues (Note 5)	100,000	-
	<u>4,219,423</u>	<u>4,230,588</u>
NET ASSETS		
UNRESTRICTED	<u>314,770</u>	<u>125,370</u>
	<u>\$ 4,534,193</u>	<u>\$ 4,355,958</u>

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, 2020

	2020	2019
REVENUES		
Contributions	\$ 40,279,510	\$ 25,649,957
In-kind contributions <i>(Note 6)</i>	1,084,253	813,184
Program services <i>(Note 6)</i>	395,722	372,467
	<u>41,759,485</u>	<u>26,835,608</u>
EXPENSES		
Grants to other charities	40,279,510	25,649,957
In-kind expenses <i>(Note 6)</i>	1,084,253	813,184
Salaries and benefits	179,586	241,319
Professional fees	24,817	45,102
Miscellaneous	1,403	210
Office	516	26,016
Travel	-	3,596
	<u>41,570,085</u>	<u>26,779,384</u>
EXCESS OF REVENUES OVER EXPENSES	189,400	56,224
NET ASSETS - BEGINNING OF YEAR	<u>125,370</u>	<u>69,146</u>
NET ASSETS - END OF YEAR	<u>\$ 314,770</u>	<u>\$ 125,370</u>

See the accompanying notes to these financial statements

PAYPAL GIVING FUND CANADA**Statement of Cash Flows****Year Ended December 31, 2020**

	2020	2019
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 189,400	\$ 56,224
Changes in non-cash working capital:		
Accounts receivable	(293,594)	(64,669)
Grants payable	(116,187)	1,349,293
Accounts payable and accrued liabilities	5,022	21,275
Deferred revenues	100,000	-
	<u>(304,759)</u>	<u>1,305,899</u>
NET INCREASE (DECREASE) IN CASH	(115,359)	1,362,123
CASH - BEGINNING OF YEAR	4,284,125	2,922,002
CASH - END OF YEAR	\$ 4,168,766	\$ 4,284,125

See the accompanying notes to these financial statements

PAYPAL GIVING FUND CANADA

Notes to Financial Statements

Year Ended December 31, 2020

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.

Impact of COVID-19

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic, which resulted in a series of public health and emergency measures that were put in place to combat the spread of the virus. The duration and impact of COVID-19 are unknown at this time. The Organization continues to closely monitor and assess the impact on operations.

Because of its primary purpose to enable people to give to charity on online platforms, it is management's assessment that PPGF Canada will be able to continue to fulfil its purpose and support the charitable sector at this uncertain time.

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.

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.

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PAYPAL GIVING FUND CANADA

Notes to Financial Statements

Year Ended December 31, 2020

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

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.

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 amounts 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 reviewed periodically 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 6*). 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. DEFERRED REVENUES

Deferred revenues as at December 31 are comprised of a grant received for restricted purposes for future campaign expenditures.

6. ECONOMIC DEPENDENCE AND RELATED PARTY TRANSACTIONS

PPGF Canada is dependent on PayPal Canada, PayPal Inc., and PPGF US to support its operations. During 2020, the Organization received in-kind contributions from PayPal Canada and PPGF US of \$212,882 and \$871,371 (2019 - \$295,763 and \$517,421), 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 \$395,722 in support in 2020 (2019 - \$372,467).

7. FINANCIAL RISKS

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

PAYPAL GIVING FUND CANADA

Notes to Financial Statements

Year Ended December 31, 2020

8. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.
