

Girls Incorporated of Durham

FINANCIAL STATEMENTS

DECEMBER 31, 2014

Girls Incorporated of Durham

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COPETTI & CO. PROFESSIONAL CORPORATION

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Independent Auditor's Report

To the Members of
Girls Incorporated of Durham

We have audited the accompanying financial statements of GIRLS INCORPORATED OF DURHAM, which comprise the statement of financial position as at December 31, 2014, and the statements of operations and 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 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the 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 organization'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 financial statements.

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

Independent Auditor's Report, continued

Basis for Qualified Opinion

GIRLS INCORPORATED OF DURHAM derives a material amount of revenue from donations and fundraising activities. We were not able to obtain sufficient appropriate audit evidence about the completeness of the reported amounts for accounts receivable, donation and fundraising revenue, revenue in excess of expenditure and changes to net assets because there is no direct relationship between assets or services given up in exchange for amounts received or receivable. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Qualified Opinion

Except as noted in the above paragraph, in our opinion, these financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2014 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.

Copetti & Co.

Copetti & Co. Professional Corporation

Authorized to practice public accounting by The Chartered Professional Accountants of Ontario

Whitby, Ontario

May 22, 2015

Girls Incorporated of Durham
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31

	<u>2014</u>	<u>2013</u>
ASSETS		
Current		
Cash and cash equivalents (note 4)	\$ 327,869	\$ 336,896
Accounts receivable	1,215	8,565
Prepaid expenses	9,998	8,531
HST receivable	3,346	4,396
	342,428	358,388
Other assets		
Equipment (note 5)	-	826
	\$ 342,428	\$ 359,214
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 4,170	\$ 6,233
Deferred revenue (note 6)	38,180	58,015
	42,350	64,248
NET ASSETS	300,078	294,966
	\$ 342,428	\$ 359,214

APPROVED ON BEHALF OF THE BOARD

_____ Director

See accompanying notes

Girls Incorporated of Durham
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31

	<u>2014</u>	<u>2013</u>
Revenues		
United Way	\$ 66,813	\$ 64,434
Donations and Fundraising	77,816	114,059
Memberships	1,320	2,595
Government Grants	252,890	255,431
Program Revenue	57,778	78,721
Other grants	20,000	10,000
Other revenue	25,923	16,617
Interest income	1,662	1,050
	504,202	542,907
Expenditures		
Accounting and legal	495	5,040
Amortization	826	1,982
Interest and bank charges	7,108	6,788
Office and general	3,650	7,026
Conferences, training and memberships	11,467	20,142
Fundraising costs	8,083	13,658
Program costs	77,416	89,158
Communication costs	6,200	13,681
Rent, insurance and utilities	28,239	29,028
Salaries and related benefits	355,606	334,450
	499,090	520,953
Excess of revenues over expenditures for the year	5,112	21,954
Balance		
As previously stated	294,966	313,220
Prior period adjustment (note 7)	-	(40,208)
Balance, as restated	294,966	273,012
Balance, end of year	\$ 300,078	\$ 294,966

See accompanying notes

Girls Incorporated of Durham

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31

	<u>2014</u>	<u>2013</u>
Operating activities		
Excess of revenues over expenditures	\$ 5,112	\$ 21,954
Adjustment for Amortization	<u>826</u>	<u>1,982</u>
	5,938	23,936
Change in non-cash working capital items		
Accounts receivable	7,350	(8,565)
Prepaid expenses	(1,467)	(4,611)
HST receivable	1,050	2,235
Accounts payable and accrued liabilities	(2,063)	1,788
Deferred revenue	<u>(19,835)</u>	<u>5,037</u>
(Decrease) increase in cash	(9,027)	19,820
Cash, beginning of year	<u>336,896</u>	<u>317,076</u>
Cash, end of year	<u>\$ 327,869</u>	<u>\$ 336,896</u>

See accompanying notes

Girls Incorporated of Durham
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

1. Company Information

Girls Incorporated of Durham was incorporated under Letters Patents on January 21, 1986. It is a non-profit corporation with no share capital and is exempt from income taxes under the terms of the Canadian Income Tax Act.

The object of the organization is to foster the development of young girls in need of assistance in order that they may grow up to become adults who are positive contributors to the community at large.

2. Significant accounting policies

(a) Basis of accounting

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CICA Handbook and include the following significant accounting policies.

(b) Accounting 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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. Actual results could differ from these estimates.

(c) Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks and marketable securities held with TD Waterhouse.

(d) Contributed services

Volunteers contributed time to assist the organization in carrying out its various programs. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

(e) Deferred revenue

Certain revenues are received during the year for activities to be held in the next fiscal year. These revenues are deferred to the next year's operations.

Girls Incorporated of Durham
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

2. Significant accounting policies, continued

(f) Equipment

Equipment are recorded at cost. The organization provides for amortization using the straight-line method at rates designed to amortize the cost of the equipment over their estimated useful lives. The annual amortization rates are as follows:

Fundraising Software	5 years
Voicemail System	3 years

(g) Financial instruments

The company initially measures its financial assets and liabilities at fair value. The company subsequently measures all its financial assets and financial liabilities at amortized cost except for marketable securities quoted in an active market which it chose to measure at fair value. Changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

The organization's financial assets measured at fair value include marketable securities.

(h) Fund accounting

The general fund accounts for current operations and programs as well as the organization's general operations. Unrestricted contributions (donations and grants) and restricted contributions to be used for operations are reported in this fund.

A separate fund is maintained for the bingo activities. All revenue and expenses related to Bingo is reported in this fund.

Girls Incorporated of Durham
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

2. Significant accounting policies, continued

(i) 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.

Because of the uncertainty surrounding the collectibility of donations, the organization only recognizes those donations for which amounts have been received at the date of completion of the financial statements.

Funding from the Public Health Agency of Canada is recognized according to the contract.

Fundraising revenue is recorded when the event is held.

3. Financial instruments

The organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the risks at the reporting dates.

(a) Fair value

The fair value of current financial assets and current financial liabilities approximates their carrying value due to their short-term maturity dates.

(b) 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 comprises three types of risk: currency risk, interest rate risk and other price risk. The organization is exposed through the TD Investment Saving Account Mutual Fund. The risk is minimal as all income distributions are reinvested in the fund and the per unit value of the fund is fixed as \$10.

(c) Credit risk

The organization does have credit risk in accounts receivable \$1,215 (2013-\$8,565). Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The organization assesses, on a continuous basis, amounts receivable on the basis of amounts for which ultimate collection is reasonably assured based on their estimated realizable value.

Girls Incorporated of Durham
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

3. Financial instruments, continued

(d) Liquidity risk

The organization does have a liquidity risk in the accounts payable and accrued liabilities of \$4,170 (2013-\$6,233). Liquidity risk is the risk that the organization cannot repay its obligations when they become due to its creditors. The organization reduces its exposure to liquidity risk by ensuring that it maintains sufficient cash resources to meet its obligations. In the opinion of management the liquidity risk exposure to the organization is low and not material.

4. Cash and cash equivalents

	<u>2014</u>	<u>2013</u>
TD General bank account	\$ 96,479	\$ 222,447
TD Bingo bank account	5,068	105
Tangerine savings account	75,385	114,344
TD Waterhouse investment saving account mutual fund (15,093.735 units @ \$10)	<u>150,937</u>	<u>-</u>
	<u>\$ 327,869</u>	<u>\$ 336,896</u>

5. Equipment

	<u>2014</u>		<u>2013</u>	
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net</u>	<u>Net</u>
Fundraising Software	\$ 1,950	\$ 1,950	\$ -	\$ -
Voicemail System	<u>9,908</u>	<u>9,908</u>	<u>-</u>	<u>826</u>
	<u>\$ 11,858</u>	<u>\$ 11,858</u>	<u>\$ -</u>	<u>\$ 826</u>

Girls Incorporated of Durham
NOTES TO THE FINANCIAL STATEMENTS
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6. Deferred revenue

Deferred revenue represents funds received or receivable for ongoing projects that have not been expended at year end. In September the organization received a grant of \$76,359 from the Public Health Agency of Canada for a 6 month period commencing from the date of the receipt of the grant. The funding was for the 2014 and 2015 project "Pre & Post Natal Nutrition Project Food 4 Thought". Three months of the funding related to the 2015 year has been reallocated to deferred revenue.

7. Prior period adjustment

The 2013 balance has been reduced due to a prior period adjustment in 2012. The federal grant received in 2012 of \$40,208 for the Canadian Prenatal Nutrition Program related to the 2013 fiscal year and should have been recorded as Deferred Revenue.

8. Comparative figures

Certain comparative figures have been reclassified from those previously presented to conform to the presentation of the 2014 financial statements.

9. Commitments

The Company is obligated to an operating lease for the photocopier. Future minimum lease payments are:

2015	<u>\$ 1,088</u>
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The organization's original rental lease expired in 2010. Since that time the organization has continued to pay rent on a month to month basis. The rental payments for 2015 are expected to be \$20,278.

Girls Incorporated of Durham
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

10. Fundraising Activities

The following fundraising activities are run and managed directly by Girls Inc. Revenues include event tickets and personal and corporate donations.

	<u>Revenues</u>	<u>Expenses</u>	<u>Net 2014</u>	<u>Net 2013</u>
Rethink Conference	\$ 7,749	\$ 5,890	\$ 1,859	\$ 8,123
Durham Dash for Girls	5,887	561	5,326	5,215
Girls Day Out	-	-	-	5,592
Spirit of Girls Breakfast	5,865	1,632	4,233	-
	<u>\$ 19,501</u>	<u>\$ 8,083</u>	<u>\$ 11,418</u>	<u>\$ 18,930</u>