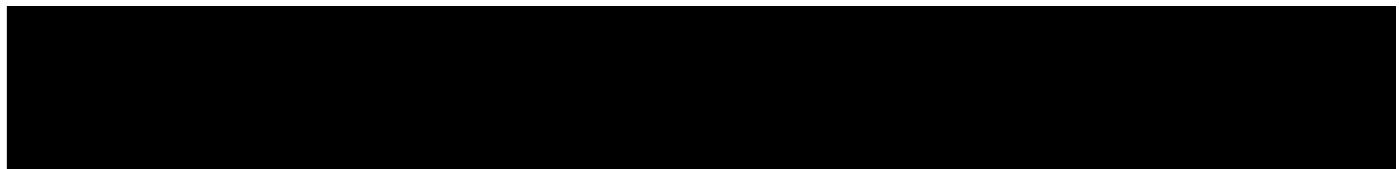

WE CHARITY
(FORMERLY FREE THE CHILDREN)
NON-CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016



WE CHARITY
(FORMERLY FREE THE CHILDREN)
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FOR THE YEAR ENDED DECEMBER 31, 2016

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INDEPENDENT AUDITOR'S REPORT

To the Members of WE Charity (formerly Free the Children)

We have audited the accompanying non-consolidated financial statements of WE Charity (formerly Free the Children) which comprise the non-consolidated statement of financial position as at December 31, 2016 and the non-consolidated statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Non-consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these non-consolidated 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 non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these non-consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the non-consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the non-consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the non-consolidated financial statements.

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

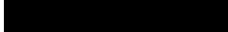
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Independent Auditor's Report to the Members of WE Charity *(continued)*

Opinion

In our opinion, the non-consolidated financial statements present fairly, in all material respects, the financial position of WE Charity (formerly Free the Children) as at December 31, 2016 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Markham, Ontario



WE CHARITY
(FORMERLY FREE THE CHILDREN)
NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2016

	2016	2015
	\$	\$
ASSETS		
CURRENT		
Cash	2,784,780	2,095,489
Term deposits	250,000	250,000
Marketable securities	1,258,995	1,197,029
Contributions receivable (<i>Note 3</i>)	3,423,846	2,303,492
Sales tax rebate receivable	1,063,254	2,093,739
Prepaid expenses and other assets (<i>Note 6</i>)	1,029,568	628,492
	9,810,443	8,568,241
CAPITAL ASSETS (<i>Note 4</i>)	11,618,437	9,220,580
PROPERTIES UNDER RENOVATION (WE LEARNING CENTRE) (<i>Note 5</i>)	24,538,285	15,988,697
INVESTMENTS IN WE365 (<i>Note 6</i>)	2	2
	45,967,167	33,777,520

See accompanying notes.

WE CHARITY
(FORMERLY FREE THE CHILDREN)
NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2016

	2016 \$	2015 \$
LIABILITIES		
CURRENT		
Bank loans (<i>Note 7</i>)	7,066,632	8,941,438
Accounts payable and accrued liabilities	3,598,954	1,151,080
Renovation holdbacks payable	521,480	-
Deferred contributions (<i>Note 8</i>)	6,102,183	3,694,876
Mortgage payable - current portion (<i>Note 9</i>)	2,500,000	-
	19,789,249	13,787,394
DEFERRED CAPITAL CONTRIBUTIONS (<i>Note 10</i>)	9,330,000	2,500,000
MORTGAGE PAYABLE (<i>Note 9</i>)	-	2,500,000
OBLIGATION FOR INVESTMENTS IN WE365 (<i>Note 6</i>)	27,922	-
	29,147,171	18,787,394
NET ASSETS		
Unrestricted	1,161,981	3,520,944
Invested in capital assets	15,658,015	11,469,182
	16,819,996	14,990,126
	45,967,167	33,777,520

COMMITMENTS (*Note 12*)

ON BEHALF OF THE BOARD

Director

Director

See accompanying notes.

WE CHARITY**(FORMERLY FREE THE CHILDREN)****NON-CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS****FOR THE YEAR ENDED DECEMBER 31, 2016**

	Unrestricted \$	Invested in capital assets \$	2016 \$	2015 \$
NET ASSETS - BEGINNING OF YEAR	3,520,944	11,469,182	14,990,126	12,649,753
Excess of revenue over expenditures	1,631,516	198,354	1,829,870	2,340,373
Investment in capital assets, net	(3,990,479)	3,990,479	-	-
NET ASSETS - END OF YEAR	1,161,981	15,658,015	16,819,996	14,990,126

See accompanying notes.

WE CHARITY**(FORMERLY FREE THE CHILDREN)****NON-CONSOLIDATED STATEMENT OF OPERATIONS****FOR THE YEAR ENDED DECEMBER 31, 2016**

	2016 \$	2015 \$
REVENUE		
Donations		
General (<i>Note 13</i>)	43,513,307	34,100,789
In-kind	1,644,685	2,465,352
Grants		
Government	2,100,000	1,620,000
Private	3,906,897	4,386,417
Other		
Other income	54,738	12,272
	51,219,627	42,584,830
EXPENDITURES		
International and domestic programs (<i>Schedule 1</i>)	44,843,717	36,895,536
Fundraising and administration (<i>Schedule 2</i>)	4,413,118	3,935,232
	49,256,835	40,830,768
OTHER INCOME AND EXPENDITURES		
Dividend and interest income	37,086	32,985
Interest expenditure	(292,105)	(86,473)
Gain on foreign exchange	90,240	372,605
Unrealized gain on marketable securities	59,781	267,194
Share of loss from We365 LP	(27,924)	-
	(132,922)	586,311
EXCESS OF REVENUE OVER EXPENDITURES FOR THE YEAR	1,829,870	2,340,373

See accompanying notes.

WE CHARITY
(FORMERLY FREE THE CHILDREN)
NON-CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016 \$	2015 \$
OPERATING ACTIVITIES		
Excess of revenue over expenditures for the year	1,829,870	2,340,373
Items not affecting cash:		
Amortization	620,367	548,955
Unrealized gain on marketable securities	(59,781)	(267,194)
Gain on disposal of capital assets	(1,088,517)	(507,808)
Share of loss from We365 LP	27,924	-
	1,329,863	2,114,326
Changes in non-cash working capital:		
Contributions receivable	(1,120,354)	1,396,074
Sales tax rebate receivable	1,030,485	(1,562,781)
Prepaid expenses and other assets	(401,076)	(392,094)
Accounts payable and accrued liabilities	2,447,874	425,075
Renovation holdbacks payable	521,480	-
Deferred contributions	2,407,307	(309,091)
Deferred capital contributions	6,830,000	2,500,000
	11,715,716	2,057,183
Cash flow from operating activities	13,045,579	4,171,509
INVESTING ACTIVITIES		
Marketable securities	(2,185)	(149,392)
Purchases of capital assets	(3,988,532)	(177,193)
Proceeds on disposal of capital assets	2,058,825	991,800
Properties under renovation	(8,549,588)	(15,988,697)
Investments in We365	(2)	-
Term deposit	-	(250,000)
Restricted cash	-	250,000
Cash flow used by investing activities	(10,481,482)	(15,323,482)
FINANCING ACTIVITIES		
Bank loans	(1,874,806)	8,941,438
Mortgage payable	-	1,961,392
Cash flow from (used by) financing activities	(1,874,806)	10,902,830
INCREASE (DECREASE) IN CASH	689,291	(249,143)
CASH - BEGINNING OF YEAR	2,095,489	2,344,632
CASH - END OF YEAR	2,784,780	2,095,489

See accompanying notes.

WE CHARITY
(FORMERLY FREE THE CHILDREN)
NON-CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016



WE CHARITY
(FORMERLY FREE THE CHILDREN)
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INDEPENDENT AUDITOR'S REPORT

To the Members of WE Charity (formerly Free the Children)

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Auditor's Responsibility

Our responsibility is to express an opinion on these non-consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the non-consolidated financial statements are free from material misstatement.

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

(continues)

Independent Auditor's Report to the Members of WE Charity *(continued)*

Opinion

In our opinion, the non-consolidated financial statements present fairly, in all material respects, the financial position of WE Charity (formerly Free the Children) as at December 31, 2016 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Markham, Ontario



**Chartered Professional Accountants
Licensed Public Accountants**

WE CHARITY**(FORMERLY FREE THE CHILDREN)****NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT DECEMBER 31, 2016**

	2016 \$	2015 \$
ASSETS		
CURRENT		
Cash	2,784,780	2,095,489
Term deposits	250,000	250,000
Marketable securities	1,258,995	1,197,029
Contributions receivable (Note 3)	3,423,846	2,303,492
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	45,967,167	33,777,520
COMMITMENTS (Note 12)		

ON BEHALF OF THE BOARD*Director**Director*

See accompanying notes.

WE CHARITY**(FORMERLY FREE THE CHILDREN)****NON-CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS****FOR THE YEAR ENDED DECEMBER 31, 2016**

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NET ASSETS - BEGINNING OF YEAR	3,520,944	11,469,182	14,990,126	12,649,753
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WE CHARITY
(FORMERLY FREE THE CHILDREN)
NON-CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2016

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WE CHARITY
(FORMERLY FREE THE CHILDREN)
NON-CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016 \$	2015 \$
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Excess of revenue over expenditures for the year	1,829,870	2,340,373
Items not affecting cash:		
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CASH - END OF YEAR	2,784,780	2,095,489

See accompanying notes.

WE CHARITY

(FORMERLY FREE THE CHILDREN)

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2016

1. NATURE OF OPERATIONS

WE Charity (formerly Free the Children) (the "organization") is committed to creating a network of children helping children through representation, leadership and action and is dedicated to reducing poverty and exploitation of children around the world.

The organization is incorporated under the provision of Part II of the Canada Corporations Act as a non-profit corporation without share capital. It is a registered charity under the Income Tax Act, and as a result, the organization is exempt from income taxation under Section 149 of the Income Tax Act.

Effective June 23, 2016, with the approval of Industry Canada and by the Certificate of Amendment, the organization changes its name from Free the Children to WE Charity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The non-consolidated financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

Revenue recognition

The organization follows the deferral method of accounting for contributions, which is comprised of general donations, donated goods, government grants and private grants.

Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred. Restricted contributions for capital expenditures are deferred and recognized as revenue on the same basis as the amortization of the acquired capital asset.

Unrestricted contributions are recognized as revenue when received or receivable, if the amount to be received can be reasonably determined and collection is reasonably assured.

Investment and other income are recognized as revenue when earned.

Donated goods and services

Donations of goods are recognized when fair value can be reasonably determined and when the goods are used in the normal course of operations and would otherwise have been purchased. While the organization also benefits from volunteer time, due to the difficulty in determining its fair value, the value of this volunteer time has not been reflected in these non-consolidated financial statements.

Program expenditures

Program expenditures are incurred on international and domestic programs, leadership education and public awareness initiatives. International program expenditures are recognized as expenditures when the funds are disbursed by the organization. All other program expenditures are recognized as expenditures when incurred by the organization.

(continues)

WE CHARITY

(FORMERLY FREE THE CHILDREN)

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Net assets

- a) Net assets invested in capital assets are comprised of the unamortized amount of capital assets net of liabilities incurred to acquire the capital assets and deferred capital contribution.
- b) Unrestricted net assets comprise the excess of revenue over expenditures accumulated by the organization, net of transfers, available for use in general operations.

Capital assets

Capital assets are stated at cost less accumulated amortization and are amortized over their estimated useful lives at the following rates and methods:

Buildings	4%	declining balance method
Computer equipment	2 years	straight-line method
Furniture and fixtures	20%	declining balance method
Vehicles	30%	declining balance method
Leasehold improvements	5 years	straight-line method

Properties under renovation

Properties under renovation are stated at cost, which include costs of acquisition, renovation and carrying charges during the renovation period.

Investments in profit-oriented entities

The organization accounts for its investments in profit-oriented entities using the equity method. Accordingly, the investments are recorded at acquisition cost and are increased for the organization's proportionate share of post-acquisition earnings and decreased by post-acquisition losses and distributions received.

Impairment of long-lived assets

The organization tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

Allocation of expenditures

The organization engages in international and domestic programs and fundraising and administrative activities. The cost of each function includes the cost of personnel and other expenditures directly related to the function. The organization incurs administrative and fundraising personnel costs common to the administration of the organization and its programs. Accordingly, certain payroll costs are allocated to administration, fundraising and program expenditures based on employees' time dedicated to each function.

(continues)

WE CHARITY

(FORMERLY FREE THE CHILDREN)

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currency translation

Monetary assets and liabilities are translated at the rate in effect at the balance sheet date. Non-monetary assets and liabilities are translated using historical rates. Revenue and expenditures are translated at the monthly average rates during the year. Translational gains and losses are included in operations for the year in which they occur.

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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the period. Such estimates include the useful lives of capital assets, allowance for doubtful accounts, accrued liabilities and allocation of expenditures. Any adjustments necessary are reported in operations in the year in which they become known. Actual results could differ from these estimates.

Financial instruments

Measurement

The company initially measures its financial assets and liabilities at fair value and subsequently measures all its financial assets and financial liabilities at amortized cost, except for marketable securities that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in operations.

Financial assets measured at amortized cost include cash, term deposits and contributions receivable.

Financial liabilities measured at amortized cost include bank loans, accounts payable, renovation holdbacks payable and mortgage payable.

Financial assets measured at fair value include marketable securities.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of such. The amount of write-down is recognized in operations. A previously recognized impairment loss may be reversed to the extent of a recovery in value, directly or by adjusting the allowance account. The amount of reversal is recognized in operations.

3. CONTRIBUTIONS RECEIVABLE

Contributions receivable represent amounts receivable from public and corporate donors. All amounts are considered collectible and no allowance has been provided.

WE CHARITY**(FORMERLY FREE THE CHILDREN)****NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS****DECEMBER 31, 2016**

4. CAPITAL ASSETS

	Cost \$	Accumulated amortization \$	2016 Net book value \$	2015 Net book value \$
Land	3,275,000	-	3,275,000	3,050,000
Buildings	9,464,202	1,511,320	7,952,882	5,703,148
Computer equipment	470,678	304,238	166,440	165,184
Furniture and fixtures	539,006	428,103	110,903	129,586
Vehicles	189,178	177,441	11,737	16,767
Leasehold improvements	272,101	170,626	101,475	155,895
	14,210,165	2,591,728	11,618,437	9,220,580

Included in buildings is a property with a cost of \$3,095,000 not being amortized as it is not in use at December 31, 2016.

5. PROPERTIES UNDER RENOVATION (WE LEARNING CENTRE)

The organization owns two properties located in Toronto, Ontario that are currently under renovation. Upon completion in 2017, the properties, collectively known as the WE Learning Centre, will be used by the organization as office space.

	2016 \$	2015 \$
[REDACTED]	21,539,748	15,988,697
[REDACTED]	2,998,537	-
	24,538,285	15,988,697

The organization is committed to renovation cost of \$2,212,000 at December 31, 2016.

WE CHARITY

(FORMERLY FREE THE CHILDREN)

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2016

6. INVESTMENTS IN WE365

On August 8, 2014, the organization acquired 50% interests in We365 LP ("LP") and We365 GP Inc. ("GP"), two for-profit entities, collectively "We365". Effective January 1, 2016, LP and GP became wholly owned subsidiaries of the organization after the organization acquired the remaining 50% interest in both entities.

We365 LP

LP is formed for the purpose of developing, implementing and operating the We Day mobile application and corresponding website that focus on engaging youth and educators to take part in a social network designed to create positive social benefits through participating in challenges and educational initiatives. The We Day application will also allow users to track volunteer hours, promote social activism, connect with others passionate about the same causes and receive recognition for doing social good.

The organization's investment in LP is as follows:

	2016	2015
	\$	\$
Balance - beginning of year	1	-
Acquisition	1	1
Share of earnings (loss)	<u>(27,924)</u>	-
 Balance - end of year	 <u>(27,922)</u>	 1

The organization's proportionate share of LP's assets, liabilities, equity, revenue and expenses are as follows:

	2016 (at 100%)	2015 (at 50%)
	\$	\$
Assets	198,843	854,156
Liabilities	<u>226,767</u>	854,156
 Equity (deficit)	 <u>(27,924)</u>	 -
 Revenue	 -	 -
Expenses	 27,924	 -
 Net earnings (loss)	 <u>(27,924)</u>	 -

Liabilities represent an amount payable to the organization for the reimbursement of expenditures. The organization has included the reimbursement receivable in prepaid expenses and other assets.

(continues)

WE CHARITY

(FORMERLY FREE THE CHILDREN)

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2016

6. INVESTMENTS IN WE365 (*continued*)

We365 GP Inc.

GP is the general partner of LP and is responsible for managing the partnership on a day-to-day basis on behalf of the partners of LP.

The organization's investment in GP is as follows:

	2016 \$	2015 \$
Balance - beginning of year	1	-
Acquisition	1	1
Share of earnings	-	-
Balance - end of year	2	1

7. BANK LOANS

	2016 \$	2015 \$
Non-revolving term facility bearing interest at 3.04% per annum, repayable in monthly blended payments of \$28,216, maturing October 2017	4,846,632	5,060,095
Revolving demand facility with available credit up to \$5,000,000 bearing interest at bank prime plus 0.75% per annum	2,030,000	3,680,000
Revolving demand facility with available credit up to \$2,000,000 bearing interest at bank prime plus 0.75% per annum	190,000	-
Fixed rate term loan bearing interest at 2.89% per annum, repayable in monthly blended payments of \$29,033, matured July 2016	-	201,343
	7,066,632	8,941,438

The facilities are secured by the following:

- a) General security agreement constituting a first ranking security interest in all personal properties of the organization;

(continues)

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7. BANK LOANS (continued)

- b) Collateral mortgages in the amount of \$3,888,000 in aggregate, constituting a first fixed charge on the lands and improvements of four properties located in Toronto, Ontario, with aggregate carrying values \$5,706,322; and
- c) Collateral mortgage in the amount of \$9,450,000, constituting a second fixed charge on the land and improvements located at [REDACTED] subject to the vendor's first charge in the amount of \$2,500,000 (Note 10). As at December 31, 2016, the carrying value of the property amounted to \$21,539,748.

Interest incurred on the above facilities for the year amounted to \$204,605 (2015 - \$59,803) and has been included as a component of interest expenditure in the non-consolidated statement of operations.

8. DEFERRED CONTRIBUTIONS

	2016 \$	2015 \$
Balance - beginning of year	3,694,876	4,003,967
Contributions received during the year	46,036,092	37,982,495
	49,730,968	41,986,462
Less: amount recognized as revenue during the year	(43,628,785)	(38,291,586)
	6,102,183	3,694,876

9. MORTGAGE PAYABLE

The amount represents a vendor-take-back mortgage bearing interest at 3.5% per annum with a monthly payment of interest only during the term. The principal is repayable in full at the earlier of the commencement of operations at [REDACTED] and September 9, 2017.

The mortgage is secured by a first charge on the land and building located at [REDACTED] which has an aggregate carrying value of \$21,539,748.

Interest incurred for the year amounted to \$87,500 (2015 - \$26,670) and has been included as a component of interest expenditure in the non-consolidated statement of operations.

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10. DEFERRED CAPITAL CONTRIBUTIONS

	2016 \$	2015 \$
Balance - beginning of year	2,500,000	-
Contributions received during the year	6,830,000	2,500,000
	9,330,000	2,500,000
Less: amount recognized as revenue during the year	-	-
	9,330,000	2,500,000

11. ALLOCATION OF EXPENDITURES

Fundraising and administrative payroll costs totalling \$3,211,728 (2015 - \$1,356,373) have been allocated as follows:

	Fundraising \$	Administration \$	2016 \$	2015 \$
Payroll costs to be allocated	1,840,222	1,371,506	3,211,728	1,356,373
Allocated to:				
International programs	306,704	331,318	638,022	226,062
Domestic programs	306,704	-	306,704	226,062
Fundraising	920,110	-	920,110	678,187
Administration	306,704	1,040,188	1,346,892	226,062
	1,840,222	1,371,506	3,211,728	1,356,373

12. COMMITMENTS

The organization leases office space at two locations in Canada. Annual minimum aggregate lease payments are as follows:

	\$
2017	148,151
2018	131,808
2019	97,200
	377,159

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13. RELATED PARTY TRANSACTIONS

The co-founders of the organization have a controlling interest in Me to We Social Enterprises Inc. and its subsidiaries (collectively, "Me to We") through a holding company. The purpose of Me to We is to help support the operations of the organization. The organization purchases books, educational material, promotional items and travel services from Me to We at, or below, wholesale prices. Me to We donates 50% of annual profits to the organization and retains the remaining 50% for self-sustainability.

The following is a summary of the organization's transactions with Me to We:

	2016 \$	2015 \$
Rental revenue	-	20,160
Donations received	1,120,666	837,097
Purchase of promotional goods and travel services	406,593	475,826

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

14. ECONOMIC INTERESTS

The organization provides funding to a number of not-for-profit organizations outside of Canada to achieve its international program initiatives, known as "WE Villages". The initiatives operate in eight countries around the world providing a holistic economic and humanitarian development model. The organization has a local regional director who works closely with each local not-for-profit organization to monitor their use of the organization's funding and provides the organization with regular progress updates for ongoing initiatives.

Funding provided to these not-for-profit organizations amounted to \$10,957,000 (2015 - \$8,596,000).

The organization also works closely with a charity in the United States that shares the same mission and vision as the organization. During the year, the organization received contributions in the amount of \$20,315,000 (2015 - \$12,144,000) from the charity towards the organization's international programming.

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15. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of December 31, 2016.

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 is exposed to credit risk from its cash balances and contributions receivable from donors. In order to reduce its credit risk, the organization recognizes contributions receivable only when there is reasonable expectation of collection. The organization has historically not had any significant issues with collection. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific amounts, historical trends and other information. The organization manages its credit risk from cash balances by maintaining its accounts with creditworthy financial institutions.

Currency 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. The organization is exposed to currency risk on cash and marketable securities denominated in U.S. dollars as follows:

	2016	2015
	\$	\$
Cash	2,673,741	488,807
Marketable securities	591,535	571,171

The organization does not use derivative instruments to reduce its exposure to currency risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. In seeking to minimize the risks from interest rate fluctuations, the organization manages exposure through its normal operating and financing activities. The organization is exposed to interest rate risk primarily through its bank loans and mortgage payable.

Other price risk

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 risk 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 investment in marketable securities.

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16. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

WE CHARITY**(FORMERLY FREE THE CHILDREN)****NON-CONSOLIDATED SCHEDULE OF PROGRAM EXPENDITURES****(Schedule 1)****FOR THE YEAR ENDED DECEMBER 31, 2016**

	2016	2015
	\$	\$
International programs		
Asia	2,091,820	1,350,237
Africa	11,133,071	6,985,018
Latin America	6,512,826	7,269,651
	19,737,717	15,604,906
Domestic programs		
Direct costs	18,904,465	16,118,401
Office	1,007,188	929,344
Payroll	4,240,933	3,358,122
Travel	953,414	884,763
	25,106,000	21,290,630
	44,843,717	36,895,536

International program expenditures consist of initiative costs and travel, payroll and office expenditures directly attributed to the specific regions.

See accompanying notes.

WE CHARITY**(FORMERLY FREE THE CHILDREN)****NON-CONSOLIDATED SCHEDULE OF SUPPORT EXPENDITURES****(Schedule 2)****FOR THE YEAR ENDED DECEMBER 31, 2016**

	2016 \$	2015 \$
Fundraising		
Office	16,999	11,259
Events	175,435	143,987
Payroll	920,110	678,187
	1,112,544	833,433
Administration		
Office	1,636,634	1,312,980
Training	73,929	18,407
Payroll	1,709,527	1,412,954
Professional fees	309,285	287,335
Travel	39,349	28,976
Amortization	620,367	548,955
	4,389,091	3,609,607
Less: Gain on disposal of capital assets	(1,088,517)	(507,808)
	3,300,574	3,101,799
	4,413,118	3,935,232

See accompanying notes.