

WE CHARITY
FINANCIAL STATEMENTS
AND
SUPPLEMENTAL FINANCIAL INFORMATION
YEARS ENDED AUGUST 31, 2022 AND 2021



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, 2022 and 2021, 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, 2022 and 2021, 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, including omissions, 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 CPAs LLC

CERTIFIED PUBLIC ACCOUNTANTS

Kenmore, New York
February 3, 2023

The ZLC GROUP CPAs LLC

WE CHARITY
Statements of Financial Position
August 31, 2022 and 2021

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Assets

	<u>2022</u>	<u>2021</u>
Current Assets:		
Cash	\$ 3,687,567	\$ 3,555,332
Accounts Receivable, net of allowance of \$0 (2022) and \$125,817 (2021)	341,312	1,048,877
Escrowed Donation	565,574	1,501,953
Unconditional promises to give	1,110,833	-
Accrued interest receivable	10,177	17,115
Prepaid expenses	19,644	66,746
Marketable securities - available for sale	10,507,784	9,149,693
Total Current Assets	<u>16,242,891</u>	<u>15,339,716</u>
 Equipment, Net of accumulated depreciation	 <u>6,820</u>	 <u>38,106</u>
 Other Assets:		
Intangible assets, net of accumulated amortization	529,973	612,614
Unconditional promises to give-long term	903,056	-
	<u>1,433,029</u>	<u>612,614</u>
	<u>\$ 17,682,740</u>	<u>\$ 15,990,436</u>

Liabilities and Net Assets

	<u>2022</u>	<u>2021</u>
Current Liabilities:		
Accounts payable	\$ 227,712	\$ 29,000
Accounts payable - related parties	1,000,000	523,967
Accrued expenses	39,620	52,848
Total Current Liabilities	<u>1,267,332</u>	<u>605,815</u>
 Net Assets:		
Without Donor Restrictions	10,641,923	11,013,856
With Donor Restrictions	5,773,485	4,370,765
Total Net Assets	<u>16,415,408</u>	<u>15,384,621</u>
	<u>\$ 17,682,740</u>	<u>\$ 15,990,436</u>

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

The ZLC GROUP CPAs LLC

WE CHARITY
Statements of Activities
Years Ended August 31, 2022 and 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Year Ended August 31, 2022</u>
Public Support and Revenue:			
Public Support:			
Contributions and bequests	\$ 197,317	\$1,518,919	\$ 1,716,236
Grants	<u>327,478</u>	<u>6,674,987</u>	<u>7,002,465</u>
Total Public Support	<u>524,795</u>	<u>8,193,906</u>	<u>8,718,701</u>
Revenue:			
Interest and dividends	156,914	-	156,914
Miscellaneous	55	-	55
Realized gain (loss) on sale of securities	53,039	-	53,039
Unrealized gain(loss) on securities	<u>(1,831,927)</u>	<u>-</u>	<u>(1,831,927)</u>
	<u>(1,621,919)</u>	<u>-</u>	<u>(1,621,919)</u>
Total Revenue	<u>(1,097,124)</u>	<u>8,193,906</u>	<u>7,096,782</u>
Net assets released from restrictions:			
Satisfaction of program restrictions	6,791,186	(6,791,186)	-
Expiration of time restrictions	<u>-</u>	<u>-</u>	<u>-</u>
Total Net Assets Released From Restrictions	<u>6,791,186</u>	<u>(6,791,186)</u>	<u>-</u>
Total Public Support and Revenue	<u>5,694,062</u>	<u>1,402,720</u>	<u>7,096,782</u>
Expenses:			
Program Services:			
International Projects	2,035,171	-	2,035,171
Domestic Projects	<u>3,597,159</u>	<u>-</u>	<u>3,597,159</u>
Total Program Services	<u>5,632,330</u>	<u>-</u>	<u>5,632,330</u>
Supporting Services:			
General and Administrative	355,426	-	355,426
Fundraising	<u>78,239</u>	<u>-</u>	<u>78,239</u>
Total Supporting Services	<u>433,665</u>	<u>-</u>	<u>433,665</u>
Total Expenses	<u>6,065,995</u>	<u>-</u>	<u>6,065,995</u>
Increase (Decrease) In Net Assets	<u>(371,933)</u>	<u>1,402,720</u>	<u>1,030,787</u>
Net Assets, Beginning	<u>11,013,856</u>	<u>4,370,765</u>	<u>15,384,621</u>
Net Assets, Ending	<u>\$10,641,923</u>	<u>\$5,773,485</u>	<u>\$16,415,408</u>

<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Year Ended August 31, 2021</u>
\$ 1,238,317	\$ 2,049,500	\$ 3,287,817
<u>1,601,755</u>	<u>3,984,599</u>	<u>5,586,354</u>
<u>2,840,072</u>	<u>6,034,099</u>	<u>8,874,171</u>
129,215	-	129,215
64	-	64
(492,473)	-	(492,473)
<u>126,140</u>	<u>-</u>	<u>126,140</u>
<u>(237,054)</u>	<u>-</u>	<u>(237,054)</u>
<u>2,603,018</u>	<u>6,034,099</u>	<u>8,637,118</u>
2,546,401	(2,546,401)	-
<u>838,859</u>	<u>(838,859)</u>	<u>-</u>
<u>3,385,260</u>	<u>(3,385,260)</u>	<u>-</u>
<u>5,988,278</u>	<u>2,648,839</u>	<u>8,637,118</u>
1,721,386	-	1,721,386
<u>6,435,934</u>	<u>-</u>	<u>6,435,935</u>
<u>8,157,320</u>	<u>-</u>	<u>8,157,320</u>
971,638	-	971,638
<u>97,979</u>	<u>-</u>	<u>97,979</u>
<u>1,069,617</u>	<u>-</u>	<u>1,069,617</u>
<u>9,226,937</u>	<u>-</u>	<u>9,226,937</u>
(3,238,659)	2,648,839	(589,820)
<u>14,252,515</u>	<u>1,721,926</u>	<u>15,974,441</u>
<u>\$ 11,013,856</u>	<u>\$ 4,370,765</u>	<u>\$ 15,384,621</u>

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

The ZLC GROUP CPAs LLC

WE CHARITY
Statement of Functional Expenses
For the Year Ended August 31, 2022
With Summarized Comparative Totals for 2021

	Program Services		
	International Projects	Domestic Projects	Total Program Services
Salaries	\$ 59,168	\$ 177,505	\$ 236,673
Payroll taxes	5,015	15,043	20,058
Employee benefits	8,144	24,433	32,577
Advertising and promotion	-	-	-
Amortization	-	13,800	13,800
Bad Debts	-	74,183	74,183
Bank charges and fees	-	-	-
Consultants	238,596	391,611	630,207
Domestic projects	-	344,961	344,961
International projects	519,456	2,550,000	3,069,456
Payments to affiliated organizations	-	-	-
Depreciation	-	-	-
Dues and subscriptions	-	704	704
Fundraising and promotion	-	-	-
Insurance	-	-	-
Legal and accounting	1,193,632	-	1,193,632
Office	148	3,387	3,535
Postage and delivery	-	1,357	1,357
Rent	-	-	-
Repairs and maintenance	-	-	-
Shipping and handling	-	-	-
Taxes	-	-	-
Travel and meals	10,911	175	11,086
Utilities	101	-	101
Total Functional Expenses - 2022	\$ 2,035,171	\$ 3,597,159	\$5,632,330
- 2021	\$ 1,721,386	\$ 6,435,934	\$8,157,320

Supporting Services			Total Years Ended August 31,	
General and Administrative	Fundraising	Total Supporting Services	2022	2021
\$ 29,584	\$ 29,585	\$ 59,169	\$ 295,842	\$ 229,482
2,507	2,507	5,014	25,072	20,936
4,892	4,073	8,965	41,542	78,772
-	-	-	-	39,629
68,841	-	68,841	82,641	232,456
-	-	-	74,183	2,617,017
52,887	-	52,887	52,887	49,318
39,200	39,200	78,400	708,607	604,591
-	-	-	344,961	1,166,776
-	-	-	3,069,456	2,953,803
-	-	-	-	-
36,508	-	36,508	36,508	100,038
32,371	-	32,371	33,075	35,255
-	2,874	2,874	2,874	64,397
6,132	-	6,132	6,132	3,820
81,846	-	81,846	1,275,478	724,601
-	-	-	3,535	43,689
-	-	-	1,357	5,528
-	-	-	-	160,114
-	-	-	-	-
-	-	-	-	65,800
658	-	658	658	18,564
-	-	-	11,086	5,218
-	-	-	101	7,133
<u>\$ 355,426</u>	<u>\$ 78,239</u>	<u>\$ 433,665</u>	<u>\$ 6,065,995</u>	
<u>\$ 971,638</u>	<u>\$ 97,979</u>	<u>\$1,069,617</u>		<u>\$ 9,226,937</u>

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

The ZLC GROUP CPAs LLC

WE CHARITY
Statements of Cash Flows
Years Ended August 31, 2022 and 2021

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	<u>2022</u>	<u>2021</u>
Operating Activities:		
Increase (decrease) in net assets	\$1,030,787	\$ (589,820)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	119,149	332,494
Donated educational videos net cost (non-cash)	-	(302,778)
Donated securities (non-cash)	-	(3,001)
Interest and dividend income - marketable securities	(156,903)	-
Investment fees (non-cash)	19,925	-
Realized (gain) loss on sale of securities	(53,039)	492,474
Unrealized (gain) loss on securities	1,831,927	(126,140)
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	707,565	930,807
(Increase) decrease in escrowed donation	936,379	(1,501,953)
(Increase) decrease in accounts receivable - related parties	-	4,000,005
(Increase) decrease in accrued interest receivable	6,938	4,663
(Increase) decrease in unconditional promises to give	(2,013,889)	812,686
(Increase) decrease in prepaid expenses	47,102	(43,089)
Increase (decrease) in accounts payable	198,711	(92,119)
Increase (decrease) in accrued expenses	(13,228)	16,974
Increase (decrease) in accounts payable - related parties	476,033	(2,984,033)
Total Adjustments	<u>2,106,670</u>	<u>1,536,990</u>
Net Cash Provided by Operating Activities	<u>3,137,457</u>	<u>947,170</u>
Investing Activities		
Capital expenditures	(5,222)	(3,207)
Proceeds from sale of marketable securities	-	1,192,575
Purchase of marketable securities - available for sale	(3,000,000)	(721,352)
Net Cash (Used In) Provided by Investing Activities	<u>(3,005,222)</u>	<u>468,016</u>
Net Increase In Cash	132,235	1,415,186
Cash - beginning of year	<u>\$3,555,332</u>	<u>2,140,146</u>
Cash - end of year	<u><u>\$3,687,567</u></u>	<u><u>\$3,555,332</u></u>
Non-cash donations received during the year were for:		
Medical supplies	\$ -	\$ 961,720
Contributed securities	\$ -	\$ 3,001
Merchandise and other	\$ -	\$ 302,778

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

WE CHARITYNOTES TO FINANCIAL STATEMENTSAUGUST 31, 2022 AND 2021Note 1 - Summary of Significant Accounting Policies:

(A) Nature of Activities:

The Organization was incorporated 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. Salaries, payroll taxes and benefits are allocated to cost centers based upon percentages as determined by management. Other expenses are allocated on an actual basis.

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. 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 CHARITYNOTES TO FINANCIAL STATEMENTS, CONTINUEDAUGUST 31, 2022 AND 2021Note 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 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, 2021, 2020 and, 2019 (open years). The Organization is registered and files returns in six 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 at this time 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. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the year in which the contributions are recognized. All other 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.

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. Unrealized gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

WE CHARITYNOTES TO FINANCIAL STATEMENTS, CONTINUEDAUGUST 31, 2022 AND 2021Note 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 videos cost 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 two major donors representing 34% and 34% of public support for the year ended August 31, 2022 and four major donors representing 10%, 14%, 16% and 21% of public support for the year ended August 31, 2021.

(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, inasmuch as these amounts are indeterminable. The Organization generally pays for services requiring specific expertise.

WE CHARITYNOTES TO FINANCIAL STATEMENTS, CONTINUEDAUGUST 31, 2022 AND 2021Note 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, 2022 and February 3, 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. Advertising expense for the years ended August 31, 2022 and 2021 totaled \$39,629 and \$118,550, respectively.

(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 CHARITYNOTES TO FINANCIAL STATEMENTS, CONTINUEDAUGUST 31, 2022 AND 2021Note 2 - Cash:

Cash consists of the following at August 31.

	<u>2022</u>	<u>2021</u>
Bank of America - checking	\$3,116,342	\$3,078,582
- savings, interest at .01% each year.	12,830	12,829
- savings, interest at .01% each year	120,139	20,130
Bremer Bank - checking	46,410	46,595
- checking	16,698	16,758
TD Canada Trust - checking	<u>375,148</u>	<u>380,438</u>
	<u>\$3,687,567</u>	<u>\$3,555,332</u>

As of August 31, the Organization had concentrations of cash in four sources totaling \$3,621,234 (2022) and two sources in 2021 totaling \$3,491,979 (2021), of which \$3,271,234 (2022) and \$2,999,979 (2021) were above federally insured limits.

Note 3 - Unconditional Promises to Give:

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

	<u>2022</u>	<u>2021</u>
Receivable in less than one year	\$1,110,833	\$ -
Receivable in one to five years	<u>1,000,000</u>	<u>-</u>
Total	2,110,833	-
Less unamortized discount	(96,944)	-
Less allowance for uncollectible promises	-	-
Net unconditional promises to give	<u>2,013,889</u>	<u>-</u>
Less current portion	<u>1,110,833</u>	<u>-</u>
Long term promises to give	<u>\$ 903,056</u>	<u>\$ -</u>

WE CHARITYNOTES TO FINANCIAL STATEMENTS, CONTINUEDAUGUST 31, 2022 AND 2021Note 3 - 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 90% at August 31, 2022. There were no outstanding promises to give at August 31, 2021.

Note 4 - Prepaid Expenses:

Prepaid expenses consist of the following at August 31.

	<u>2022</u>	<u>2021</u>
Insurance	\$ 1,773	\$ 4,369
Software Costs	17,871	58,407
Other	<u>-</u>	<u>3,970</u>
	<u>\$ 19,644</u>	<u>\$ 66,746</u>

Note 5 - Equipment:

Equipment consist of the following at August 31.

	<u>2022</u>	<u>2021</u>
Equipment	<u>\$ 1,093,005</u>	<u>\$ 1,087,783</u>
Less accumulated depreciation	<u>(1,086,185)</u>	<u>(1,049,677)</u>
Land, buildings and equipment - net	<u>\$ 6,820</u>	<u>\$ 38,106</u>

Depreciation expense for the years ended August 31, 2022 and 2021 \$36,508 and \$100,038, respectively.

WE CHARITYNOTES TO FINANCIAL STATEMENTS, CONTINUEDAUGUST 31, 2022 AND 2021Note 6 - Intangible Assets:

Intangible assets consist of the following at August 31.

	<u>2022</u>	<u>2021</u>
Website domains	\$ 1,032,638	\$ 1,032,638
Website setup costs	5,315	5,315
We Teacher Program	40,000	40,000
Educational videos	509,174	509,174
	<u>1,587,127</u>	<u>1,587,127</u>
Less accumulated amortization	(1,057,154)	(974,513)
Total intangible assets		
net of accumulated amortization	<u>\$ 529,973</u>	<u>\$ 612,614</u>

Amortization expense for the year ended August 31, 2022 and 2021 was \$82,641 and \$232,456, respectively.

The Organization expects future amortization expense to be as follows at August 31, 2022.

August 31, 2023	\$ 68,843
2024	68,843
2025	68,843
2026	68,843
2027	68,843
Thereafter	<u>185,758</u>
	<u>\$ 529,973</u>

WE CHARITYNOTES TO FINANCIAL STATEMENTS, CONTINUEDAUGUST 31, 2022 AND 2021Note 7 - Fair Value Measurements:

The Organization's investments 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. 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.

WE CHARITYNOTES TO FINANCIAL STATEMENTS, CONTINUEDAUGUST 31, 2022 AND 2021Note 7 - Fair Value Measurements (continued):

The fair values of common stocks and U.S. and Canadian Government securities and the publicly-traded partnership 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.

Fair value for all investments is determined by reference to quoted market prices. Fair value of assets measured on a recurring basis at August 31, 2022 and 2021 is as follows:

	Quoted Prices In Active Markets (Level 1)
<u>August 31, 2022</u>	
Equity Securities	\$ 7,985,334
Publicly-traded partnership	2,352,165
Money Market	<u>170,285</u>
	<u>\$10,507,784</u>
<u>August 31, 2021</u>	
Equity Securities	\$ 5,789,320
Publicly-traded partnership	3,231,324
Money Market	<u>129,049</u>
	<u>\$ 9,419,693</u>

WE CHARITYNOTES TO FINANCIAL STATEMENTS, CONTINUEDAUGUST 31, 2022 AND 2021Note 8 - 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 9 - Grants for Projects:

Grants for projects include the following at August 31.

	<u>2022</u>	<u>2021</u>
Medical Relief	\$ -	\$ 961,720
Ecuador project	400,000	-
Kenya project	119,456	491,600
Domestic Projects	<u>2,550,000</u>	<u>1,500,483</u>
	<u>\$ 3,069,456</u>	<u>\$ 2,953,803</u>

WE CHARITYNOTES TO FINANCIAL STATEMENTS, CONTINUEDAUGUST 31, 2022 AND 2021Note 10 - Related Party Transactions:

Included in Accounts payable-related parties at August 31, 2022 and 2021 is \$1,000,000 due to the Wellbeing Foundation for a donation directed to the Wellbeing Foundation that was received by the Organization and \$497,937 due to We Charity-Canada for programming related activities provided on behalf of the Organization.

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

	<u>2022</u>	<u>2021</u>
We Charity - Canada	\$ <u>2,650,000</u>	\$ <u>1,992,083</u>
Total payments to affiliated organizations	\$ <u>2,650,000</u>	\$ <u>1,992,083</u>

Note 11 - Administrative Fees:

Included in functional expenses and allocated to program and supporting services are administrative fees paid to We Charity (its related Canadian not-for-profit organization). A summary of administrative fees and other costs for the years ended August 31, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
General (payroll and other administrative)	\$ -	\$ 14,735
Internal accounting cost allocation	-	25,265
Rent	-	160,000
Total fees and rent	\$ <u>-</u>	\$ <u>200,000</u>

WE CHARITYNOTES TO FINANCIAL STATEMENTS, CONTINUEDAUGUST 31, 2022 AND 2021Note 12 - Rent:

The Organization previously leased office space from We Charity Canada. The lease is on a month-to-month basis. There was no rent paid to We Charity Canada in 2022. Rent expense in 2021 was \$160,114 of which \$160,000 was paid to We Charity Canada as further discussed in Note 11.

Note 13 - Liquidity:

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

Cash	\$ 3,687,567
Accounts receivable	341,312
Accrued interest receivable	10,177
Marketable securities	10,507,784
Escrowed Donation	<u>565,574</u>
	<u>\$15,112,414</u>

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 could and would, should it be necessary.



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, 2022 and 2021, and our report thereon dated February 3, 2023, 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
CERTIFIED PUBLIC ACCOUNTANTS

Kenmore, New York
February 3, 2023

WE CHARITYSCHEDULE OF CHANGES IN EQUIPMENTYEAR ENDED AUGUST 31, 2022

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>\$1,087,783</u>	<u>\$ 5,222</u>	<u>\$ -</u>	<u>\$1,093,005</u>
TOTAL	<u>1,087,783</u>	<u>\$ 5,222</u>	<u>\$ -</u>	<u>1,093,005</u>
ACCUMULATED DEPRECIATION				
Equipment	<u>1,049,677</u>	<u>\$ 36,508</u>	<u>\$ -</u>	<u>1,086,185</u>
TOTAL	<u>1,049,677</u>	<u>\$ 36,508</u>	<u>\$ -</u>	<u>1,086,185</u>
EQUIPMENT - NET	<u>\$ 38,106</u>			<u>\$ 6,820</u>