

Financial Statements of

LINK CHARITY CANADA INC.

June 30, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Members of **Link Charity Canada Inc.**

I have audited the accompanying financial statements of **Link Charity Canada Inc.**, which comprise the statements of financial position for the General and Charitable Gift Funds as at **June 30, 2020**, the statements of operations and changes in fund balances for each fund and the statement of cash flows for the year then ended, and a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at **June 30, 2020**, and its financial performance and its cash flows for the year then ended in accordance with Accounting Standards for Not-For-Profit Organizations (ASNPO).

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Organization in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related 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

My 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 my 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. 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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.

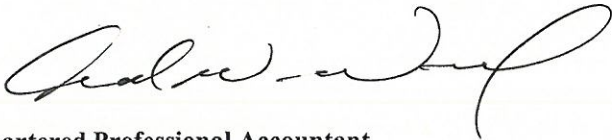
Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.

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 Organization's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Organization 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.

I 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 I identify during my audit.



Chartered Professional Accountant
Chartered Accountant
Licensed Public Accountant

Newmarket, Ontario
October 22, 2020

LINK CHARITY CANADA INC.

Statement of Financial Position

General Fund

June 30, 2020 with comparative figures for 2019

	2020	2019
ASSETS		
Current Assets:		
Cash	\$ 275,250	\$ 809,566
HST refundable	14,352	7,152
Amounts receivable	-	7,177
Prepaid expenses	<u>1,590</u>	<u>1,590</u>
	291,192	825,485
TRUST FUNDS , at market value (Note 4)	88,514	85,617
EQUITY CAPITAL INVESTMENTS (Note 5)	<u>1,898,685</u>	<u>1,612,264</u>
	\$ 2,278,391	\$ 2,523,366
LIABILITIES AND FUND EQUITY		
Current Liabilities:		
Accounts payable and accrued charges	\$ 21,441	\$ 33,180
Employee remittances payable	<u>-</u>	<u>15,208</u>
	21,441	48,388
TRUST FUND LIABILITIES	88,514	85,617
EQUITY CAPITAL LOANS (Note 6)	1,070,000	1,070,000
FUND BALANCE	<u>1,098,436</u>	<u>1,319,361</u>
	\$ 2,278,391	\$ 2,523,366

CONTINGENT LIABILITY (Note 3)

CONTRACTUAL OBLIGATION (Note 22)

OTHER MATTERS (Note 23)

APPROVED ON BEHALF OF THE BOARD:

_____, Director

_____, Director

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

LINK CHARITY CANADA INC.

Statement of Financial Position

Charitable Gift Fund

June 30, 2020 with comparative figures for 2019

	2020	2019
ASSETS		
Current Assets:		
Accounts receivable (Note 7)	\$ 301,748	\$ 257,286
HST recoverable	97,107	-
	<u>398,855</u>	<u>257,286</u>
Investments		
Investment Pool (Note 8)		
Long-term portion of accounts receivable (Note 7)	-	34,000
Mortgages (Note 9)	7,788,139	6,612,534
Notes, debentures and loans (Note 10)	4,968,129	3,917,469
Equities (Note 11)	14,312,993	18,951,422
Income trusts (Note 12)	6,372,174	8,134,016
Real Estate Investment Trusts (Note 13)	5,573,894	7,731,652
Alternative investments (Note 15)	10,802,515	8,358,975
Cash and equivalents (Note 19)	<u>(3,582,928)</u>	<u>(1,565,998)</u>
	46,234,916	52,174,070
Donor Directed (Note 16)	541,544	445,539
	<u>46,776,460</u>	<u>52,619,609</u>
	\$ 47,175,315	\$ 52,876,895
LIABILITIES AND FUND EQUITY		
Liability		
Accounts payable and accrued charges	\$ 38,439	\$ 44,499
Due on closing of Condominiums purchase	-	1,104,958
	<u>38,439</u>	<u>1,149,457</u>
Fund Balances		
Charitable Gift Annuities (Note 21)		
Account Balances	19,060,932	21,214,871
Annuity Reserve - Board Directed	234,260	268,986
Annuity Reserve - Contractual	<u>262,508</u>	<u>301,660</u>
	19,557,700	21,785,517
Donor Advised Funds	16,380,528	17,417,924
Charitable Loans, variable rate	2,370,712	3,439,936
Charitable Loans, fixed rate	<u>8,827,936</u>	<u>9,084,061</u>
	<u>47,136,876</u>	<u>51,727,438</u>
	\$ 47,175,315	\$ 52,876,895

APPROVED ON BEHALF OF THE BOARD:

_____, Director

_____, Director

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


Andrew Weening
CHARTERED PROFESSIONAL ACCOUNTANT • CHARTERED ACCOUNTANT

LINK CHARITY CANADA INC.

Statement of Operations and Changes in Fund Balances

General Fund

June 30, 2020 with comparative figures for 2019

	2020	2019
REVENUES		
Member Charity fees	\$ 70,000	\$ 64,500
Investment management fees (Note 1)	252,757	246,370
Donation processing fees	15,486	13,288
Annuity expense reimbursement	20,438	15,802
Investment income	129,189	95,998
Equity Investments gains (losses)	(323,161)	71,446
Donations	4,825	-
Product fees and HST refunds	9,116	5,638
	<u>178,650</u>	<u>513,042</u>
EXPENSES		
Salary, benefits and education	200,016	160,969
Interest on equity loans	64,200	26,344
Professional fees	21,236	19,852
Actuarial valuation	-	10,170
Occupancy	11,678	10,428
Contract services	-	3,514
Advertising, promotion and printing	21,325	13,309
General office and equipment	11,072	8,848
Charitable loan guarantee	25,306	3,996
Telephone and internet	7,468	3,751
Bank charges, interest and fees	7,810	4,478
Travel, meetings and seminars	16,234	15,135
Officers' and directors' liability insurance	2,079	3,700
Donations and miscellaneous	8,056	-
Amortization	-	432
Memberships	3,095	2,765
	<u>399,575</u>	<u>287,691</u>
EXCESS (SHORTFALL) OF REVENUE FOR THE YEAR	(220,925)	225,351
FUND BALANCE, beginning of the year	<u>1,319,361</u>	<u>1,094,010</u>
FUND BALANCE, end of the year	\$ 1,098,436	\$ 1,319,361

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

LINK CHARITY CANADA INC.

Statement of Operations and Changes in Fund Balances

Charitable Gift Fund

June 30, 2020 with comparative figures for 2019

	2020	2019
REVENUES		
Donations - Securities	\$ 10,428,216	\$ 8,089,206
- Cash	1,335,564	1,830,703
Investment income (loss) (Note 17)	(6,511,345)	2,647,517
Estate proceeds	<u>4,730,831</u>	<u>120,591</u>
	<u>9,983,266</u>	<u>12,688,017</u>
CAPITAL RECEIPTS		
Annuities	2,273,450	3,955,096
General fund transfer	1,870,569	-
Charitable loans	<u>2,101,593</u>	<u>3,887,669</u>
	<u>6,245,612</u>	<u>7,842,765</u>
	<u>16,228,878</u>	<u>20,530,782</u>
DISTRIBUTIONS		
Annuity payments	1,588,130	1,585,065
Charitable gifts (Note 18)	17,475,503	12,240,717
Charitable loans repaid	991,283	2,304,360
Interest expense	434,260	424,980
Investment management fee (Note 1)	252,757	246,370
Annuity expense reimbursements	55,826	56,807
Donation processing fees	15,486	13,288
Broker commissions	<u>6,195</u>	<u>3,979</u>
	<u>20,819,440</u>	<u>16,875,566</u>
EXCESS OF REVENUE AND		
RECEIPTS FOR THE YEAR	(4,590,562)	3,655,216
FUND BALANCE , beginning of the year	<u>51,727,438</u>	<u>48,072,222</u>
FUND BALANCE , end of the year	\$ 47,136,876	\$ 51,727,438

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

LINK CHARITY CANADA INC.

Statement of Cash Flows

June 30, 2020 with comparative figures for 2019

	2020	2019
OPERATING ACTIVITIES		
Excess (shortfall) of revenue and receipts		
- General Fund	\$ (220,925)	\$ 225,351
- Charitable Gift Fund	<u>(4,590,562)</u>	<u>3,655,216</u>
	(4,811,487)	3,880,567
Items not involving cash:		
Gain (loss) on disposal of Equity Capital Investments	323,161	(74,459)
Amortization	<u>-</u>	<u>432</u>
	<u>(4,488,326)</u>	<u>3,806,540</u>
Changes in non-cash working capital:		
Accounts receivable	(107,592)	(29,453)
Prepaid expenses	-	2,825
Condominium closing costs	(1,104,958)	-
Accounts payable and accrued charges	<u>(33,007)</u>	<u>43,158</u>
	<u>(1,245,557)</u>	<u>16,530</u>
	<u>(5,733,883)</u>	<u>3,823,070</u>
FINANCING ACTIVITIES		
Assumption of Equity Capital Loans	-	635,000
Proceeds on disposal of Equity Capital Investments	<u>2,038,001</u>	<u>205,650</u>
	<u>2,038,001</u>	<u>840,650</u>
INVESTING ACTIVITIES		
Purchase of investments and changes in Fair Market Value	3,888,224	(6,862,279)
Acquisition (Reduction) of Donor Directed Investments	(96,005)	461,345
Purchase of Equity Capital Investments	(2,647,583)	(380,099)
Changes in Fair Market Value of Equity Capital Investments	<u>-</u>	<u>3,013</u>
	<u>1,144,636</u>	<u>(6,778,020)</u>
INCREASE IN CASH	<u>(2,551,246)</u>	<u>(2,114,300)</u>
CASH AVAILABLE (BORROWINGS), beginning of the year	<u>(756,432)</u>	<u>1,357,868</u>
CASH AVAILABLE, end of the year	\$ (3,307,678)	\$ (756,432)
REPRESENTED BY:		
General Fund	\$ 275,250	\$ 809,566
Charitable Gift Fund	<u>(3,582,928)</u>	<u>(1,565,998)</u>
	\$ (3,307,678)	\$ (756,432)

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

LINK CHARITY CANADA INC.

Notes to Financial Statements

June 30, 2020 with comparative figures for 2019

1. ACCOUNTING POLICIES

Basis of Presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. These standards are in accordance with Canadian generally accepted accounting principles and include the following significant policies.

a) Fund Accounting

Link Charity Canada Inc. follows the restricted fund method of accounting for contributions.

The General Fund accounts for the organization's program delivery and administration activities and reports unrestricted resources.

The Charitable Gift Fund is a restricted fund and reports only restricted resources which are to be directed to qualified donees.

b) Capital Assets and Amortization

Capital assets are recorded at cost and are amortized on a declining balance basis at the rate of 30% per annum which is expected to write-off the assets over their useful lives.

c) Revenue Recognition

General Fund

Fees

Revenue from fees and services is recognized when the services are performed and collection is reasonably assured. Investment management fees are charged at the rate of ½% per annum on the assets under administration. The fee is charged monthly at the rate of 1/24th of the average monthly balance.

Investment

Investment income is recognized on the accrual basis for all investments that provide a stated rate of return and for which collection is reasonably assured. Other investment income is recorded as revenue when received. The organization also recognizes as revenue unrealized gains and losses, accrued monthly, for all investments for which market values are available.

LINK CHARITY CANADA INC.

Notes to Financial Statements

June 30, 2020 with comparative figures for 2019

1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Charitable Gift Fund

Contributions of cash and securities of the Charitable Gift Fund are recognized as revenue when received. Investment income of the fund is recognized on the accrual basis for all investments that provide a stated rate of return and for which collection is reasonably assured. Other investment income is recorded when received. Investment income also includes unrealized gains and losses, accrued monthly, for all investments for which market values are available and estimated unrealized gains on certain real estate investments.

d) Contributed Services

Significant activities and programs of the organization have been carried out by volunteers and member charities. Because of the difficulty of determining their fair value, these contributed services are not recognized in the financial statements.

e) Investments

Long term investments subject to market price fluctuations are stated at fair value being the published market prices quoted in active markets. Investments which are not traded in the open market and for which no secondary market exists are stated at the lower of cost or net realizable value, which, together with accrued interest, approximates fair value.

f) Measurement Uncertainty

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, liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses for the year. These estimates include the collectability of investment income receivable and the net realizable value of investments for which no quoted prices in active markets are available. They also include estimates of the net realizable value of non-performing loans secured by mortgages on property of the borrowers. Actual results could differ from these estimates.

g) Foreign Currency Translation

Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing at the balance sheet date. Income and expenses are translated at the approximate rates on the date of the transactions.

LINK CHARITY CANADA INC.

Notes to Financial Statements

June 30, 2020 with comparative figures for 2019

2. PURPOSE OF THE ORGANIZATION

Link Charity Canada Inc. is an organization established to educate in the principles of charitable giving and stewardship and to facilitate donors and donees in the distribution and receipt of gifts. Link Charity Canada Inc. is continuing under The Canada Not-for-profit Corporations Act as a non-share corporation and is a registered charitable organization under the Income Tax Act.

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

In accordance with established investment policy, the organization manages investment risk by maintaining a diversified portfolio. Management is responsible for monitoring performance and recommending investments, however, the Board of Directors is ultimately responsible for governance and strategic direction of the investment portfolio. The following sections describe the organization's financial risk exposures and related mitigation strategies.

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. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. One of the organization's investments is in a US entity and, as such, is exposed to foreign exchange fluctuations as is the income from this investment. The US investment is carried at acquisition cost of \$658,400 (\$500,000 US).

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The organization is exposed to interest rate risk on its fixed-rate investments. Fixed-rate investments subject the organization to a fair value risk as fair values fluctuate inversely to changes in market interest rates.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The organization is exposed to other price risk through its investments in listed shares and trust units for which the value fluctuates with the quoted market price.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The organization's main credit risks relate to its mortgage loans receivable, as well as its investment in bonds, debentures and securities. Credit risk is mitigated by proactive mortgage lending policies that include regular monitoring of the borrower's payment history and performance and obtaining sufficient security to protect the organization's investment.

LINK CHARITY CANADA INC.

Notes to Financial Statements

June 30, 2020 with comparative figures for 2019

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Cont'd)

Liquidity Risk - Contingent Liability

Liquidity risk is the risk that the organization will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk in respect of its long-term debt, accrued charges, charitable loans and annuities.

The organization has entered into Charitable Loan Agreements which provide depositors with a specific fixed or variable rate of interest and full repayment of the deposited principal sum.

Income from the organization's investment pool, including fluctuations in the market value of investments, is allocated on a monthly basis to participants in the Charitable Gift Fund. Due to possible short-term market value declines, income allocated to certain Charitable Loan Agreement Holders may be insufficient to meet the minimum interest payment requirements of the agreements and may result in temporary reductions of principal balances below the face value of these loans.

In the event that future market value increases and investment returns do not meet the minimum interest requirements of the Charitable Loan Agreements, the General Fund of the organization will be required to meet the unfunded portion of these obligations.

Certain Charitable Loan Agreements are payable on demand and if the holders require payment at a time when there is a shortfall between the loan balances and the contract amounts, the liquidity of the organization would be negatively affected. In order to mitigate this risk, the organization has obtained funding by way of Equity Capital Loans that have due dates beyond the balance sheet date.

As at June 30, 2020 the minimum repayment requirements of numerous charitable Loan Agreements for depositors exceeded their carrying values.

In order to mitigate the impact on the liquidity of the organization, approximately \$1,662,000 variable rate loans, which are due on demand, were converted to fixed rate term loans having due dates that extend beyond the year end date. The following is a summary of the due dates of the contingent liabilities as at June 30, 2020.

	2020	2019
On Demand	\$ 350,799	\$ 1,205
Fiscal year ending		
2021	441,064	-
2022	188,135	-
2023	327,789	-
2024	66,658	-
2025	243,940	-
	\$ 1,618,385	\$ 1,205



Andrew Weening

CHARTERED PROFESSIONAL ACCOUNTANT • CHARTERED ACCOUNTANT

LINK CHARITY CANADA INC.

Notes to Financial Statements

June 30, 2019 with comparative figures for 2018

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Cont'd)

Fair Value

The fair value of the organization's financial instruments is estimated based on the amount at which these instruments could be exchanged in a transaction between knowledgeable and willing parties.

The carrying value of financial instruments approximate their fair values unless otherwise noted.

Payments on charitable gift annuities are a combination of capital repayments and investment income earned. Any difference between the payments made and the income earned is added or deducted from the original annuity balance. Upon the death of an annuitant any remaining balance is payable to charitable organizations as designated by the annuitant.

Charitable loans are interest free, bear interest at a fixed rate of 3.0 or 3.5% or earn interest at the rate as established quarterly by the Board of Directors. As at June 30, 2020 the variable interest rate established by the Board was 1.75% reduced from 2.5% effective April 1, 2020. Investment income allocated to charitable loans in excess of these rates is payable to charities as directed by the lender. Interest free and variable rate loans are payable on demand.

4. TRUST FUNDS

Link Charity Canada Inc. receives, in trust, gifts of securities that are subject to certain sale conditions. The organization holds these securities until the sale conditions are met or altered by the donor at which time they are transferred to the charitable gift fund.

At the year end the organization held the following securities, carried at market value, in trust for individuals:

	2020	2019
Andrew Pellar Ltd.	\$ 7,040	\$ -
Aurcana Corporation	-	131
Bank of Nova Scotia	-	6,260
Bombardier Inc.	3,360	17,600
Canadian National Railway	3,603	6,060
Centurion Minerals Ltd.	23	37
CIBC	-	50,769
Klondike Silver Corp.	4,165	4,760
MacKenzie Canadian Growth Fund	2,039	-
Medicenna Therapeutic Corp.	64,284	-
Redishred Capital Corp.	4,000	-
	<u>\$ 88,514</u>	<u>\$ 85,617</u>



Andrew Weening

CHARTERED PROFESSIONAL ACCOUNTANT • CHARTERED ACCOUNTANT

LINK CHARITY CANADA INC.

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Notes to Financial Statements

June 30, 2020 with comparative figures for 2019

5. GENERAL FUND EQUITY CAPITAL INVESTMENTS

On June 1, 2020 all portfolio investments held in the General Fund were transferred to the Charitable Gift Fund for proceeds of \$1,870,569 to establish a deposit account and to participate in the earnings of the pooled investments. The carrying amount of the investment represents the initial deposit and earnings distributed by the Gift Fund to the year end date.

	<u>2020</u> <u>Cost</u>	<u>2019</u> <u>Cost</u>	<u>2019</u> <u>Market</u> <u>Value</u>
5.1 Charitable Gift Fund	\$ 1,898,685	\$ -	\$ -
5.2 Artis REIT, 9,700 units	-	130,659	112,811
5.3 Covenant Capital Management 13,883 units Covenant Mortgage Pool - F	-	140,153	137,213
5.4 Dream Global REIT, 9525 units	-	130,016	130,016
5.5 Brookstreet Mortgage Investment Corporation	-	100,000	100,000
5.6 Diversified Royalty Corp., 40,000 units	-	101,800	123,200
5.7 Espresso Income Fund, 9,898 units	-	100,000	99,990
5.8 H&R Real Estate Investment Trust, 4,800 units	-	100,234	109,632
5.9 Manulife Financial, 5,045 shares	-	120,071	120,071
5.10 Mint Income Fund, 24,028 units (2018-19,203)	-	140,270	149,454
5.11 Nutrien Ltd., 1,600 common shares	-	105,200	108,437
5.12 Romspen Mortgage Investment Fund (10,000 units)	-	100,000	100,000
5.13 \$100,000 Scotiabank Capital Trust, 5.65% Series 2006-1 Scotia BATS due December 31, 2056	-	94,750	126,680
5.14 TC Energy, 3,000 common shares	-	99,960	194,760
	<u>\$ 1,898,685</u>	<u>\$ 1,463,113</u>	<u>\$ 1,612,264</u>

6. EQUITY CAPITAL LOANS

Equity capital loans are unsecured, bear interest at the rate of 6% per annum, paid semi-annually, and are due June 30, 2024.



Andrew Weening

CHARTERED PROFESSIONAL ACCOUNTANT • CHARTERED ACCOUNTANT

LINK CHARITY CANADA INC.

Notes to Financial Statements

June 30, 2020 with comparative figures for 2019

7. ACCOUNTS RECEIVABLE

Accounts receivable consists of mortgage interest and other investment income receivable and is represented by the following:

	2020	2019
Mortgage and loan interest		
- Performing	\$ 79,584	\$ 9,015
- Non-performing	<u>4,511</u>	<u>15,511</u>
	84,095	24,526
Less: Allowance for uncollectable	<u>9,511</u>	<u>24,526</u>
	<u>74,584</u>	<u>-</u>
Other investment income		
Current	233,164	272,158
Long-term	<u>-</u>	<u>34,000</u>
	233,164	306,158
Less: Allowance for uncollectable	<u>6,000</u>	<u>14,872</u>
	<u>227,164</u>	<u>291,286</u>
	<u>301,748</u>	<u>291,286</u>
Long-term portion		
- other investment income	<u>-</u>	<u>34,000</u>
	<u>-</u>	<u>34,000</u>
Current	\$ 301,748	\$ 257,286

8. INVESTMENT POOL

Investments have been placed at the discretion of the organization's Board of Directors.



Andrew Weening

CHARTERED PROFESSIONAL ACCOUNTANT • CHARTERED ACCOUNTANT

LINK CHARITY CANADA INC.

Notes to Financial Statements

June 30, 2020 with comparative figures for 2019

9. MORTGAGES

Details of the organization's mortgage investments are as follows:

	2020	2019
9.1 Mortgages Receivable		
9.1.1 8.0%, due March 2023, Stouffville, ON	\$ 800,000	\$ -
9.1.2 8.0%, due August 2022, Mississauga, ON	732,000	-
9.1.3 7.5%, due December 2020, Vernon, BC	600,000	600,000
9.1.4 8.0%, due December 2020, Hamilton, ON	562,500	562,500
9.1.5 8.0%, due December 2020, Toronto, ON	495,000	495,000
9.1.6 8.0%, due on demand, Arthur, ON	442,000	442,000
9.1.7 8.0%, due August 2022, Toronto, ON	430,000	-
9.1.8 8.0%, due January 2021, Brampton, ON	401,000	411,000
9.1.9 7.5%, due February 2022, North York, ON	390,000	390,000
9.1.10 8.0%, due August 2022, Brampton, ON	325,000	-
9.1.11 8.0%, due July 2023, Montreal, PQ	323,000	323,000
9.1.12 8.0%, due September 2023, Pickering, ON	300,000	300,000
9.1.13 8.0%, due February 2023, Goodwood, ON	300,000	-
9.1.14 8.0%, due March 2022, Toronto, ON	250,000	-
9.1.15 8.0%, due September 2024, Toronto, ON	204,000	214,000
9.1.16 7.0%, due May 2022, Montreal, PQ	200,000	200,000
9.1.17 8.0%, due January 2022, Montreal, PQ	157,700	157,700
9.1.18 2.9% (effectively), due June 2019, Sauble Beach, ON	143,017	154,603
9.1.19 8.0%, due August 2020, ON (Pickering)	130,000	-
9.1.20 8.0%, due August 2020, Lindsay, ON	45,000	45,000
9.1.21 8.0%, due September 2020, Laval, PQ	3,412	17,221
9.1.22 8.0%, due December 2019, Mississauga, ON	-	580,000
9.1.23 8.0%, due August 2023, Oshawa, ON	-	476,000
9.1.24 8.0%, due August 2021, Hamilton, ON	-	375,000
9.1.25 8.0%, due October 2023, Vaughan, ON	-	200,000
9.1.26 8.0%, due October 2023, Brighton, ON	-	100,000
	<u>7,233,629</u>	<u>6,043,024</u>
9.2 Non-Performing Loans		
7.5%, due December 2010, Innisfil, ON	579,053	579,053
9.0%, due July 2012, Innisfil, ON	254,293	254,293
Provision for decline in net realizable value	<u>(278,836)</u>	<u>(263,836)</u>
	<u>554,510</u>	<u>569,510</u>
	\$ 7,788,139	\$ 6,612,534

Certain of the organization's mortgage loans are in default and have been designated as non-performing. Accrued income, carrying costs and expenses incurred to maintain the organization's secured position and enhance the marketability of the properties have been consolidated in the balances of non-performing loans. These loans are substantially in arrears and the organization continues to investigate strategies that will allow for the full recovery, net of provisions for losses, of the investment in each of the properties that secure these loans. Management is confident that the organization will recover the outstanding amounts, net of these provisions, from the sale of the properties or by other means.

LINK CHARITY CANADA INC.

Notes to Financial Statements

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10. NOTES, DEBENTURES AND LOANS

	2020			2019		
	<u>Cost</u>	<u>Market Value</u>	<u>Unrealized Gain (Loss)</u>	<u>Cost</u>	<u>Market Value</u>	<u>Unrealized Gain (Loss)</u>
10.1 Notes and Debentures						
10.1.1 York Region Christian Senior Homes Inc. 6% Promissory note, due December 24, 2024	\$ 500,000	\$ 500,000	\$ -	\$ -	\$ -	\$ -
10.1.2 \$500,000 CIBC Capital Trust 10.25% Tier 1 Notes, due June 30, 2108 callable 2039	537,025	556,940	19,915	537,025	628,000	90,975
10.1.3 \$100,000 Scotiabank Capital Trust, Scotia BATS II Series 2006-1, 5.65%, due December 31, 2056	118,132	119,868	1,736	-	-	-
10.1.4 \$200,000 First Capital Realty Inc. 5.48% Series L Senior unsecured debentures, due July 30, 2019	-	-	-	200,186	200,524	338
10.1.5 BNS Callable Contingent Coupon Linked MFL, 4,000 units due November 16, 2023	-	-	-	400,000	408,320	8,320
	<u>1,155,157</u>	<u>1,176,808</u>	<u>21,651</u>	<u>1,137,211</u>	<u>1,236,844</u>	<u>99,633</u>
10.2 Loans Receivable						
10.2.1 Loans Receivable, 8%, secured by life insurances	<u>3,791,321</u>	<u>3,791,321</u>	<u>-</u>	<u>2,380,625</u>	<u>2,680,625</u>	<u>-</u>
	\$4,946,478	\$4,968,129	\$ 21,651	\$3,817,836	\$3,917,469	\$ 99,633



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Notes to Financial Statements

June 30, 2020 with comparative figures for 2019

11. EQUITIES

	Units/Shares	2020			2019		
		Cost	Market Value	Unrealized Gain (Loss)	Cost	Market Value	Unrealized Gain (Loss)
11.1 Equities							
11.1.1 Alaris Royalty Corp. (2019 - 21,500)		\$ -	\$ -	\$ -	\$ 400,559	\$ 404,415	\$ 3,856
11.1.2 Altagas Ltd.	38,100	663,650	596,265	(67,385)	663,649	754,761	91,112
11.1.3 Arc Resources Ltd.	50,000	402,250	228,000	(174,250)	-	-	-
11.1.4 Atlantic Power Corporation, New (2019 - 73,700)	60,000	462,891	164,400	(298,491)	568,585	232,892	(335,693)
11.1.5 Atrium Mortgage Investment Corp.	35,000	437,635	391,650	(45,985)	437,635	467,250	29,615
11.1.6 Bank of Nova Scotia (2019 - 9,000)	12,000	684,955	674,160	(10,795)	510,240	633,060	122,820
11.1.7 Baytex Energy	50,000	724,360	34,500	(689,860)	724,360	101,500	(622,860)
11.1.8 BCE Inc., New	7,979	471,676	451,771	(19,905)	471,676	475,389	3,713
11.1.9 Black Diamond Group Ltd.	50,000	111,510	77,000	(34,510)	111,510	102,500	(9,010)
11.1.10 Bombardier Inc. Class B (2019 - 780,000)	1,560,000	2,469,700	655,200	(1,814,500)	1,927,041	1,716,000	(211,041)
11.1.11 Canadian Natural Resources Ltd.	14,000	515,030	329,700	(185,330)	515,030	494,340	(20,690)
11.1.12 Canwell Building Materials Group Ltd.	60,000	406,423	265,800	(140,623)	406,423	291,000	(115,423)
11.1.13 Capital Power Corp.	10,000	272,010	279,800	7,790	272,010	301,500	29,490
11.1.14 Cardinal Energy	135,000	497,510	71,550	(425,960)	497,510	324,000	(173,510)
11.1.15 Chesswood Group Limited	40,000	425,192	158,400	(266,792)	425,192	402,000	(23,192)
11.1.16 Chorus Aviation Inc.	64,750	467,450	192,955	(274,495)	467,450	499,870	32,420
11.1.17 CIBC (2019 - 5,325)	7,325	703,561	664,671	(38,890)	516,551	548,369	31,818
11.1.18 Crescent Point Energy Corp.	150,500	1,329,346	331,100	(998,246)	1,329,346	651,665	(677,681)
11.1.19 Dividend 15 Split Corp. Class A	9,700	101,565	53,350	(48,215)	101,565	84,002	(17,563)
11.1.20 Enbridge Inc.	11,245	261,532	464,194	202,662	261,532	531,889	270,357
11.1.21 Enbridge Inc., Cumulative Preferred, Series N (2019 - 20,000)	40,000	636,920	532,800	(104,120)	302,500	351,400	48,900
11.1.22 Enbridge Inc., Cumulative Preferred, Series C	7,400	72,890	77,700	4,810	-	-	-
11.1.23 Exchange Income Corporation	15,000	496,521	401,250	(95,271)	496,521	573,000	76,479
		<u>12,614,577</u>	<u>7,096,216</u>	<u>5,618,361</u>	<u>11,406,885</u>	<u>9,940,802</u>	<u>1,466,083</u>

LINK CHARITY CANADA INC.

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11. EQUITIES (Cont'd)

	Units/Shares	2020			2019		
		Cost	Market Value	Unrealized Gain (Loss)	Cost	Market Value	Unrealized Gain (Loss)
Balance Forward		12,614,577	7,096,216	5,618,361	11,406,885	9,940,802	1,466,083
11.1.24 Fierra Capital Corp.	30,000 (2019 - 40,000)	361,967	285,000	(76,967)	482,622	451,200	(31,422)
11.1.25 Financial 15 Split Corp. Class A	24,000 (2019 - 10,000)	204,720	95,520	(109,200)	102,510	71,600	(30,910)
11.1.26 Firm Capital Mortgage Investment Corporation	42,200 (2019 - 35,000)	501,940	475,172	(26,768)	419,500	473,550	54,050
11.1.27 Gibson Energy Inc.	20,990	364,442	443,519	79,077	364,442	490,116	125,674
11.1.28 Granite Oil Corp.	- (2019 - 163,800)	-	-	-	385,845	119,574	(266,271)
11.1.29 Great West Lifeco Inc.	15,000	303,050	357,000	53,950	303,050	452,250	149,200
11.1.30 Home Capital Group	-	-	-	-	-	-	-
11.1.31 IGM Financial Inc.	5,000 (2019 - 15,400)	182,234	164,950	(17,284)	561,280	575,806	14,526
11.1.32 Inter Pipeline	25,100 (2019 - 20,000)	569,414	317,264	(252,150)	505,102	407,400	(97,702)
11.1.33 Laurentian Bank	- (2019 - 11,500)	-	-	-	539,746	517,270	(22,476)
11.1.34 Manulife Financial Corp.	30,000 (2019 - 24,955)	425,937	554,100	128,163	339,668	593,929	254,261
11.1.35 Medical Facilities Corp.	50,000 (2019 - 25,000)	468,811	217,000	(251,811)	380,140	309,750	(70,390)
11.1.36 National Bank of Canada	50,000	212,820	307,600	94,780	212,820	311,050	98,230
11.1.37 Nutrien Ltd.	9,080 (2019 - 7,532)	562,261	396,070	(166,191)	489,505	527,617	38,112
11.1.38 Olympia Financial Group	10,200	282,066	390,150	108,084	282,066	525,912	243,846
11.1.39 Pembina Pipeline Corp.	11,017	324,355	373,917	49,562	324,355	537,079	212,724
11.1.40 Philip Hagar North Dividend Income Fund	2,487 (2019 - 2,361)	172,884	234,053	61,169	159,640	256,300	96,660
11.1.41 Power Financial Corporation 5.75%, non-cumulative First Preferred	70,000 (2019 - 17,000)	-	-	-	393,266	433,500	40,234
11.1.42 Rifco Inc.	70,000	159,862	49,000	(110,862)	159,862	59,500	(100,362)
11.1.43 Stuart Olson Inc.	37,000	201,933	33,670	(168,263)	201,933	125,430	(76,503)
11.1.44 Sunlife Financial Inc.	9,985	301,317	498,152	196,835	301,317	541,487	240,170
11.1.45 Suncor Energy	12,000	423,100	274,680	(148,420)	423,100	490,200	67,100
11.1.46 TC Energy Corp.	8,000 (2019 - 5,000)	405,579	464,000	58,421	219,429	324,600	105,171
11.1.47 Toronto Dominion Bank	14,000	860,615	848,260	(12,355)	-	-	-
11.1.48 Transalta Renewables Inc.	30,000	388,863	437,700	48,837	388,863	415,500	26,637
		\$ 20,292,747	\$ 14,312,993	\$ (5,979,754)	\$ 19,346,946	\$ 18,951,422	\$ (395,524)



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Notes to Financial Statements

June 30, 2020 with comparative figures for 2019

12. INCOME TRUSTS

	2020				2019		
	Units/Shares	Cost	Market Value	Unrealized Gain (Loss)	Cost	Market Value	Unrealized Gain (Loss)
12.1 Advantaged Canadian High Yield Bond Fund (2019 - 50,000)	-	-	-	-	486,200	372,000	(114,200)
12.2 AGF Tactical Income Fund Series Q	23,454	208,105	238,829	30,724	-	-	-
12.3 AGF Tactical Income Fund (2019 - 24,844)	-	-	-	-	345,465	249,985	(95,480)
12.4 Boston Pizza Royalties Inc.	31,800	552,574	250,902	(301,672)	552,574	553,638	1,064
12.5 Brookfield Global Infrastructure SEC Inc. (2019 - 65,000)	97,000	673,752	598,490	(75,262)	421,585	434,850	13,265
12.6 Canoe EIT Income Fund	33,333	512,874	285,664	(227,210)	512,874	369,330	(143,544)
12.7 Chemtrade Logistics Income Fund (2019 - 18,100)	58,100	616,904	316,064	(300,840)	616,904	544,397	(72,507)
12.8 Crius Energy Trust (2019 - 80,000)	-	-	-	-	633,130	685,600	52,470
12.9 Diversified Royalty Corp.	40,000	70,000	74,000	4,000	-	-	-
12.10 Dynamic Strategic Yield Fund	22,494	322,594	303,889	(18,705)	307,567	307,044	(523)
12.11 Espresso Income Fund (2019 - 59,388)	69,281	700,032	700,227	195	600,000	599,939	(61)
12.12 Keg Royalties Income Fund	28,600	500,584	270,556	(230,028)	500,584	491,634	(8,950)
12.13 Mackenzie Canadian Large Cap Dividend (Merged) (2019 - 29,314)	30,473	236,222	278,222	42,000	224,030	309,173	85,143
12.14 Mint Income Fund (2019 - 107,467)	131,495	886,621	670,624	(215,997)	760,474	668,445	(92,029)
12.15 Pizza Pizza Royalty Corp.	61,800	582,918	515,412	(67,506)	487,554	509,490	21,936
12.16 Purpose Multi-Asset Income Fund	17,257	478,010	281,289	(196,721)	478,010	333,578	(144,432)
12.17 Purpose Multi-Asset Income Fund X (2019 - 16,219)	16,385	192,331	139,331	(53,203)	190,933	160,952	(29,981)
12.18 Superior Plus Corp. (2019 - 44,500)	54,100	617,668	601,592	(16,076)	526,948	594,520	67,572
12.19 Tier One Capital LP	94,800	499,596	388,680	(110,916)	499,596	417,120	(82,476)
12.20 Turtle Creek Equity Fund Income Fund	44,500	526,948	594,520	67,572	526,948	565,595	38,647
12.21 Tier One Capital LP	94,800	499,596	417,120	(82,476)	499,596	483,480	(16,116)
12.22 Turtle Creek Equity Fund	10,345	400,000	458,606	58,606	400,000	532,321	132,321
		\$ 8,050,785	\$ 6,372,174	\$(1,678,611)	\$ 8,544,428	\$ 8,134,016	\$ 410,412

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June 30, 2020 with comparative figures for 2019

13. REAL ESTATE INVESTMENT TRUSTS

	Units/Shares	Cost	2020		2019		Unrealized Gain (Loss)
			Market Value	Unrealized Gain (Loss)	Cost	Market Value	
13.1 American Hotel Income Properties	84,000 (2019 - 57,300)	\$ 598,939	\$ 228,453	\$ (370,486)	\$ 402,912	\$ 383,910	\$ (19,002)
13.2 Artis	80,700 (2019 - 71,000)	954,771	609,285	(345,486)	880,847	825,730	(55,117)
13.3 Choice Properties	26,200	300,776	333,788	33,012	300,776	358,416	57,640
13.4 Cominar	36,500	528,120	298,570	(229,500)	528,120	456,615	(71,505)
13.5 Dream Global	- (2019 - 46,175)	-	-	-	431,446	630,289	198,843
13.6 Dream Industrial	60,800	509,663	649,344	139,681	509,663	717,440	207,777
13.7 Dream Office	2,259	66,776	46,355	(20,421)	66,776	53,403	(13,373)
13.8 H&R	68,300 (2019 - 20,800)	841,491	666,608	(174,883)	391,138	475,072	83,934
13.9 Morguard	54,000	711,880	278,100	(433,780)	711,880	656,100	(55,780)
13.10 Northview Apartment	22,000	396,758	765,160	368,402	396,758	591,800	195,042
13.11 Pulis Industrial	1,755	200,070	200,070	-	200,070	200,070	-
13.12 Pure Multi Family	- (2019 - 71,200)	-	-	-	415,942	690,640	274,698
13.13 Riocan	21,100	500,589	324,096	(176,493)	500,589	548,389	47,800
13.14 Slate Office	84,000 (2019 - 60,000)	719,292	307,440	(411,852)	518,345	352,200	(166,145)
13.15 Summit Industrial ICS	28,100	202,292	321,745	119,453	202,292	361,928	159,636
13.16 True North Commercial	98,000 (2019 - 65,000)	680,363	544,880	(135,483)	429,556	429,650	94
		\$ 7,211,780	\$ 5,573,894	\$(1,637,886)	\$ 6,887,110	\$ 7,731,652	\$ 844,542

14. DISPOSITIONS OF INVESTMENTS

The following is a summary of the organization's Charitable Gift Fund dispositions. Certain of these dispositions were forced sales due to mergers of funds.

	Proceeds	Cost	Realized Gain (Loss)
Discretionary Dispositions and Maturing Investments			
Alaris Royalty Corp., 21,500 units	\$ 261,699	\$ 400,559	\$ (138,860)
Atlantic Power Corporation, 13,700 shares	45,337	105,693	(60,356)
Bombardier Inc., 300,000 shares	162,980	555,514	(392,534)
Fiera Capital Corp., 10,000 shares	95,690	120,656	(24,966)
IGM Financial Inc., 10,400 shares	358,112	379,046	(20,934)
Laurentian Bank, 11,500 shares	359,411	539,746	(180,335)
Power Financial Corporation, 17,000 shares	413,950	393,266	20,684
Slate Office REIT, 10,000 units	39,486	76,520	(37,034)
	<u>1,736,665</u>	<u>2,571,000</u>	<u>(834,335)</u>
Involuntary Dispositions			
Advantage Canadian High Yield Bond Fund, 50,000 units	367,490	486,200	(118,710)
AGF Tactical Income Fund, 25,732 units	208,105	354,684	(146,579)
Crius Energy Trust, 80,000 units	704,000	633,130	70,870
Dream Global REIT, 46,175 units	775,278	431,446	343,832
Granite Oil Corp. 163,800 shares	155,610	385,846	(230,236)
Pure Multi Family REIT, 71,200 units	715,489	415,942	299,547
	<u>2,925,972</u>	<u>2,707,248</u>	<u>218,724</u>
	\$ 4,662,637	\$ 5,278,248	\$ (615,611)



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15. ALTERNATIVE INVESTMENTS

Alternative investments are carried at cost except for those investments for which the issuer provides an estimated fair market value and consist of the following:

	2020	2019
15.1.1 Romspen Mortgage Investment Fund, at cost	\$ 3,250,000	\$ 1,900,000
15.1.2 Brookstreet Mortgage Investment Corporation 565,546 shares (2019 - 465,546)	630,453	489,951
15.1.3 Trez Capital Yield Trust, 50,000 units	500,000	500,000
15.1.4 Fortier Industrial Limited Partnership	140,000	140,000
15.1.5 Romspen US Real Estate (Sturbridge) Limited Partnership Cost - \$500,000 US	658,400	658,400
15.1.6 Bloom Burton Healthcare RSTUT, at market value 93,880 units	1,152,846	1,238,014
15.1.7 Capstone Mortgage Pool - F 69,419 units (2019 - 55,536)	388,982	548,853
15.1.8 Capstone Non-Traditional Equity, 62,780 units	694,482	693,032
15.1.9 Capstone Private High Income, 56,628 units	594,663	-
15.1.10 Vista Heights Ltd. Partnership	540,000	540,000
15.1.11 Westphalia Development Corp., 708,285 common shares	336,577	336,577
15.1.12 New Horizons Condominium Units	<u>1,700,000</u>	<u>1,344,148</u>
	10,886,403	8,388,975
15.2 Provision for decline in value	<u>83,888</u>	<u>30,000</u>
	\$ 10,802,515	\$ 8,358,975

Certain of the alternative investments are not traded on any exchange or market and are available only to accredited investors that meet specific criteria including minimum purchase and asset requirements.

The New Horizons Condominium units have a cost of \$1,325,210 and are carried at their estimated net realizable value.

LINK CHARITY CANADA INC.

Notes to Financial Statements

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16. DONOR DIRECTED INVESTMENTS

These investments consist of the following:

	2020	2019
16.1 Marketable securities, at market values		
16.1.1 Home Capital Group Inc.	\$ 100,900	\$ -
16.1.2 Encana Corp.	<u>-</u>	<u>6,518</u>
	<u>100,900</u>	<u>6,518</u>
16.2 Other, at cost		
16.2.1 Artwork	3,000	3,000
16.2.2 Mortgage assignment	300,000	300,000
16.2.3 Life insurance	<u>137,644</u>	<u>136,021</u>
	<u>440,644</u>	<u>439,021</u>
	\$ 541,544	\$ 445,539

17. INVESTMENT INCOME (LOSS)

The following is a summary of investment income derived from the various investment vehicles of the Charitable Gift Fund.

	2020	2019
Interest, Dividends and Other Distributions		
Mortgages	\$ 607,985	\$ 567,893
Notes, Debentures and Loans	409,885	302,892
Income Trusts, Mutual Funds and Equities	<u>2,332,216</u>	<u>2,326,230</u>
	<u>3,350,086</u>	<u>3,197,015</u>
Realized Gains (Losses) on Disposition of Investments	(615,611)	733,948
Unrealized Gains (Losses)	(9,094,272)	(1,193,446)
Provision for Uncollectable Investments and Income	<u>(45,000)</u>	<u>(90,000)</u>
	<u>(9,754,883)</u>	<u>(549,498)</u>
Investment Income (Loss) Before Related Expenses	(6,404,797)	2,647,517
Commissions and Other Investment Expenses	<u>106,548</u>	<u>-</u>
	\$ (6,511,345)	\$ 2,647,517

LINK CHARITY CANADA INC.

Notes to Financial Statements

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18. CHARITABLE GIFTS

During the year the organization distributed charitable gifts from the following sources:

	2020	2019
Donated cash and securities	\$ 16,228,022	\$ 8,913,161
Gift annuities	715,023	3,056,503
Charitable loans surplus	<u>532,458</u>	<u>271,053</u>
	\$ 17,475,503	\$ 12,240,717

19. BORROWING FACILITY

The organization has established borrowing facilities by way of several broker margin accounts for the purchase of investments. Borrowings bear interest at a rate that is based on the prime rate plus varying percentages depending on the brokerage. These borrowings are secured by investments held at the respective brokerages.

20. RELATED PARTY TRANSACTION

Related party transactions have been recorded in the accounts at the exchange amount which is the amount of consideration paid or received as established and agreed to by the related parties.

Charitable Gift Annuities, Donor Advised Gifts, Charitable Loans, Term Deposits, Mortgage Loans and Equity Capital Loans

Link Charity Canada Inc. receives deposits from individuals and other organizations in the form of charitable gift annuities, donor advised gifts and loans. As at June 30, 2020 the organization had on deposit funds received from member charities, staff, Board members and individuals related to them. In addition, the organization has extended loans to certain of its member organizations.

21. CHARITABLE GIFT ANNUITIES AND ACTUARIAL VALUATION

In accordance with the requirements of the Canadian Charitable Annuity Association, of which Link Charity Canada Inc. is a member in good standing, the organization obtains tri-annual valuations of the Charitable Gift Annuity Fund.

Eckler Ltd., independent consultants and actuaries, prepared a report on the actuarial liabilities of the gift annuities as of June 30, 2019 and determined that the obligations of annuity agreements amounted to \$20,633,300. Gift annuity asset values exceeded these obligations by approximately \$58,000 at that time.

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22. CONTRACTUAL OBLIGATION

The organization entered into a lease agreement which expired December 31, 2013. Upon expiry, no new term was established but the current monthly rental rate has been set at \$1,104 plus applicable taxes.

23. COVID-19

As a result of the COVID-19 pandemic, there has been a general economic decline which has had a significant negative valuation impact on the Organization's investment portfolio.

The duration and long-term impact of the COVID-19 outbreak is unknown and it is not possible to reliably estimate its length and severity, including the impact on the financial results of the Organization in future periods.