

Girls Incorporated of Durham

FINANCIAL STATEMENTS

DECEMBER 31, 2016

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, 2016, and the statements of changes in net assets, operations 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, 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.

Copetti & Co.

Copetti & Co Professional Corporation

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

Whitby, Ontario

June 2, 2017

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

	<u>2016</u>	<u>2015</u>
ASSETS		
Current		
Cash and cash equivalents (note 3)	\$ 377,640	\$ 449,541
Accounts receivable	11,309	2,893
Prepaid expenses	11,692	6,556
HST receivable	3,041	4,828
	403,682	463,818
Other assets		
Equipment (note 4)	3,884	-
	\$ 407,566	\$ 463,818
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 16,810	\$ 12,979
Deferred revenue (note 5)	23,757	114,875
	40,567	127,854
NET ASSETS	366,999	335,964
	\$ 407,566	\$ 463,818

APPROVED ON BEHALF OF THE BOARD

_____ Director

See accompanying notes

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

	<u>2016</u>	<u>2015</u>
Balance, beginning of year	\$ 335,964	\$ 300,078
Excess of revenues over expenditures for the year	<u>31,035</u>	<u>35,886</u>
Balance, end of year	<u>\$ 366,999</u>	<u>\$ 335,964</u>

See accompanying notes

Girls Incorporated of Durham

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31

	<u>2016</u>	<u>2015</u>
Revenues		
United Way	\$ 39,888	\$ 57,541
Donations and Fundraising	70,383	71,102
Memberships	3,920	2,545
Government Grants	369,653	245,277
Program Revenue	75,478	76,660
Other grants	12,000	28,273
Other revenue	73,281	51,286
Interest income	1,528	1,932
	<u>646,131</u>	<u>534,616</u>
Expenditures		
Accounting and legal	4,677	4,677
Amortization	3,884	-
Equipment rental	826	-
Interest and bank charges	5,227	5,686
Office and general	7,574	3,390
Conferences, training and memberships	19,708	15,506
Fundraising costs	2,109	1,751
Program costs	140,784	86,838
Communication costs	5,870	6,224
Rent, insurance and utilities	28,672	29,120
Salaries and related benefits	395,765	345,538
	<u>615,096</u>	<u>498,730</u>
Excess of revenues over expenditures for the year	<u>\$ 31,035</u>	<u>\$ 35,886</u>

See accompanying notes

Girls Incorporated of Durham

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31

	<u>2016</u>	<u>2015</u>
Operating activities		
Excess of revenues over expenditures	\$ 31,035	\$ 35,886
Adjustment for Amortization	<u>3,884</u>	-
	34,919	35,886
Change in non-cash working capital items		
Accounts receivable	(8,416)	(1,678)
Prepaid expenses	(5,136)	3,442
HST receivable	1,787	(1,482)
Accounts payable and accrued liabilities	3,831	8,809
Deferred revenue	<u>(91,118)</u>	<u>76,695</u>
	(64,133)	121,672
Investing activity		
Purchase of equipment	<u>(7,768)</u>	-
(Decrease) increase in cash	(71,901)	121,672
Cash, beginning of year	<u>449,541</u>	<u>327,869</u>
Cash, end of year	<u>\$ 377,640</u>	<u>\$ 449,541</u>

See accompanying notes

Girls Incorporated of Durham
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

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, 2016

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

Financial assets and financial liabilities are initially recognized at fair value when the organization becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost, except for investments. Girls Inc. has elected to use the fair value option to measure investments, with any subsequent changes in fair value recorded in the statement of revenue and expenses.

(h) Fund accounting

The general fund accounts for the organization's general operations and programs. 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.

(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 collectability of donations, the organization only recognizes those donations for which amounts have been received at the date of completion of the financial statements. Fundraising revenue is recorded when the event is held.

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

Girls Incorporated of Durham
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

3. Cash and cash equivalents

	<u>2016</u>	<u>2015</u>
TD Canada Trust General Bank Account	\$ 141,340	\$ 211,370
TD Canada Trust Bingo Bank Account	14,414	9,916
Tangerine Savings Account	76,261	75,890
TD Waterhouse Investment Saving Account (Mutual Fund - 15,351.44 units @ \$10, Mck Ivy GL 157.21 units @ \$7.23)	<u>155,024</u>	<u>152,365</u>
	<u>\$ 387,039</u>	<u>\$ 449,541</u>

4. Equipment

	<u>2016</u>		<u>2015</u>	
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net</u>	<u>Net</u>
Fundraising Software	\$ 1,950	\$ 1,950	\$ -	\$ -
Voicemail System	<u>7,768</u>	<u>3,884</u>	<u>3,884</u>	-
	<u>\$ 9,718</u>	<u>\$ 5,834</u>	<u>\$ 3,884</u>	<u>\$ -</u>

5. Deferred revenue

	<u>2016</u>	<u>2015</u>
FASD - Prenatal Nutrition Project	\$ -	\$ 67,115
Pre & Post Natal Nutrition Project Food for Thought	11,222	38,180
Girls Space - Telus Foundation	-	6,000
Mind + Body GirlZONE	10,000	-
Operation SMART	2,500	-
ACF Grant Girl Start Community Foundation Durham	-	3,000
Peter Cundhill Foundation	-	500
GirlSPACE 2017 Registration Fees	<u>35</u>	<u>80</u>
	<u>\$ 23,757</u>	<u>\$ 114,875</u>

Girls Incorporated of Durham
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

5. Deferred revenue, continued

Deferred revenue represents funds received or receivable for ongoing projects that have not been expended at year end.

In April and November the organization received a grant total of \$137,448 from the Public Health Agency of Canada for a 12 month period commencing April 1, 2016. The funding was for the 2016 and 2017 project "Pre & Post Natal Nutrition Project Food 4 Thought". Of the total funding received in 2016, \$11,222 relates to the 2017 year and has been reallocated to deferred revenue.

In December 2015, the organization received \$73,652 for a national project fund for FASD (Fetal Alcohol Spectrum Disorder) to distribute resources and give classroom resources across the province of Ontario. Funding of \$6,537 was recognized in 2015 and the balance was recognized in 2016 when the work was completed.

The remaining deferred revenues consist of donations received from other organizations for the identified 2017 programs listed above and the related registration fees.

6. Commitments

The organization rents both office space and a storage unit. The original office and storage rental leases expired a number of years ago and the organization has continued to pay rent on a month to month basis for both locations. The combined rental payments for 2017 are expected to be \$26,804.

7. Fundraising Activities

The following fundraising activities are run and managed directly by Girls Inc. Revenues include registration, ticket sales as well as personal and corporate donations.

	<u>Revenues</u>	<u>Expenses</u>	<u>Net 2016</u>	<u>Net 2015</u>
Durham Dash for Girls	\$ 6,154	\$ 416	\$ 5,738	\$ 6,569
Spirit of Girls Breakfast	10,900	1,756	9,144	10,808
	<u>\$ 17,054</u>	<u>\$ 2,172</u>	<u>\$ 14,882</u>	<u>\$ 17,377</u>

Girls Incorporated of Durham
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

8. Financial instruments

Credit risk

The organization risk is primarily attributable to its donations and other receivables. Girls Inc. manages this risk through proactive collection policies.

Market risk

The risk that the fair value of investments will fluctuate due to changes in market prices is managed through investing primarily in only money market funds. .