FINANCIAL STATEMENTS

For

SPRING CIRCLES

For the periods ended

DECEMBER 31, 2023 and 2022

(expressed in U.S. Dollars)

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the directors of

SPRING CIRCLES

We have reviewed the accompanying financial statements of Spring Circles (the Organization) that comprise the statement of financial position as at December 31, 2023 and 2022, and the statements of changes in net assets, operations and cash flows for the periods then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Spring Circles as at December 31, 2023 and 2022, and the results of its operations and its cash flows for the periods then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Welch LLP - Chartered Professional Accountants
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An Independent Member of BKR International

Other Matter Comparative Information

As agreed upon in our engagement letter we were engaged to review both December 31, 2022 and 2023.

We draw attention to Note 3 to the financial statements which describes that Spring Circles adopted Canadian accounting standards for not-for-profit organizations on January 1, 2023 with a transition date of March 17, 2022, the date of incorporation. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statement of financial position as at December 31, 2022, and the statement of operations and changes in net assets and cash flows for the period ended December 31, 2022 and related disclosures.

Welch LLP

Chartered Professional Accountant
Licensed Public Accountants

Ottawa, Ontario
June 7, 2024.

SPRING CIRCLES

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2023 AND 2022

(expressed in U.S. dollars)

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash	$ 11,081	$ -
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 1,877	$ 4,324
Due to Spring Strategies (note 5)	2,344	-
	4,221	4,324
NET ASSETS		
Unrestricted net assets (deficit)	6,860	(4,324)
	$ 11,081	$ -

Approved by the Board:

. . . . Director

. . . . Director

(See accompanying notes)

PREPARED WITHOUT AUDIT

SPRING CIRCLES

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2023 AND PERIOD FROM MARCH 17, 2022, THE DATE OF INCORPORATION, TO DECEMBER 31, 2022

(expressed in U.S. dollars)

	2023	2022
REVENUE		
Donations	$ 14,960	$ -
Other revenue	98	-
	15,058	-
EXPENSES		
Operations		
Professional fees	2,060	-
Publications and communications	627	-
Bank charges	18	-
Governance		
Professional fees	1,169	4,309
Publications and communications	-	15
	3,874	4,324
EXCESS OF REVENUE OVER EXPENSES (EXPENSES OVER REVENUES)	11,184	(4,324)
NET DEFICIT, BEGINNING OF PERIOD	(4,324)	-
NET ASSETS (DEFICIT), END OF PERIOD	$ 6,860	$ (4,324)

(See accompanying notes)

PREPARED WITHOUT AUDIT

SPRING CIRCLES

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2023 AND PERIOD FROM MARCH 17, 2022, THE DATE OF INCORPORATION, TO DECEMBER 31, 2022

(expressed in U.S. dollars)

	2023	2022
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Excess of revenue over expenses (expenses over revenue)	$ 11,184	$ (4,324)
Changes in level of:		
Accounts payable and accrued liabilities	(2,447)	4,324
Due to Spring Strategies	2,344	-
INCREASE IN CASH	11,081	-
CASH AT BEGINNING OF PERIOD	-	-
CASH AT END OF PERIOD	$ 11,081	$ -

(See accompanying notes)

PREPARED WITHOUT AUDIT

1. PURPOSE OF THE ORGANIZATION

Spring Circles (the "Organization") is a non-profit organization incorporated under the Canada Not-for profit Corporation Act on March 17, 2022. The Organization is exempt from income tax under the Income tax Act, Paragraph 149 (1)(l).

The Organization was created in order to be a capacity accelerator for social and climate justice leaders around the world. It offer training and coaching programs with the goal of deepening and strengthening individual and collective leadership in order to catalyze big shifts, realize ambitious goals and solve systematic problems.

2. ADOPTION OF CANADIAN ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS

Effective January 1, 2023, the Organization has adopted the accounting framework: *Canadian accounting standards for not-for-profit organizations (ASNFPO).* These are the Organization's first financial statements prepared in accordance with the accounting standards and they have been applied retrospectively. Section 1501 of ASNFPO requires retrospective application of the accounting standards with certain elective exemptions and limited retrospective exceptions. The accounting policies set out in the following significant accounting policy note have been applied in preparing the financial statements for the year ended December 31, 2023, and the comparative information presented in these financial statements for the period from March 17, 2022, the date of incorporation, to December 31, 2022.

The Organization's financial statements for the period ended December 31, 2022 were previously compiled by management. The adoption of ASNFPO had no impact on the previously reported assets, liabilities, and net deficit of the Organization, and accordingly, no adjustments have been recorded in the comparative statement of financial position, statement of operations and changes in net assets and the cash flow statement. There were no adjustments required on the opening ASNFPO statement of financial position at March 17, 2022 (the Organization's date of transition and date of incorporation) and such, these balances have not been presented. Certain disclosures have been added to these financial statements to comply with new ASNFPO disclosure requirements.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

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

Foreign exchange

The Organization's functional currency and its reporting currency is the United States (U.S.) dollar as it best meets the needs of the financial statement users. Accordingly, monetary items are translated at the exchange rates prevailing at the date of the statement of financial position. Non-monetary items are translated at historic exchange rates and revenue and expenses are translated at average rates of exchange during the period. The resultant gains or losses are credited or charged to operations.

Revenue recognition

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which 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 reasonable assured.

3. SIGNIFICANT ACCOUNTING POLICIES - Cont'd.

Use of 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 affect 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 reporting period.

Management makes accounting estimates when determining accrued liabilities. Actual results could differ from these estimates and adjustments are made to the statement of operations as appropriate in the year they become known.

4. FINANCIAL INSTRUMENTS

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the Organization's risk exposure and concentrations at December 31, 2023 and 2022.

The Organization does not use derivative financial instruments to manage its risks.

Credit risk

The Organization is exposed to credit risk resulting from the possibility that parties may default on their financial obligations. The Organization’s maximum exposure to credit risk represents the sum of the carrying value of its cash and its accounts receivable. The Organization’s cash is deposited with a Canadian chartered bank and as a result management believes the risk of loss on this item to be remote.

Liquidity risk

Liquidity risk is the risk that the Organization cannot meet a demand for cash or fund its obligations as they become due. The Organization meets its liquidity requirements by preparing and monitoring detailed forecasts of cash flow from operations, anticipating investing and financing activities and holding assets that can be readily converted into cash.

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 interest rate risk, currency risk, and other price risk.

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.

Since the Organization does not have any interest bearing financial instruments, it is not exposed to interest rate risk.

4. **FINANCIAL INSTRUMENTS** - Cont'd.

Currency risk

Currency risk refers to the risk that the fair value of instruments or future cash flows associated with the instruments will fluctuate relative to the U.S. dollar due to changes in foreign exchange rates. The Organization's financial instruments are all denominated in U.S. dollars. It incurs some expenses in foreign currency denominations and, as such, is exposed to the fluctuations of foreign currencies and the U.S. dollar.

As at December 31, 2023 and 2022, the statement of financial position included the following amount that is denominated or to be settled in a currency other than U.S. dollar:

	2023			2022		
Cash	CAD	$14,805	$11,081 equivalent	CAD	$ nil	$0 equivalent
Accounts payable and accrued liabilities	CAD	$2,500	$1,877 equivalent	CAD	$5,491	$4,324 equivalent

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 risk or interest rate risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all similar instruments traded in the market.

Since the Organization does not have investments in publicly traded securities, it is not exposed to other price risk.

Changes in risk

There have been no significant changes in the Organization’s risk exposures from the prior year.

5. **RELATED PARTY TRANSACTIONS**

During the year, the Organization entered into related party transactions with Spring Strategies. Spring Strategies is a member of Spring Circles.

Particulars of transactions and balances owing from (or to) this related entity for the year ended December 31, 2023 and 2022 were as follows:

	2023	2022
Donation revenue	$ 14,960	$ -
Website and social media redesign and maintenance	(34)	-
Software licenses and subscriptions	(391)	-
Consultants	(1,911)	-
Bank charges	(9)	-

Related party transactions are recorded at their exchange amounts which are the amounts agreed upon by the related parties.

At December 31, 2023, $2,345 (2022 - $nil) was due to Spring Strategies, payable on demand.

PREPARED WITHOUT AUDIT