

**GIRLS INCORPORATED OF LIMESTONE,
ALGONQUIN AND LAKESHORE**

FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Members of Girls Incorporated of Limestone, Algonquin and Lakeshore

Qualified Opinion

We have audited the accompanying financial statements of Girls Incorporated of Limestone, Algonquin and Lakeshore (the "Entity"), which comprise the statement of financial position as at March 31, 2020 and the statements of operations, changes in net assets and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2020, and its financial performance and its 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 Entity derives revenue from donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Entity. Therefore, we were not able to determine whether any adjustments might be necessary to revenues, the excess of revenues over expenses or cash flow from operations for the periods ended March 31, 2020, and 2019, current assets at March 31, 2020 and 2019, and net assets at January 1, 2019, March 31, 2019, April 1, 2019, and March 31, 2020.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Entity 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 qualified opinion.

Other Matter

The financial statements for the period ended March 31, 2019 were unaudited.

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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditor's 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 auditor's 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 these 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 Entity's internal control.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- 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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Entity 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.

We 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.

Secker Ross & Perry LLP

Chartered Professional Accountants
Licensed Public Accountants
Kingston, Ontario
November 10, 2020

GIRLS INCORPORATED OF LIMESTONE, ALGONQUIN AND LAKESHORE**STATEMENT OF FINANCIAL POSITION**

	<u>March 31, 2020</u>	<u>March 31, 2019</u> (unaudited)
Assets		
Current Assets		
Cash	\$ 388,211	\$ 40,356
Accounts and other amounts receivable	9,635	4,444
Sales tax recoverable	13,737	955
Prepaid expense	<u>5,810</u>	<u>4,681</u>
	<u>417,393</u>	<u>50,436</u>
Capital Assets (note 3)	21,857	12,868
Less accumulated amortization	<u>9,323</u>	<u>6,866</u>
	<u>12,534</u>	<u>6,002</u>
	<u>\$ 429,927</u>	<u>\$ 56,438</u>
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities (note 5)	\$ 70,060	\$ 36,929
Funds held in trust	2,860	2,590
Deferred grants (note 6)	<u>279,870</u>	<u>32,676</u>
	352,790	72,195
Deferred Capital Contributions (note 7)	4,445	6,002
Unspent Contributions for Capital Assets (note 8)	<u>2,132</u>	<u>2,132</u>
	<u>359,367</u>	<u>80,329</u>
Net Assets (Deficiency)		
Unrestricted (Deficit)	62,471	(23,891)
Invested in Capital Assets	<u>8,089</u>	<u>-</u>
	<u>70,560</u>	<u>(23,891)</u>
	<u>\$ 429,927</u>	<u>\$ 56,438</u>
Commitments (note 10)		
Economic Dependence (note 11)		
Subsequent Event (note 12)		

Approved on behalf of the Board:

Member

Member

See accompanying notes to financial statements.

GIRLS INCORPORATED OF LIMESTONE, ALGONQUIN AND LAKESHORE

STATEMENT OF OPERATIONS

	April 1, 2019 to March 31, 2020	January 1, 2019 to March 31, 2019
	<u>2020</u>	<u>2019</u> (unaudited)
Revenues		
Program revenues		
Employment and Social Development Canada	\$ 725,526	\$ 50,127
Girls Incorporated Growth Grant	128,423	32,108
United Way	75,770	15,000
Ministry of Tourism, Culture and Sport	32,250	9,675
Department for Women and Gender Equality	44,000	-
Kinsmen	20,000	-
Fundraising - bingo and nevada	33,060	8,246
Donations	100,806	1,449
Interest and other	21,749	653
	<u>1,181,584</u>	<u>117,258</u>
Expenses		
Amortization	2,457	417
Communications	6,275	1,172
Growth grant	1,598	-
Insurance	2,568	1,082
Memberships dues	5,993	1,503
Mileage and travel	8,561	688
Office and administration	8,722	907
Professional development	23,974	2,512
Professional fees	5,335	3,470
Program delivery	545,285	38,141
Rent	16,300	1,240
Wages and benefits	460,065	82,312
	<u>1,087,133</u>	<u>133,444</u>
Excess (deficiency) of revenues over expenses	<u>\$ 94,451</u>	<u>\$ (16,186)</u>

See accompanying notes to financial statements.

GIRLS INCORPORATED OF LIMESTONE, ALGONQUIN AND LAKESHORE

STATEMENT OF CHANGE IN NET ASSETS

	Unrestricted April 1, 2019 to March 31, 2020	Invested in Capital Assets April 1, 2019 to March 31, 2020	Total April 1, 2019 to March 31, 2020	January 1, 2019 to March 31, 2019 <small>(unaudited)</small>
Net asset deficiency at beginning of period	\$ (23,891)	\$ -	\$ (23,891)	\$ (7,705)
Excess (deficiency) of revenues over expenses	95,351	(900)	94,451	(16,186)
Interfund transfers	<u>(8,989)</u>	<u>8,989</u>	<u>-</u>	<u>-</u>
Net assets (deficiency) at end of period	<u>\$ 62,471</u>	<u>\$ 8,089</u>	<u>\$ 70,560</u>	<u>\$ (23,891)</u>

See accompanying notes to financial statements.

GIRLS INCORPORATED OF LIMESTONE, ALGONQUIN AND LAKESHORE

STATEMENT OF CASH FLOW

	April 1, 2019 to March 31, 2020	January 1, 2019 to March 31, 2019
	<u> </u>	<u> </u> (unaudited)
Cash flow from (used in) operating activities		
Excess (deficiency) of revenues over expenses	\$ 94,451	\$ (16,186)
Items which do not involve cash		
Amortization expense	2,457	417
Amortization of capital contributions	<u>(1,557)</u>	<u>(417)</u>
	95,351	(16,186)
Changes in non-cash working capital balances		
Accounts and other amounts receivable	(5,191)	39,327
Sales tax recoverable	(12,782)	4,874
Prepaid expense	(1,129)	(3,475)
Accounts payable and accrued liabilities	33,131	10,636
Funds held in trust	270	(68)
Deferred grants	<u>247,194</u>	<u>568</u>
	356,844	35,676
Cash flow used in investing activities		
Purchase of capital assets	<u>(8,989)</u>	<u>-</u>
Net increase in cash	347,855	35,676
Cash at beginning of period	<u>40,356</u>	<u>4,680</u>
Cash at end of period	<u>\$ 388,211</u>	<u>\$ 40,356</u>

See accompanying notes to financial statements.

GIRLS INCORPORATED OF LIMESTONE, ALGONQUIN AND LAKESHORE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2020

1. Nature of Business

Girls Incorporated of Limestone, Algonquin and Lakeshore is committed to inspiring all girls to be strong, smart and bold by promoting their emotional, physical and social well-being through the friendship and guidance of responsible, mature and caring women. It is dedicated to providing long-term prevention-based education to members.

The organization is incorporated under the laws of Ontario without share capital and is a registered charity exempt from income tax.

2. Significant Accounting Policies

These financial statements have been prepared in accordance with Part III of the CPA Canada Handbook - Accounting Standards for Not-for-Profit Organizations and include the following significant accounting policies:

(a) Revenue Recognition

The organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Operating grants are recorded as revenue in the period to which they related. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in the subsequent period.

Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding to the amortization rate for the related capital assets. The amortization of unspent contributions restricted for the purchase of capital assets begins when the contribution is spent by the organization. If a capital asset is disposed of before the completion of its estimated useful life, the remaining unamortized deferred capital contribution is amortized to revenue in the year of disposition.

(b) Capital Assets

Capital assets are stated at cost. Amortization of is recorded on a straight-line basis over the following periods:

Furniture and equipment	5 years
Computer hardware	5 years
Leasehold improvements	Term of the lease

GIRLS INCORPORATED OF LIMESTONE, ALGONQUIN AND LAKESHORE

NOTES TO FINANCIAL STATEMENTS (continued)

YEAR ENDED MARCH 31, 2020

2. Significant Accounting Policies (continued)

(c) Donated Services and Materials

The work of Girls Incorporated of Limestone, Algonquin and Lakeshore is dependent on the efforts of many members and volunteers. These services are not normally purchased by the organization and due to the difficulty in determining their fair value, these services are not recognized in the financial statements.

(d) Use of Estimates

The preparation of financial statements in accordance 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 revenues and expenses during the year. Significant items subject to such estimates and assumptions include the valuation of accounts receivable and the determination of deferred revenue. Actual results could differ from those estimates.

3. Capital Assets

	2020		2019	
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Computer equipment	\$ 2,102	\$ 210	\$ 1,892	\$ -
Furniture	6,887	689	6,198	-
Leasehold improvements	12,868	8,424	4,444	6,002
	<u>\$ 21,857</u>	<u>\$ 9,323</u>	<u>\$ 12,534</u>	<u>\$ 6,002</u>

4. Bank Credit Facility

The organization has a line of credit facility of \$25,000 of which none has been drawn as at March 31, 2020. The line of credit bears interest at 6.95% and is unsecured.

5. Accounts Payable and Accrued Liabilities

	2020	2019
Included in accounts payable and accrued liabilities are the following:		
Trade payables and accrued liabilities	\$ 34,279	\$ 11,508
Source deductions payable	8,749	12,606
Accrued vacation	27,032	12,815
	<u>\$ 70,060</u>	<u>\$ 36,929</u>

GIRLS INCORPORATED OF LIMESTONE, ALGONQUIN AND LAKESHORE

NOTES TO FINANCIAL STATEMENTS (continued)

YEAR ENDED MARCH 31, 2020

6. Deferred Grants

The deferred grants consists of contributions received during the year that have restrictions specifying the contributions be spent on certain projects, the costs of which have not been fully expended until the subsequent year. Deferred grants consist of:

	<u>2020</u>	<u>2019</u>
Employment and Social Development Canada	<u>\$ 279,870</u>	<u>\$ 32,676</u>

7. Deferred Capital Contributions

Deferred capital contributions related to capital assets represent the unamortized amount of donations and grants received for the purchase of capital assets. The amortization of deferred contributions is recorded as revenue in the statement of operations.

	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 6,002	\$ 6,419
Less amounts amortized to revenue	<u>(1,557)</u>	<u>(417)</u>
Balance, end of year	<u>\$ 4,445</u>	<u>\$ 6,002</u>

8. Unspent Contributions for Capital Assets

Unspent contributions for capital assets represent grants and contributions received by the organization for the purchase of capital assets, which have yet to be acquired by the organization.

9. Financial Risks

Financial instruments are initially recognized at fair value and then subsequently at amortized cost. The carrying amounts cash, accounts receivable and accounts payable approximate their fair market values due to their nature or capacity for prompt liquidation.

The organization is exposed to significant liquidity risk. It is dependant on the continued contributions from its supporters to pay its liabilities as they fall due. It is management's opinion that the organization is not exposed to significant interest, currency, market or credit risks.

The nature of the financial risks discussed above has not changed significantly from the previous year. Looking forward, the commencement of the COVID-19 outbreak in the latter part of the organization's 2020 fiscal year may have effects on the organization's ability to fundraise. It is not possible to reliably estimate the duration or severity of these consequences. However, the organization is still offering programs virtually and continues to monitor and mitigate costs to limit the operational effect of the pandemic.

GIRLS INCORPORATED OF LIMESTONE, ALGONQUIN AND LAKESHORE

NOTES TO FINANCIAL STATEMENTS (continued)

YEAR ENDED MARCH 31, 2020

10. Commitments

The organization is committed to leases at its three operating facilities. Rent at the Belleville facility was \$700 per month plus applicable sales tax. This lease expired in November of 2019. The rent at the new Belleville facility is \$1,115 per month plus applicable sales tax, expiring October 2021. Rent for the Kingston facility shall be negotiated annually (now at \$830 per month) under a lease expiring in June of 2020. Rent at a third location amounts to \$1,330 per month plus applicable sales tax in its first year and \$1,355 per month plus applicable sales tax in its second year. This lease expires in September of 2021.

Annual payments pertaining the these arrangements are as follows:

2021	\$ 31,955
2022	<u>15,935</u>
	<u>\$ 47,890</u>

11. Economic Dependence

The organization is dependent upon Employment and Social Development Canada to continue to fund the Smart Start program.

12. Subsequent Event

Subsequent to year-end, the organization received proceeds of \$40,000 in respect of the Canada Emergency Business Account (“CEBA”). The loan bears interest at a rate of 0% per annum during the initial term of the loan, which expires December 31, 2022. No principal repayments are required during the initial term of the loan. If the organization has paid 75% of the loan amount prior to December 31, 2022, the lender will forgive the remaining balance of the loan at this time. If a balance still exists at January 1, 2023, interest will commence at a rate of 5% per annum, payable monthly. Any balance remaining on the loan will be repayable in full on December 31, 2025. The loan is unsecured.