

HADLEY FAMILY FOUNDATION

Financial Statements

September 30, 2021

(Unaudited)

HADLEY FAMILY FOUNDATION

Financial Statements
Year ended September 30, 2021
(Unaudited)

Contents

Independent Practitioner's Review Engagement Report	1 - 2
Statement of Financial Position	3
Statement of Operations and Changes in Net Assets	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 9

Independent Practitioner's Review Engagement Report

To the Directors of Hadley Family Foundation

We have reviewed the accompanying financial statements of Hadley Family Foundation, which comprise the statement of financial position as at September 30, 2021, the statement of operations and changes in fund balances and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO), 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.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Independent Practitioner's Review Engagement Report, continued

Conclusion

Based on our review nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Hadley Family Foundation as at September 30, 2021, 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.

Other Matter

The financial statements of Hadley Family Foundation for the year ended September 30, 2020 were reviewed by another firm of Chartered Professional Accountants who expressed an unmodified conclusion on those financial statements on January 29, 2021.

Toronto, Canada
January 17, 2021

Fruitman Kates LLP

Chartered Professional Accountants
Licensed Public Accountants

Hadley Family Foundation

Statement of Financial Position As at September 30, 2021 (Unaudited)

	2021	2020
Assets		
Current		
Cash	\$ 5,911	\$ 22,446
Government remittance receivable	6,280	3,871
Loan receivable (Note 2)	61,936	45,442
	74,127	71,759
Investments (Note 3)	5,738,883	4,637,026
	\$ 5,813,010	\$ 4,708,785
Liabilities and Net Assets		
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 7,210	\$ 7,000
Advances from related party (Note 4)	23,738	23,738
	30,948	30,738
Net assets		
Endowment fund	5,738,883	4,653,000
Operating fund	43,179	25,047
	5,782,062	4,678,047
	\$ 5,813,010	\$ 4,708,785

Approved on behalf of the board

_____ Director

See accompanying notes to the financial statements

Hadley Family Foundation

Statement of Operations and Changes in Net Assets
For the year ended September 30, 2021
(Unaudited)

	Endowment Fund	Operating Fund	Total 2021	Total 2020
Revenue				
Investment income	\$ 548,690	\$ -	\$ 548,690	\$ 222,799
Donations - in kind	200,490	-	200,490	-
PSB rebate	-	6,280	6,280	3,871
	<u>749,180</u>	<u>6,280</u>	<u>755,460</u>	<u>226,670</u>
Expenses				
Donations	-	176,000	176,000	134,045
Investment management fees	50,320	-	50,320	33,784
Professional fees	-	28,068	28,068	45,499
Office and general	-	9,639	9,639	3,811
	<u>50,320</u>	<u>213,707</u>	<u>264,027</u>	<u>217,139</u>
Excess (deficiency) of revenues over expenses before other item	698,860	(207,427)	491,433	9,531
Other item				
Unrealized gain (loss) on investments	612,582	-	612,582	(37,996)
Excess (deficiency) of revenue over expenses	1,311,442	(207,427)	1,104,015	(28,465)
Net assets, beginning of year	4,653,000	25,047	4,678,047	4,706,512
Interfund transfers (Note 5)	(225,559)	225,559	-	-
Net assets, end of year	\$ 5,738,883	\$ 43,179	\$ 5,782,062	\$ 4,678,047

See accompanying notes to the financial statements

Hadley Family Foundation

Statement of Cash Flows
For the year ended September 30, 2021
(Unaudited)

	2021	2020
Cash flows from (used in):		
Operating activities		
Excess (deficiency) of revenue over expenses	\$ 1,104,015	\$ (28,465)
Realized gain on sale of investments	(377,896)	(57,966)
Unrealized (gain) / loss on investments	(612,582)	37,996
	<u>113,537</u>	<u>(48,435)</u>
Change in non-cash working capital items		
Accounts payable and accrued liabilities	210	2,750
Government remittance receivable	(2,409)	(3,871)
Advances from related party	-	23,738
	<u>111,338</u>	<u>(25,818)</u>
Investing activities		
Investments - net	(111,379)	72,170
Loan receivable	(16,494)	(29,629)
	<u>(127,873)</u>	<u>42,541</u>
Increase (decrease) in cash	(16,535)	16,723
Cash, beginning of year	22,446	5,723
Cash, end of year	<u>\$ 5,911</u>	<u>\$ 22,446</u>

See accompanying notes to the financial statements

Hadley Family Foundation

Notes to Financial Statements
For the year ended September 30, 2021
(Unaudited)

General

Hadley Family Foundation (the "Foundation") is a non-profit corporation established to give back to local communities and steward inter-generational philanthropy. In the course of executing its mandate, the Foundation supports other community organizations. The Foundation was incorporated on November 15, 2018 under Part II of the Canada Corporations Act and was continued under the Canada Not-for-Profit Corporations Act on December 20, 2018. The Foundation qualifies for tax-exempt status as a registered charity under section 149(1) of the Income Tax Act (Canada).

1. Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

(a) Fund accounting

The Foundation follows the restricted fund method of accounting for contributions to the various funds, which are classified according to their nature and purpose.

Endowment Fund

The Endowment fund is permanent in nature whereby restrictions are established when donations are received. Amounts disbursed from the Endowment fund must meet the criteria established by the Board of Directors.

Operating Fund

The Operating Fund is funded by the investment income of the Endowment Fund. The administrative expenses of the Foundation and grants provided by the Foundation are charged to the Operating Fund.

(b) Revenue recognition

Donations, contributions, restricted contributions and bequests are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

In kind donations are recognized at their fair value on the date of receipt.

Investment income is recognized as revenue as it is earned.

Hadley Family Foundation

Notes to Financial Statements
For the year ended September 30, 2021
(Unaudited)

1. Significant accounting policies, continued

(c) Contributed services

Volunteers contribute their time to the ongoing programs of the Foundation. Because of the difficulty of determining their fair value, volunteer time is not recognized in the financial statements. Contributed materials and services, other than volunteer time, are recognized in the financial statements when a fair value can be reasonably estimated.

(d) Foreign Currency Transactions

Transactions denominated in foreign currencies are recorded at the rate of exchange prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currency are translated into Canadian Dollars at the rate of exchange prevailing at the statement of financial position date. Unrealized gains and losses on the translation of monetary assets and liabilities are included in the determination of the excess of revenues over expenses for the year.

(e) Financial instruments

Measurement of financial instruments

The Foundation initially measures its financial assets and liabilities at fair value and subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments quoted in an active market, which are measured at fair value.

Financial assets recorded at amortized cost include cash and loan receivable.

Financial liabilities recorded at amortized cost include accounts payable and accrued liabilities and advances from related party.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in excess (deficiency) of revenue over expenses. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in excess (deficiency) of revenue over expenses.

Hadley Family Foundation

Notes to Financial Statements
For the year ended September 30, 2021
(Unaudited)

1. Significant accounting policies, continued

(f) Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the statement of financial position date and the reported amounts of revenues and expenditures during the year. Actual results could differ from those estimates.

2. Loan receivable

Advances to the Kamoriongo Farmer's Cooperative Society, which are unsecured, payable on demand and subject to interest at 2% per annum.

3. Investments

The investment portfolio has been diversified amongst several classes of investments based on the investment policy of the Foundation. The market values have been determined from quoted market prices as at year end.

	2021	2021	2020	2020
	Book value	Market value	Book value	Market value
Investments, quoted in an active market	\$ 5,122,955	\$ 5,738,883	\$ 4,659,121	\$ 4,637,026

4. Advances from related party

The advances from Hadley Family Office Ltd., a company related by virtue of common board members, are non-interest bearing and have no specific terms of repayment.

5. Interfund transfers

During the year, there were various transfers between the restricted funds and the general fund. These transfers have been approved by the Board of Directors.

Hadley Family Foundation

Notes to Financial Statements
For the year ended September 30, 2021
(Unaudited)

6. Related party transactions

During the year, the Foundation received \$200,490 (2020 - \$Nil) of donations in kind from O'Fallon Canada Holdco Ltd., which is related by virtue of common board members.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

7. Financial instruments

The significant financial risk to which the Foundation is exposed are the following:

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Foundation is exposed to market risk on its investments, the carrying value of which will fluctuate with market conditions.

8. Comparative amounts

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.

9. Other information

The World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic, which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of the Foundation in future periods.