AUDITED FINANCIAL STATEMENTS OF

THE YOUSSEF-WARREN FOUNDATION

YEAR ENDED OCTOBER 31, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Directors of The Youssef-Warren Foundation

Opinion

I have audited the financial statements of The Youssef-Warren Foundation, which comprise the statement of resources as at October 31, 2020, the statement of operations and changes in resources, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Youssef-Warren Foundation as at October 31, 2020 and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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 auditor's report.

I am independent of The Youssef-Warren Foundation 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 the financial statement in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing The Youssef-Warren Foundation'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 Youssef-Warren Foundation or to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing The Youssef-Warren Foundation'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 our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Youssef-Warren Foundation'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, we are required to draw your 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 Youssef-Warren Foundation 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.

Craig & Company

Craig & Company
Chartered Accountant
Licensed Public Accountant

Toronto, Ontario
April 12, 2021

THE YOUSSEF-WARREN FOUNDATION
STATEMENT OF RESOURCES
YEAR ENDED OCTOBER 31, 2020

		2020		2019
ASSETS				
Current				
Cash	$	17,374	$	25,338
Harmonized sales tax rebate		2,687		2,623
Short term investments (notes 1,3)		1,200,974		1,867,636
		1,221,035		1,895,597
Long Term				
Long term investments (notes 1,3,4)		2,000,000		2,000,000
Total Assets		**3,221,035**		**3,895,597**
LIABILITIES and RESOURCES				
Current				
Accounts payable and accrued liabilities		8,141		5,086
Net Assets	**$**	**3,212,894**	**$**	**3,890,511**
RESOURCES				
Unrestricted	$	1,212,894	$	1,890,511
Restricted (note 4)		2,000,000		2,000,000
Total Resources	**$**	**3,212,894**	**$**	**3,890,511**

The accompanying notes 1 to 8 are an integral part of these financial statements.

On behalf of the Board:

Director ______________________ Director ____________________

THE YOUSSEF-WARREN FOUNDATION
STATEMENT OF OPERATIONS AND CHANGES IN RESOURCES
YEAR ENDED OCTOBER 31, 2020

	2020	2019
Unrestricted:		
Revenue		
Investment income (note 3)	$ 165,421	$ 223,587
Unrealized foreign exchange gain (loss)	2,790	7,236
Unrealized gain (loss) in fair value of investments	(554,861)	232,087
Donations of securities in kind	-	-
	(386,650)	462,910
Charitable Expenditures		
Arts	48,500	53,500
Conservation	136,000	95,430
Health	21,000	38,000
Other	800	800
Share of salaries and consulting fees (note 1)	26,453	24,823
	232,753	212,553
Administrative Expenditures		
Accounting fees	3,196	3,222
Advertising	-	320
Consulting fees	22,547	22,829
Office and administration	605	621
Salaries and benefits (note 1)	31,866	8,274
	58,214	35,266
Increase (decrease) in unrestricted resources	(677,617)	215,091
Unrestricted Resources, beginning of year	1,890,511	1,675,420
Unrestricted Resources, end of year	$ 1,212,894	$ 1,890,511
Restricted Resources:		
Restricted Resources, beginning of year	$ 2,000,000	$ 2,000,000
Endowments	-	-
Restricted Resources, end of year	$ 2,000,000	$ 2,000,000

The accompanying notes 1 to 8 are an integral part of these financial statements.

THE YOUSSEF-WARREN FOUNDATION
STATEMENT OF CASH FLOWS
YEAR ENDED OCTOBER 31, 2020

	2020	2019
Operating Activities		
Increase (decrease) in unrestricted resources from operations	**$ (677,617)**	**$ 215,091**
Net change in other assets and liabilities		
Unrealized foreign exchange (gain) loss	(2,790)	(4,876)
Unrealized (gains) losses on investments	554,861	(232,087)
Realized (gain) loss on sale of securities	(32,637)	(69,830)
Harmonized sales tax rebate	(64)	(2,294)
Accounts payable and accrued liabilities	3,055	(398)
Cash from operations	**(155,192)**	**(94,394)**
Financing Activities		
Endowment contributions received	-	-
Investing Activities		
Proceeds from sale or redemption of securities	242,549	376,353
Net securities purchased	(98,111)	(292,330)
	144,438	**84,023**
Change in cash during the year	(10,754)	(10,371)
Cash, beginning of year	25,338	30,833
Effects of currency translation on cash and cash equivalents	2,790	4,876
Cash, end of year	**$ 17,374**	**$ 25,338**

Cash consists of non-interest bearing deposits.

The accompanying notes 1 to 8 are an integral part of these financial statements.

Nature of the organization:

The Youssef-Warren Foundation was incorporated without share capital under Part II of the Canada Corporations Act by letters patent as a charitable corporation on December 3,1997. The organization was continued under section 211 of the Canada Not-for-profit Corporations Act on September 24, 2014. The charity is classified as a private charitable foundation under the Income Tax Act and accordingly is not liable for income taxes.

Among the Foundation's objects are the promotion of education, medical and scientific research, aesthetic arts, advancement of health, relief of poverty, provision of scholarships, and the protection of the natural environment, particularly wildlife. These objectives are achieved through donations to qualified charities.

1. Significant Accounting Policies:

(a) Basis of Presentation:

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Outlined below are those policies considered particularly significant by the organization.

(b) Revenue and Expenditure Recognition:

The Foundation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is assured. Endowment contributions are recognized as direct increases in net assets.

Donation income is recognized on a cash basis, with no accrual being made for amounts pledged but not received. Donations received in kind are recorded at fair market value, determined at the date the donation is made.

Investment income comprises interest from cash and fixed income investments as well as dividends, distributions and realized gains and losses on the sale of investments, less transaction costs. Investment income also includes unrealized appreciation and depreciation in the fair value of the investment portfolio based on quoted market values. Revenue is recognized on an accrual basis as earned. Security purchases and sales are recorded based on the settlement date.
Interest on fixed income investments is recognized over the terms of these investments using the effective interest rate method.

1. Significant Accounting Policies (continued):

(b) Revenue and Expenditure Recognition (continued):

Expenditures are recorded on an accrual basis as incurred. Payments to qualified charities for charitable purposes are charged to the statement of operations in the year they are paid or formally committed to. Salary and benefits are allocated between administrative and charitable functions based on the relative amount of time spent on each activity.

(c) Financial Instruments:

Measurement of Financial Instruments

The organization initially measures its financial assets and liabilities at fair value adjusted by in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The organization subsequently measures all of its financial assets and financial liabilities at amortized cost except for investments in equity, mutual funds, and fixed income securities that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of operations in the period incurred. Monetary and non-monetary related party transactions arising in the normal course of business and having commercial substance are recorded at their exchange value.

Financial instruments measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Impairment

At the end of each reporting period, the Foundation assesses whether there are any indications that a financial asset measured at amortized cost may be impaired. Objective evidence of impairment includes observable data that comes to the attention of the organization, including but not limited to the following events: significant financial difficulty of the issuer; a breach of contract, such as a default or delinquency in interest or principal payments; bankruptcy; or other financial reorganization proceedings.

Where there is an indication of impairment, the organization determines whether a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset.

1. Significant Accounting Policies (continued):

Impairment (continued)

When it is determined that a significant adverse change has occurred, the carrying value of the asset is reduced to the highest of the following:

(i) the present value of the cash flows expected to be generated by holding the asset, discounted using a current market rate of interest appropriate to the asset;
(ii) the amount that could be realized by selling the asset at the reporting date;
(iii) the amount that could be realized by exercising its rights to any collateral held net of all cost necessary to exercise those rights.

The carrying amount is reduced directly or through the use of an allowance account. The amount of the reduction is recognized as an impairment loss in the statement of operations.

When the extent of impairment of a previously written down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reduced to the extent of the improvement, either directly or by adjusting the allowance account. The amount of the reversal is recognized in the statement of operations in the period the reversal occurs.

(d) Donated Goods and Services:

The value of donated goods and services is recorded as revenue and an expense in the statement of financial activities - operations when the fair value can be reasonably estimated and when the goods and services are normally purchased and would be paid for if not donated.

The work of the Foundation is largely dependent upon the voluntary services of its directors and other contributors. The value of these services is not recorded in these financial statements. The foundation pays no rent or facilities charges.

(e) 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 effect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

(f) Capital Assets:

The organization expenses capital assets directly upon purchase. Spending during the year was $ Nil, (2019 - $Nil).

2. Financial Instruments and Risk Management:

Risk Management Policy:

The organization is exposed to various risks through its financial instruments. Risks that have the potential to impact operating and financial performance are monitored by the Board of Directors. The Foundation does not enter into any derivative financial instrument arrangements for hedging or speculative purposes. There have been no significant changes to the organization's risk exposures during the year.

Credit Risk

The organization is exposed to credit risk resulting from the possibility that parties may default on their financial obligations, or if there is a concentration of transactions carried out with the same party, or if there is a concentration of financial obligations which have similar economic characteristics that could be similarly effected by changes in economic conditions, such that the organization could incur a financial loss. The Foundation does not hold directly any collateral as security for the financial obligations of counter parties. The organization is exposed to credit risk on its cash and fixed income investment portfolio. Credit risk is minimized substantially by ensuring that these assets are invested in financial obligations of governments, major financial institutions and corporations that have been accorded investment grade ratings by a primary rating agency, and or other credit worthy parties. Deposit insurance also mitigates risk. Management and the Board monitor the investment portfolio on an on-going basis.

Management believes concentrations of credit risk with respect to investments is limited due to the credit quality of the security. The fixed income portfolio consists of 100% government bonds (2019 - 100%) based on fair values. No provision for credit losses was required.

Liquidity Risk

Liquidity risk is the risk that the Foundation cannot meet a demand for cash or fund its obligations as they become due. Liquidity risk is managed by investing in securities which are actively traded and can be readily liquidated. Accounts payable and accrued liabilities are also susceptible to liquidity risk.

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 is comprised of currency risk, interest rate risk and other price risk.

2. Financial Instruments and Risk Management (continued):

Risk Management Policy (continued):

Currency Risk

Currency risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate relative to the Canadian dollar due to changes in foreign exchange rates. The Foundation's portfolio is composed of assets valued in US dollars which comprise 9.3% (2019 - 7.7 %) of the total fair value. Currency risk is considered low.

Interest Rate Risk

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates.

The exposure of the Foundation to interest rate risk arises from its interest bearing assets such as bonds and interest bearing deposits. The Foundation manages its exposure by maximizing the interest income earned on excess funds while maintaining the liquidity necessary to conduct operations on a day-to-day basis. The primary objective of the Foundation with respect to its fixed income investments is to ensure the security of principal amounts invested, provide a high degree of liquidity, and achieve a satisfactory investment return.

Interest rate risk is managed by, among other things, maintaining a highly liquid portfolio which can be redeployed quickly to take advantage of changing interest rate environments. The range of maturities contained in the portfolio reduces the overall sensitivity to interest rate changes.

Other Price Risk

Other price risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate because of changes in market prices (other than those arising from currency or interest rate risks), whether those changes are caused by factors specific to the individual instrument or its issuer, or factors effecting all similar instruments traded in the market.

The Foundation is exposed to other price risk because of its investment in equity and fixed income securities. Fixed income securities make up 22% of the total fair value of the portfolio (2019 - 22%). Risk and volatility of investment returns are mitigated through diversification of investments in different business sectors and corporations.

3. Investments:

The components of the investment portfolio are as set out below:

	2020 Amortized Cost	2020 Quoted Market Value	2019 Amortized Cost	2019 Quoted Market Value
Current				
Measured at amortized cost				
Cash -measured at amortized cost	$ 4,312	$ 4,312	$ 6,940	$ 6,940
Measured at Fair Value				
Canadian fixed income- due within 1 year	-	-	-	-
Canadian common equities and trust units	2,109,376	2,195,209	2,003,342	2,636,310
Foreign common equities	179,347	174,099	249,846	266,841
Mutual fund savings account	126,059	126,059	125,799	125,799
Total Current	2,419,094	2,499,679	2,385,927	3,035,890
Long Term				
Canadian fixed income- due 2 to 5 years	670,321	701,295	815,289	831,746
Total	**$ 3,089,415**	**$ 3,200,974**	**$ 3,201,216**	**$ 3,867,636**

The fixed income portfolio consists entirely of high quality government bonds with a stated interest rate of 1.50%, (2019 - 1.50%). Canadian common equities consist of a diversified group of approximately 16 companies with only one individual security making up more than 10% of the total fair value. Foreign common equities consist of two companies, valued in US dollars. The 2020 fair value increase over book value is $111,559 (2019 - $666,420).

Investment income is summarized as set out below:

	2020	**2019**
Amortization of bond (premium) discount	$ 3,199	$ 7,111
Distributions	10,078	10,722
Dividends	116,456	128,848
Interest	12,737	13,914
Realized foreign exchange gain (loss)	(8,316)	(2,360)
Realized gain (loss) - amortized cost basis	32,637	69,830
Total investment income (loss)	166,791	228,065
Less: transaction costs	(1,370)	(4,478)
Net investment income	**$ 165,421**	**$ 223,587**

4. Internal Restriction on Resources:

Under terms of the Deed of Gift the $2,000,000 endowment must be held for a period of not less than 10 years. This restriction continues to apply to the foundation's resources until a decision is taken to expend the funds. The investment portfolio is classified as current and long term to reflect management's intention to continue to hold the funds notwithstanding their actual maturities.

5. Related Party Transactions:

The Foundation is dependent upon the Directors and others in fulfilling its investment and funding objectives. The President is responsible, among other things, for managing the investment portfolio, the evaluation of funding proposals and recommending donations and grants to the Board of Directors. The Board of Directors are responsible for the final approval of donations and grants and oversight of the President's investment management.

Transactions between the Foundation and the Board of Directors and management are considered to be in the normal course of business and are recorded at their exchange amounts.

6. Commitments:

The Foundation provides financial support to organizations which may span more than one fiscal year. At year end, there was an outstanding commitment for $18,500 to an Arts recipient.

7. Impact of COVID-19 Pandemic:

The COVID-19 pandemic and other world events caused a steep initial market plunge in March 2020 along with increased market volatility and exchange rate fluctuations. From October 2019 to March 2020 the Toronto Stock Exchange index fell by (16%). By October 2020 it had rebounded to be down (5.5%) over the prior year.

By comparison, the portfolio had a value on October 31, 2019 of $3,867,636, March 31, 2020 - $3,240,754 and October 31, 2020 - $3,200,974. Using October 31, 2019 as a base this represents declines of (16%) and (17%) respectively. By March 31, 2021 the portfolio had a value of $3,745,980 resulting in an improvement from year end 2020 of 17%.

Despite these market fluctuations, the Foundation has maintained its commitments to existing causes and is monitoring events carefully in determining allocations for new or additional funding.

8. Comparative Figures:

Certain comparative figures have been reclassified to correspond with the financial statement presentation adopted in the current year.