

Financial Statements of

RICK HANSEN FOUNDATION

And Independent Auditors' Report thereon

Year ended March 31, 2021



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Rick Hansen Foundation

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Rick Hansen Foundation (the "Foundation"), which comprise:

- the statement of financial position as at March 31, 2021
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2021, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report.

We are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

Auditors' 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 auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

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 the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the 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.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Reporting on Other Legal and Regulatory Requirements

As required by the Societies Act (British Columbia), we report that, in our opinion, the accounting policies applied in preparing and presenting the financial statements in accordance with Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding period.

KPMG LLP

Chartered Professional Accountants

Vancouver, Canada
June 23, 2021

RICK HANSEN FOUNDATION

Statement of Financial Position

March 31, 2021, with comparative information for 2020

	2021	2020
Assets		
Current assets:		
Cash and cash equivalents (note 3)	\$ 10,185,608	\$ 9,108,968
Accounts receivable (note 16)	600,681	189,762
Interest receivable	86,443	140,887
Prepaid expenses and deposits	274,300	466,295
	<u>11,147,032</u>	<u>9,905,912</u>
Investments - at fair value (note 4)	6,248,122	5,167,373
Capital assets (note 5)	140,484	193,304
UBC endowment rights (note 6)	-	60,323
Intellectual property rights (note 7)	1,800,000	1,800,000
	<u>\$ 19,335,638</u>	<u>\$ 17,126,912</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 8)	\$ 1,309,794	\$ 861,036
Deferred contributions (note 9)	9,596,465	9,331,926
	<u>10,906,259</u>	<u>10,192,962</u>
Net assets:		
Unrestricted	2,390,571	1,895,838
Internally restricted (note 10)	5,905,240	4,904,544
Endowment	133,568	133,568
	<u>8,429,379</u>	<u>6,933,950</u>
Commitments (note 11)		
Related party transactions (note 13)		
	<u>\$ 19,335,638</u>	<u>\$ 17,126,912</u>

See accompanying notes to financial statements.

Approved on behalf of the Board:



Director



Director

RICK HANSEN FOUNDATION

Statement of Operations

Year ended March 31, 2021, with comparative information for 2020

	2021	2020
Revenue:		
Government and other grants (notes 9 and 16)	\$ 5,830,499	\$ 6,251,829
Sponsorships and donations (note 9)	3,361,526	2,550,882
Investment income (notes 4 and 9)	1,015,333	1,237,187
Other	575,017	529,469
	<u>10,782,375</u>	<u>10,569,367</u>
Expenses (note 15):		
Research	1,878,902	2,183,003
Accessibility	3,783,484	3,528,840
Education and outreach	1,121,200	1,166,940
Awareness	1,789,253	1,987,052
Other	24,561	94,000
	<u>8,597,400</u>	<u>8,959,835</u>
Total programs	8,597,400	8,959,835
Fundraising	591,127	583,792
Management and administration	1,050,927	1,235,465
	<u>10,239,454</u>	<u>10,779,092</u>
Surplus (deficiency) of revenue over expenses before the undernoted items	542,921	(209,725)
Fair value changes on investments (note 4)	947,538	(517,611)
Gain on disposition of capital assets	4,970	-
Surplus (deficiency) of revenue over expenses for the year	<u>\$ 1,495,429</u>	<u>\$ (727,336)</u>

See accompanying notes to financial statements.

RICK HANSEN FOUNDATION

Statement of Changes in Net Assets

Year ended March 31, 2021, with comparative information for 2020

March 31, 2021	Unrestricted	Internally Restricted	Endowment	Total 2021
Net assets, beginning of year	\$ 1,895,838	\$ 4,904,544	\$ 133,568	\$ 6,933,950
Surplus of revenue over expenses	494,733	1,000,696	-	1,495,429
Net assets, end of year	\$ 2,390,571	\$ 5,905,240	\$ 133,568	\$ 8,429,379

March 31, 2020	Unrestricted	Internally Restricted	Endowment	Total 2020
Net assets, beginning of year	\$ 2,029,928	\$ 5,497,790	\$ 128,568	\$ 7,656,286
Deficiency of revenue over expenses	(134,090)	(593,246)	-	(727,336)
Endowment contribution	-	-	5,000	5,000
Net assets, end of year	\$ 1,895,838	\$ 4,904,544	\$ 133,568	\$ 6,933,950

See accompanying notes to financial statements.

RICK HANSEN FOUNDATION

Statement of Cash Flows

Year ended March 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operations:		
Surplus (deficiency) of revenue over expenses	\$ 1,495,429	\$ (727,336)
Items not involving cash:		
Fair value changes on investments (note 4)	(947,538)	517,611
Gain on disposition of capital assets	(4,970)	-
Amortization of capital assets	86,384	108,720
Amortization of UBC endowment rights (note 6)	60,323	80,431
	689,628	(20,574)
Changes in non-cash operating working capital:		
Accounts receivable	(410,919)	(33,205)
Interest receivable	54,444	(39,347)
Prepaid expenses and deposits	191,995	(286,547)
Accounts payable and accrued liabilities	448,758	175,756
Deferred contributions (note 9)	264,539	(4,262,242)
	1,238,445	(4,466,159)
Financing:		
Endowment contribution	-	5,000
Investments:		
Proceeds on disposal of capital assets	7,325	-
Purchase of capital assets	(35,919)	(87,299)
Net (purchase) sale of investments	(133,211)	8,090
Redemption of short-term deposits	-	5,103,288
	(161,805)	5,024,079
Increase in cash and cash equivalents	1,076,640	562,920
Cash and cash equivalents, beginning of year	9,108,968	8,546,048
Cash and cash equivalents, end of year	\$ 10,185,608	\$ 9,108,968

See accompanying notes to financial statements.

RICK HANSEN FOUNDATION

Notes to Financial Statements

Year ended March 31, 2021

1. Nature of operations:

The mission of the Rick Hansen Foundation (the “Foundation”) is to create and deliver innovative solutions that lead to a global movement to remove barriers and liberate the potential of people with disabilities. The Foundation was incorporated on July 19, 1988 and registered as a charity under the Income Tax Act on September 1, 1989. The Foundation is registered under the Societies Act (British Columbia).

It fulfills its mission through programs and initiatives undertaken directly and/or through grants and contributions to other organizations. The Foundation’s awareness, accessibility, and education and outreach programs are designed to raise awareness and remove physical barriers to accessibility for people with disabilities.

In March 2020 the COVID-19 outbreak was declared a pandemic by the World Health Organization. The situation continues to present uncertainty over the Foundation’s future cash flows, and may have a significant impact on the Foundation’s future operations. The pandemic and related restrictions have required certain events and activities of the Foundation to be cancelled, postponed or changed to a virtual delivery, which have impacted the timing and amount of revenue recognition from certain sources. The Foundation continues to closely monitor the impact on its financial implications and continuing operations.

2. Basis of preparation and significant accounting policies:

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook – *Accounting*, and reflect the following significant accounting policies:

(a) Cash and cash equivalents:

Cash and cash equivalents consist of cash and highly liquid short-term investments, which are defined as those having a maturity of less than three months from the date of acquisition.

(b) Revenue recognition:

The Foundation follows the deferral method of accounting for contributions.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred. When a portion of such contributions relates to a future period, it is deferred and recognized in the period in which the related expenses are incurred. Contributions restricted for the purchase of capital assets are deferred and recognized as revenue on a straight-line basis, at a rate corresponding with the amortization for the related asset.

RICK HANSEN FOUNDATION

Notes to Financial Statements

Year ended March 31, 2021

2. Basis of preparation and significant accounting policies (continued):

(b) Revenue recognition (continued):

Endowment contributions are recorded as direct increases in net assets. These endowment funds are held in perpetuity and will provide investment income allocations to support programs and leadership of the Foundation as determined by each donor's endowment agreement.

Unrestricted donations are generally recognized when received and government assistance is recognized when the amounts are determinable and collection is reasonably assured.

Sponsorship, event and other revenues are recognized in the period when the related services or goods have been provided or on completion of the related event.

Investment income comprising interest and dividends earned on investments and on cash and cash equivalents as well as endowment income (note 6) are recorded on the accrual basis. Fair value changes on investments is recognized separately and comprises realized and unrealized gains and losses on investments. Where the donor restricts the income earned on endowed or restricted funds, the related investment income is deferred and recognized as revenue as the related expenses are incurred. Investment income earned on investments of general funds is recognized as revenue as it is earned.

(c) Financial instruments:

The Foundation's financial instruments consist of cash and cash equivalents, accounts receivable, interest receivable, investments, and accounts payable and accrued liabilities.

Cash and cash equivalents, accounts receivable, interest receivable, and accounts payable and accrued liabilities are initially measured at fair value and subsequently carried at amortized cost. Investments are initially measured and subsequently carried at fair value with realized and unrealized gains and losses recognized in the statement of operations as fair value changes.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an impairment, the Foundation determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset, or the amount the Foundation expects to realize by exercising its rights to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

RICK HANSEN FOUNDATION

Notes to Financial Statements

Year ended March 31, 2021

2. Basis of preparation and significant accounting policies:

(d) Capital assets:

Capital assets are initially recorded at cost. Repairs and maintenance costs are charged to expense. Betterments that extend the estimated life of an asset are capitalized. The Foundation reviews the carrying amount of capital assets for impairment whenever events or changes in circumstances indicate that the capital asset no longer contributes to the Foundation's ability to provide services, or that the value of future economic benefits or service potential associated with the asset is less than its carrying amount. If such conditions exist, an impairment loss is measured and recorded in the statement of operations at the amount by which the carrying amount of the capital asset exceeds its fair value or replacement cost.

Amortization is provided on a straight-line basis over their estimated useful lives as follows:

Asset	Years
Computer hardware and software	5 years
Office furniture	5 years
Leasehold improvements	Remaining lease term

(e) Intangible assets:

(i) The intellectual property rights were recognized in an amount equal to the fair value as determined by an independent valuation. As the life is considered indefinite, no amortization has been taken. When the asset's life is determined to be no longer indefinite, amortization will be taken over the estimated useful life of the asset.

(ii) The University of British Columbia ("UBC") endowment rights (note 6) were recognized in an amount equal to the fair value of the April 1, 2006 agreement between the Foundation and UBC. The asset was amortized using the straight-line method over the 14.75 year life of the agreement, which expired during the year.

The Foundation reviews for the impairment of intangible assets when changes in events or circumstances indicate that the intangible asset no longer contributes to the Foundation's ability to provide services or that the value of future economic benefits or service potential associated with the intangible asset is less than its carrying amount. When conditions indicate that the intangible asset is impaired, the net carrying amount is written down to the asset's fair value or replacement cost.

RICK HANSEN FOUNDATION

Notes to Financial Statements

Year ended March 31, 2021

2. Basis of preparation and significant accounting policies (continued):

(f) Allocation of expenses:

The Foundation engages in Education and Outreach, Awareness, Accessibility, Research and other programs. The Foundation incurs a number of management and administration support costs and allocates these expenses to the programs proportionately based on the time incurred where relevant and proportionately based on full time equivalents for other areas. Management and administration support costs include accounting; human resources; information technology; purchasing; marketing; and occupancy costs. Management reviews the basis of expense allocation on a periodic basis or when there is a significant change in functions or cost structure, and makes any adjustments to the basis of allocation accordingly.

(g) Use of estimates:

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Areas requiring the use of management estimates include the determination of useful lives of capital assets for purposes of amortization, valuation of capital assets and intangible assets, accounts receivable, and provisions for accrued liabilities and contingencies. Actual results could differ from those estimates.

(h) Contributed materials and services:

Contributed materials are recorded at their fair market values where the amount is reasonably determinable and the items would otherwise have been acquired.

The Foundation benefits from donated services involving volunteer time for various committees and events. Due to the difficulty of determining its fair value, donated volunteer time is not recognized in these financial statements.

3. Cash and cash equivalents:

Included in cash and cash equivalents is a notice plan which is redeemable with 31-days' notice. As at March 31, 2021, the notice plan balance is \$5,085,022 (2020 - \$6,042,280) and earned an average interest rate of 0.84% during the year (2020 - 2.3%).

4. Investments:

Funds contributed to the Foundation for its charitable purposes are managed externally in accordance with the investment policies of the Foundation. Substantially all Foundation investments are in Canadian instruments and are low to moderate risk investments. Cash included within investments relates to timing of investment purchases and is not readily available to the Foundation for operational use.

RICK HANSEN FOUNDATION

Notes to Financial Statements

Year ended March 31, 2021

4. Investments (continued):

Investments, measured at fair value, are outlined in the following table:

	2021	2020
Cash and money market funds	\$ 79,415	\$ 255,249
Fixed income	275,433	350,472
Pooled funds:		
Fixed income	2,409,305	1,874,331
Equities	3,483,969	2,687,321
	\$ 6,248,122	\$ 5,167,373

Investment income comprises the following:

	2021	2020
Endowment income (note 6)	\$ 754,963	\$ 765,239
Interest on investments	81,388	74,961
Interest on cash and cash equivalents and short-term deposits	68,336	260,336
Dividends	110,646	136,651
	\$ 1,015,333	\$ 1,237,187

Fair value changes on investments comprise the following:

	2021	2020
Realized (loss) gain on sale of investments	\$ (2,174)	\$ 11,791
Unrealized gain (loss) on investment	949,712	(529,402)
	\$ 947,538	\$ (517,611)

5. Capital assets:

	2021		2020	
	Cost	Accumulated amortization	Net book value	Net book value
Computer hardware	\$ 422,757	\$ 292,401	\$ 130,356	\$ 135,548
Software	56,978	50,878	6,100	14,980
Office furniture	159,439	155,411	4,028	16,823
Leasehold improvements	8,020	8,020	-	25,953
	\$ 647,194	\$ 506,710	\$ 140,484	\$ 193,304

RICK HANSEN FOUNDATION

Notes to Financial Statements

Year ended March 31, 2021

6. UBC endowment rights:

On April 1, 2006, the Foundation entered into an agreement with UBC whereby the Foundation acquired the rights to a future income stream. This agreement, which expired during the year, was related to the following income streams:

- (a) 100% of the annual budgeted income of the National Fellowship Endowment Fund that is held at the UBC Foundation;
- (b) 100% of the annual budgeted income of the portion of the UBC Disability Resource Centre Endowment Fund that is held at the UBC Foundation;
- (c) 46% of the actual income received from the portion of the UBC Disability Resource Centre Endowment Fund that is held at the Vancouver Foundation, and
- (d) 100% of the actual income received from the Rick Hansen Man In Motion Fund that is held at the Vancouver Foundation.

During the year, income of \$754,963 (2020 - \$765,239) was received from the endowments and recognized as investment income (note 4).

The cost of acquiring the future income streams was recorded as an intangible asset and was amortized over the life of the agreement (14.75 years). The original cost of the asset was \$1,186,356 and had been fully amortized during the year.

7. Intellectual property rights:

In 2009, the Foundation was donated the right to use and associate the name of Rick Hansen with the Foundation. This right was recorded as an intangible asset at its fair value of \$1,800,000, which was determined by an independent valuation. This asset was determined to have an indefinite useful life and will not be amortized until its life is determined to be no longer indefinite. The rights are tested annually for impairment. This asset is included in unrestricted net assets.

At March 31, 2021, management has assessed there to be no impairment on the carrying value of the asset.

RICK HANSEN FOUNDATION

Notes to Financial Statements

Year ended March 31, 2021

8. Government remittances:

Government remittances consist of amounts (such as sales taxes, payroll withholdings, employee benefit costs, worker's compensation premiums, and BC employer health tax) required to be paid to government authorities and are recognized when the amounts become due. At March 31, 2021, \$26,885 (2020 - \$30,126) of government remittances owing is included within accounts payable and accrued liabilities.

9. Deferred contributions:

The Foundation receives grants and other contributions to be held, invested, administered and disbursed in accordance with the related funding agreements. Deferred contributions related to expenses of future periods represent those unspent externally restricted grants and related investment income, which are for the purpose of providing grants to eligible recipients and the payment of operating and capital expenditures in future periods.

Balance, beginning of year	\$ 9,331,926
Funds received during the year:	
Government and other grants	2,353,469
Sponsorships and donations	3,875,272
Investment income on Foundation endowment funds including fair value adjustment	53,372
Amounts recognized as revenue:	
Government and other grants	(4,382,057)
Sponsorships and donations	(1,628,558)
Endowment income	(6,959)
Balance, end of year	\$ 9,596,465

10. Internally restricted net assets:

Internally restricted net assets are funds set aside for designated purposes as approved by the Board and consist primarily of the Leadership funds for strategic initiatives to be spent in accordance with the designated purpose. The net asset balance is adjusted by annual gains/losses on internally restricted funds held in investments reported as part of annual surplus/deficit and any funds spent.

RICK HANSEN FOUNDATION

Notes to Financial Statements

Year ended March 31, 2021

11. Commitments:

(a) Grant contributions:

In fiscal 2014, the Foundation entered into an agreement to provide research grants up to \$20,000,000 over 10-years. The grant amounts provided to date total \$13,523,022 (2020 - \$12,172,129) with a remaining commitment of \$4,637,985 outstanding as at March 31, 2021 (2020 - \$7,827,870). The timing of payment of the remaining committed amounts are subject to annual financial and budget reviews and agreement with the funded parties.

Commitments to provide accessibility improvement grants and grants to various other organizations total \$361,352 (2020 - \$1,844,013). The grants are payable subject to and at the time when the accessibility and other projects being funded are completed by the funded parties. The estimated timing of these payments are as follows:

2022	\$	348,852
2025		12,500
	\$	361,352

(b) Accessibility improvement projects:

The Foundation has entered into contracts with organizations to complete accessibility improvement projects at their premises. Commitments related to the accessibility projects total \$116,374 (2020 - \$513,904). The Foundation has sufficient restricted funding to cover this commitment. The projects are payable subject to and at the time when the accessibility projects being funded are completed by the funded parties. The project completion dates and payments are all estimated to occur in fiscal 2022.

(c) Operating leases:

The Foundation has operating leases for office space that expire in fiscal 2023. The Foundation also has a number of short-term operating leases expiring at various dates through fiscal 2024. The estimated remaining annual minimum lease payments are as follows:

2022	\$	190,226
2023		136,467
2024		3,283
	\$	329,976

RICK HANSEN FOUNDATION

Notes to Financial Statements

Year ended March 31, 2021

12. Remuneration disclosure under Societies Act (British Columbia):

During the period ended March 31, 2021, the Foundation paid total remuneration of \$1,707,206 (2020 - \$1,746,978) to the 10 most highly remunerated employees and contractors whose remuneration was at least \$75,000.

The Foundation does not pay any remuneration to members of its Board of Directors.

13. Related party transactions:

The Foundation from time to time receives donation and sponsorship contributions from Board of Directors (the "Board") members and other related parties. During the year, the Foundation received \$1,021,626 (2020 - \$10,350) in contributions.

14. Financial instruments and risk management:

(a) Currency risk:

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Foundation is not exposed to significant currency risk.

(b) Interest rate risk:

Interest rate risk is the risk that changes in market interest rates will affect the fair value or future cash flows of investments held by the Foundation. The Foundation has an exposure to interest rate risk as a portion of its revenue is derived from interest on its investments. The Foundation does not use derivative financial instruments to mitigate this risk. Management frequently reviews the interest rates to mitigate risk to the Foundation.

(c) Market risk and other price risk:

Market risk and other price risk are the risks that the fair value of an investment will fluctuate due to changes in market conditions. Fair value risk is the potential for loss from an adverse movement in the value of a financial instrument. The Foundation is exposed to fair value risk on its investments in pooled funds holding short-term notes, bonds and debentures and marketable equity securities. These market risks are managed by establishing and monitoring asset allocation strategies and minimum credit criteria, and by diversifying investments within the various asset pools held by the Foundation.

(d) Credit risk:

Credit risk is the risk of loss resulting from failure of an individual or group to honour their financial obligations. The Foundation holds accounts receivable and investments in bonds and debentures which potentially expose it to credit risk. The Foundation does not consider there to be significant risk on its accounts receivable balance. As its investments are managed to maintain minimum credit criteria and diversified within various asset pools, the Foundation is not considered to be significantly exposed to credit risk.

RICK HANSEN FOUNDATION

Notes to Financial Statements

Year ended March 31, 2021

14. Financial instruments and risk management (continued):

(e) Liquidity risk:

Liquidity risk is the risk that the Foundation will not be able to meet its financial obligations as they fall due. The Foundation's approach to managing liquidity risk is to ensure that it will have sufficient working capital and cash flows to fund operations and settle liabilities when due.

There have been no significant changes in risk exposure from prior years.

15. Allocation of expenses:

(a) Management and administration support costs are allocated to the programs and fundraising as follows:

	2021	2020
Research	\$ 189,030	\$ 189,201
Accessibility	901,470	783,770
Education and outreach	389,735	284,735
Awareness	572,767	395,918
Fundraising	254,910	380,111
	<u>\$ 2,307,912</u>	<u>\$ 2,033,735</u>

(b) The Foundation's costs presented by nature are as follows:

	2021	2020
Grants and sponsorships	\$ 3,126,996	\$ 2,838,657
Salaries and benefits	4,828,963	4,630,264
Consulting, contract services and certification fees	982,995	1,465,219
General administration and office	793,039	941,981
Events, travel, meetings and conferences	132,770	581,568
Professional fees	227,984	132,252
Amortization	146,707	189,151
	<u>\$ 10,239,454</u>	<u>\$ 10,779,092</u>

RICK HANSEN FOUNDATION

Notes to Financial Statements

Year ended March 31, 2021

16. Government assistance:

In response to the negative economic impact of COVID-19, the Canadian government introduced the Canada Emergency Wage Subsidy (“CEWS”) and Canada Emergency Rent Subsidy (“CERS”) programs to assist eligible organizations. CEWS provides a wage subsidy to eligible employers, based on specified criteria, including the loss of a certain percentage of their qualifying revenues, which assists organizations in rehiring personnel and reducing job losses. CERS provides a rent and property tax subsidy to eligible organizations, based on specified criteria. During the year ended March 31, 2021, the Foundation recognized government contributions related to CEWS of \$1,376,316 and related to CERS of \$28,000, which are included as part of government and other grant revenue in the statement of operations. Included in accounts receivables are \$233,000 relating to CEWS and \$28,000 related to CERS accrued but not yet received. Subsequent to year-end, all amounts accrued were received.

17. Comparative figures:

Certain comparative figures have been reclassified to conform to the current year presentation.