

**SMALL CHANGE FUND**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**PHILIP DYKE PROFESSIONAL CORPORATION**  
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**INDEPENDENT AUDITOR'S REPORT**

To the Members of **Small Change Fund**

**Report on the Audit of the Financial Statements**

**Qualified Opinion**

I have audited the financial statements of **Small Change Fund** (“the Organization”), which comprise the statement of financial position as at December 31, 2022, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of my report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2022 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 Qualified Opinion**

In common with many charitable organizations, the Organization derives revenue from donations the completeness of which is not susceptible to satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amounts recorded in the records of the Organization and I was not able to determine whether any adjustments might be necessary to donation revenue and excess of revenue over expenses, for the years ended December 31, 2022 and 2021, assets as at December 31, 2022 and 2021 and net assets as at January 1, 2022 and 2021 and December 31, 2022 and 2021. My audit opinion for the year ended December 31, 2021 was qualified accordingly because of the possible effects of this limitation in scope.

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, 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 qualified 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 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.

*Philip Dyke Professional Corporation*

Philip Dyke Professional Corporation, authorized to practice public accounting by the Chartered Professional Accountants of Ontario

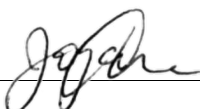
Toronto, Ontario  
June 15, 2023

**SMALL CHANGE FUND**  
**STATEMENT OF FINANCIAL POSITION**  
As at December 31

	<u>2022</u>	<u>2021</u>
	\$	\$
<b>ASSETS</b>		
<b>Current</b>		
Cash	76,205	83,479
Short-term investments	2,649,958	1,465,000
Accounts receivable	28,200	16,552
Taxes receivable	69,497	28,285
Prepaid expenses	-	3,709
	<u>2,823,860</u>	<u>1,597,025</u>
<b>Property and equipment</b>		
<b>Intangible asset</b>		
Climate Career Portal	90,581	90,581
Less accumulated amortization	30,194	-
	<u>60,387</u>	<u>90,581</u>
	<u>2,884,247</u>	<u>1,687,606</u>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	54,544	29,112
Deferred revenue (Note 4)	2,538,329	1,287,906
	<u>2,592,873</u>	<u>1,317,018</u>
<b>Long-term</b>		
Bank loan (Note 3)	40,000	40,000
Deferred revenue	128,360	250,000
	<u>168,360</u>	<u>290,000</u>
	<u>2,761,233</u>	<u>1,607,018</u>
<b>NET ASSETS</b>		
Reserve	30,000	30,000
Unrestricted	93,014	50,588
	<u>123,014</u>	<u>80,588</u>
	<u>2,884,247</u>	<u>1,687,606</u>

See accompanying notes

Approved by the Board:  Director

 Director

**SMALL CHANGE FUND**  
**STATEMENT OF CHANGES IN NET ASSETS**  
Year ended December 31

	<u>2022</u>			<u>2021</u>
	\$	\$	\$	\$
	<u>Reserve</u>	<u>Unrestricted</u>	<u>Total</u>	
Balance, beginning of year	30,000	50,588	80,588	5,713
Excess of revenue over expenses	-	42,426	42,426	74,875
<b>Balance, end of year</b>	<b>30,000</b>	<b>93,014</b>	<b>123,014</b>	<b>80,588</b>

*See accompanying notes*

**SMALL CHANGE FUND**  
**STATEMENT OF OPERATIONS**

Year ended December 31

	<u>2022</u>	<u>2021</u>
	\$	\$
<b>REVENUE</b>		
Donations	1,256,253	507,691
Forgivable portion of CEBA loan (Note 4)	-	20,000
Grants	1,435,477	1,212,149
Investment income	26,354	6,598
	<hr/> 2,718,084	<hr/> 1,746,438
<b>EXPENSES</b>		
Amortization	30,194	-
Advertising and promotion	325,053	164,214
Insurance	3,765	1,897
Office and general	49,224	32,936
Professional fees	1,022,035	695,877
Project costs	1,110,002	731,254
Rent	14,000	23,075
Travel	59,224	1,227
Website and communications	62,161	21,083
	<hr/> 2,675,658	<hr/> 1,671,563
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<hr/> <b>42,426</b>	<hr/> <b>74,875</b>

*See accompanying notes*

**SMALL CHANGE FUND**  
**STATEMENT OF CASH FLOWS**

Year ended December 31

	<u>2022</u>	<u>2021</u>
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses	42,426	74,875
Item not affecting cash		
Amortization	30,194	-
	<u>72,620</u>	<u>74,875</u>
Changes in non-cash working capital items		
Short-term investments	(1,184,958)	(625,000)
Accounts receivable	(11,648)	(6,258)
Taxes receivable	(41,212)	(11,020)
Prepaid expenses	3,709	(685)
Accounts payable and accrued liabilities	25,432	16,101
Bank loan	-	(20,000)
Deferred revenue	1,250,423	553,779
	<u>114,366</u>	<u>(18,208)</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of property and equipment	-	(90,581)
Increase in long-term deferred revenue	(121,640)	125,000
	<u>(121,640)</u>	<u>34,419</u>
<b>Change in cash</b>	<b>(7,274)</b>	<b>16,211</b>
<b>Cash, beginning of year</b>	<b>83,479</b>	<b>67,268</b>
<b>Cash, end of year</b>	<b>76,205</b>	<b>83,479</b>

*See accompanying notes*

**SMALL CHANGE FUND  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**1. PURPOSE OF THE ORGANIZATION**

Small Change Fund promotes and supports the efforts of people and communities working on sustainability issues that have global significance from coast-to-coast-to-coast. It does this by enabling individual and institutional donors to give micro-grants to grassroots-led projects. Small Change Fund taps into the local knowledge, trust, intuition, and common sense of its national network of volunteer advisors, to source and approve projects. It was incorporated on May 5, 2009 as a not-for-profit federal corporation without share capital and commenced operations on January 1, 2010. As a registered charitable organization under the Income Tax Act (Canada), it is not subject to income taxes.

**2. SUMMARY OF ACCOUNTING POLICIES**

These financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

**Property and equipment**

Property and equipment are recorded at cost and are amortized on a straight-line basis over their estimated useful lives. The Climate Career Portal is amortized on a straight-line basis over 3 years.

**Current deferred revenue**

Deferred revenue represents funding received in the current and prior periods that either relate to a subsequent period or must be spent on specific items.

**Long-term deferred revenue**

Long-term deferred revenue relates to grants received for the purchase of property and equipment that are amortized on the same basis as the related property and equipment.

**Revenue recognition**

The organization follows the deferral method of accounting for contributions. Grants are recognized as revenue in the year that the related expenses are incurred. Donations are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured. If the donor has designated amounts for future years or for a specific purpose, the amount is deferred.



**SMALL CHANGE FUND  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**Financial instruments**

**Measurement of financial instruments**

Small Change Fund initially measures its financial assets and liabilities at fair value. The organization subsequently measures all its financial assets and financial liabilities at amortized cost. Financial assets measured at amortized cost include accounts receivable. Financial liabilities measured at amortized cost include accounts payables and accrued liabilities.

**Impairment**

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

**Use of estimates**

Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Such estimates include allowance for doubtful accounts. Actual results could differ from those estimates.

**3. BANK LOAN**

Small Change Fund obtained the Canada Emergency Business Account ("CEBA") loan of \$60,000. The CEBA loan is non-interest bearing up to the initial term date of December 31, 2023. From the period commencing December 31, 2023 to the extended term date of December 31, 2025, the loan bears an annual interest rate of 5%.

Based on the CEBA Term Loan Agreement, if at least \$40,000 of the loan is repaid on or before December 31, 2023, the remaining balance will be forgiven.

**SMALL CHANGE FUND  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**4. DEFERRED REVENUE**

The continuity of current deferred revenue is as follows:

**CURRENT**

<b>Opening Balance</b>	<b>Additions</b>	<b>Recognized as revenue</b>	<b>Closing Balance</b>
\$	\$	\$	\$
1,287,906	3,702,833	2,452,410	2,538,329

**LONG-TERM**

<b>Opening Balance</b>	<b>Additions</b>	<b>Recognized as revenue</b>	<b>Closing Balance</b>
\$	\$	\$	\$
250,000	-	121,640	128,360

**5. FINANCIAL INSTRUMENTS**

Small Change Fund is exposed to credit risk through its financial instruments, cash and accounts receivable. Credit risk results from the possibility that parties may default on their financial obligations.

The credit risk relating to cash is minimized as Small Change Fund maintains bank accounts with a major financial institution. The accounts receivable risk is limited as the amounts were received shortly after the year-end.

Small Change Fund is exposed to liquidity risk. Liquidity risk is the risk that Small Change Fund will not be able to meet a demand for cash or fund its obligations as they come due. Small Change Fund meets its liquidity requirements by maintaining sufficient cash reserves.

**SMALL CHANGE FUND  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**6. COVID-19**

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic, which resulted in a series of public health and emergency measures that were put in place to combat the spread of the virus. As a result, Small Change Fund adjusted its operations during fiscal 2022.

The duration and impact of COVID-19 are unknown at this time. It is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results of Small Change Fund in future periods. Small Change Fund continues to closely monitor and assess the impact on operations and makes adjustments accordingly.

It is the assessment of management that Small Change Fund will have sufficient resources to mitigate any potential negative impact that may occur in fiscal 2023 as a result of COVID-19.