

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

FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2021

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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, 2021 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, 2021, 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 years ended March 31, 2021, and 2020, current assets at March 31, 2021 and 2020, and net assets at April 1 and March 31 for each of the 2021 and 2020 fiscal years. Our audit opinion on the financial statements for the year ended March 31, 2020 was modified accordingly because of the possible effects of this matter.

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.

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
September 21, 2021

GIRLS INCORPORATED OF LIMESTONE, ALGONQUIN AND LAKESHORE**STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2021**

	<u>2021</u>	<u>2020</u>
Assets		
Current Assets		
Cash	\$ 489,521	\$ 388,211
Accounts and other amounts receivable	17,209	9,635
Sales tax recoverable	26,112	13,737
Prepaid expense	7,908	5,810
	<u>540,750</u>	<u>417,393</u>
Capital Assets (note 3)	36,504	21,857
Less accumulated amortization	5,448	9,323
	<u>31,056</u>	<u>12,534</u>
	<u>\$ 571,806</u>	<u>\$ 429,927</u>
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities (note 5)	\$ 57,023	\$ 70,060
Funds held in trust	2,635	2,860
Deferred grants (note 6)	267,334	279,870
	<u>326,992</u>	<u>352,790</u>
Deferred Capital Contributions (note 7)	24,764	4,445
Unspent Contributions for Capital Assets (note 8)	2,132	2,132
Canada Emergency Business Account (“CEBA”) (note 9)	30,000	-
	<u>383,888</u>	<u>359,367</u>
Net Assets		
Unrestricted	181,626	62,471
Invested in Capital Assets	6,292	8,089
	<u>187,918</u>	<u>70,560</u>
	<u>\$ 571,806</u>	<u>\$ 429,927</u>

Commitments (note 11)**Economic Dependence (note 12)****Contingency (note 13)**

Approved on behalf of the Board:

Member

Member

See accompanying notes to financial statements.

GIRLS INCORPORATED OF LIMESTONE, ALGONQUIN AND LAKESHORE
STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2021

	<u>2021</u>	<u>2020</u>
Revenues		
Program revenues		
Employment and Social Development Canada	\$ 1,071,084	\$ 725,526
Girls Incorporated Growth Grant	-	128,423
United Way	127,479	75,770
Ministry of Tourism, Culture and Sport	32,250	32,250
Department for Women and Gender Equality	68,000	44,000
Kinsmen	20,000	20,000
Fundraising - bingo and nevada	10,794	33,060
Donations	73,914	100,806
Interest and other	65,474	21,749
	<u>1,468,995</u>	<u>1,181,584</u>
Expenses		
Amortization	4,549	2,457
Communications	-	6,275
Growth grant	-	1,598
Insurance	2,069	2,568
Memberships dues	4,395	5,993
Mileage and travel	6,732	8,561
Office and administration	9,289	8,722
Professional development	5,170	23,974
Professional fees	6,236	5,335
Program delivery	776,914	545,285
Rent	16,467	16,300
Wages and benefits	519,816	460,065
	<u>1,351,637</u>	<u>1,087,133</u>
Excess of revenues over expenses	<u>\$ 117,358</u>	<u>\$ 94,451</u>

See accompanying notes to financial statements.

GIRLS INCORPORATED OF LIMESTONE, ALGONQUIN AND LAKESHORE
STATEMENT OF CHANGE IN NET ASSETS
YEAR ENDED MARCH 31, 2021

	<u>Unrestricted</u>	<u>Invested in Capital Assets</u>	<u>Total 2021</u>	<u>Total 2020</u>
Net assets (deficiency) at beginning of year	\$ 62,471	\$ 8,089	\$ 70,560	\$ (23,891)
Excess (deficiency) of revenues over expenses	<u>119,155</u>	<u>(1,797)</u>	<u>117,358</u>	<u>94,451</u>
Net assets at end of year	<u><u>\$ 181,626</u></u>	<u><u>\$ 6,292</u></u>	<u><u>\$ 187,918</u></u>	<u><u>\$ 70,560</u></u>

See accompanying notes to financial statements.

GIRLS INCORPORATED OF LIMESTONE, ALGONQUIN AND LAKESHORE**STATEMENT OF CASH FLOW****YEAR ENDED MARCH 31, 2021**

	<u>2021</u>	<u>2020</u>
Cash flow from (used in) operating activities		
Excess of revenues over expenses	\$ 117,358	\$ 94,451
Items which do not involve cash		
Amortization expense	4,549	2,457
Amortization of capital contributions	(2,752)	(1,557)
Forgivable portion of CEBA loan	<u>(10,000)</u>	<u>-</u>
	109,155	95,351
Changes in non-cash working capital balances		
Accounts and other amounts receivable	(7,574)	(5,191)
Sales tax recoverable	(12,375)	(12,782)
Prepaid expense	(2,098)	(1,129)
Accounts payable and accrued liabilities	(13,037)	33,131
Funds held in trust	(225)	270
Deferred grants	<u>(12,536)</u>	<u>247,194</u>
	<u>61,310</u>	<u>356,844</u>
Cash flow used in investing activities		
Purchase of capital assets	<u>(27,515)</u>	<u>(8,989)</u>
Cash flow from financing activities		
Deferred capital contributions received	27,515	-
Proceeds from CEBA loan	<u>40,000</u>	<u>-</u>
	<u>67,515</u>	<u>-</u>
Net increase in cash	101,310	347,855
Cash at beginning of year	<u>388,211</u>	<u>40,356</u>
Cash at end of year	<u>\$ 489,521</u>	<u>\$ 388,211</u>

See accompanying notes to financial statements.

GIRLS INCORPORATED OF LIMESTONE, ALGONQUIN AND LAKESHORE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2021

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, 2021

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

	2021			2020
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Computer equipment	\$ 29,617	\$ 3,382	\$ 26,235	\$ 1,892
Furniture	6,887	2,066	4,821	6,198
Leasehold improvements	-	-	-	4,444
	<u>\$ 36,504</u>	<u>\$ 5,448</u>	<u>\$ 31,056</u>	<u>\$ 12,534</u>

During the year, the organization vacated one of its locations in Kingston. Leasehold improvements with a net book value of \$4,444 pertaining to these premises were written off.

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, 2021. The line of credit bears interest at 6.95% and is unsecured.

5. Accounts Payable and Accrued Liabilities

	2021	2020
Included in accounts payable and accrued liabilities are the following:		
Trade payables and accrued liabilities	\$ 21,529	\$ 34,279
Source deductions payable	9,944	8,749
Accrued vacation	25,551	27,032
	<u>\$ 57,024</u>	<u>\$ 70,060</u>

GIRLS INCORPORATED OF LIMESTONE, ALGONQUIN AND LAKESHORE

NOTES TO FINANCIAL STATEMENTS (continued)

YEAR ENDED MARCH 31, 2021

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>2021</u>	<u>2020</u>
Employment and Social Development Canada	<u>\$ 267,334</u>	<u>\$ 279,870</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>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 4,445	\$ 6,002
Deferred capital contributions received	27,515	-
Deferred capital contributions on leaseholds written off	(4,444)	-
Less amounts amortized to revenue	<u>(2,752)</u>	<u>(1,557)</u>
Balance, end of year	<u>\$ 24,764</u>	<u>\$ 4,445</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. Canada Emergency Business Account (“CEBA”)

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.

The organization believes it likely that the \$30,000 repayable portion of the loan will be repaid by December 31, 2022. As such, it has recognized the \$10,000 forgivable portion of the loan in income.

GIRLS INCORPORATED OF LIMESTONE, ALGONQUIN AND LAKESHORE

NOTES TO FINANCIAL STATEMENTS (continued)

YEAR ENDED MARCH 31, 2021

10. 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.

Since the commencement of the COVID-19 outbreak there have been significant disruptions to organizations throughout Canada and around the world, leading to a general economic slowdown.

The many pandemic protocols put in place by various national governments, provincial governments and local authorities continue to create uncertainty around future operations. It is not possible to reliably estimate the duration or severity of these consequences, or their impact on the financial position and results of operations for the organization for future periods.

In order to mitigate the effects of the pandemic, the organization has undertaken a number of efforts, including management of its operating costs where possible, modifying delivery of those services where close proximity of staff or clients is an issue and applying for eligible emergency relief funding.

The organization is following Public Health policy trends and decisions for the purposes of contingency planning for future programs.

11. Commitments

The organization is committed to leases at its two operating facilities. The rent at the Belleville facility is \$1,115 per month plus applicable sales tax, until October 2021, and then \$1,208 per month plus applicable sales tax, expiring October 2023. Rent at the Kingston facility location amounts to \$1,335 per month plus applicable sales tax until September 2021, \$1,379 per month plus applicable sales tax until September 2022, \$1,403 per month plus applicable sales tax until September 2023 and \$1,427 per month plus applicable sales tax expiring September 2024.

Annual payments pertaining to these arrangements are as follows:

2022	\$ 30,247
2023	31,184
2024	25,435
2025	<u>8,562</u>
	<u>\$ 95,428</u>

GIRLS INCORPORATED OF LIMESTONE, ALGONQUIN AND LAKESHORE

NOTES TO FINANCIAL STATEMENTS (continued)

YEAR ENDED MARCH 31, 2021

12. Economic Dependence

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

13. Contingency

As described in note 9, the organization has recognized the \$10,000 forgivable portion of the CEBA loan in its statement of operations during the year ended March 31, 2021 on the presumption that the remaining portion of the loan will be repaid by the December 31, 2022 deadline. Should this amount not be repaid by December 31, 2022, the \$10,000 recognized in the statement of operations would also become repayable at that time.