

# **Girls Incorporated of Durham**

## **Financial Statements**

**For the year ended December 31, 2021**

To the Board of Directors of Girls Incorporated of Durham:

## Qualified Opinion

We have audited the financial statements of Girls Incorporated of Durham (the "Organization"), which comprise the statement of financial position as at December 31, 2021, and the statement of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter(s) 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 Organization as at December 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 organization, Girls Incorporated of Durham derives revenue from donations and fundraising events, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenue was limited to the amount recorded in the records of Girls Incorporated of Durham and we were not able to determine whether any adjustments might be necessary to donation and fundraising events revenue, excess of revenue over expenses, and cash flows from operations for the years ended December 31, 2021 and December 31, 2020, or assets as at December 31, 2021 and December 31, 2020 and opening net assets as at January 1, 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 Organization 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.

## Emphasis of Matter

Without modifying our conclusion, we draw attention to Note 3 to the financial statements, which describes the restatement of the 2020 comparative figures and opening net assets at January 1, 2020.

## Other Matter

The financial statement for the year ended December 31, 2020 were audited by another auditor who expressed a qualified opinion on those statements on May 26, 2021 for the reasons described in the Basis for Qualified opinion paragraph.

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

Those charged with governance are responsible for overseeing the Organization'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 Organization's internal control.
- 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 Organization'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 Organization 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.

Mississauga, Ontario

June 22, 2022

*MNP LLP*

Chartered Professional Accountants

Licensed Public Accountants

**GIRLS INCORPORATED OF DURHAM****Statements of Financial Position**

	As at December 31, <b>2021</b>	As at December 31, 2020
		Restated (note 3)
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents (note 4)	\$ 812,746	\$ 529,963
Investments (note 5)	9,900	7,451
Accounts receivable (note 6)	10,193	230,923
Prepaid expenses	9,074	11,126
Government remittance receivable	8,301	5,851
	<b>850,214</b>	785,314
<b>Non-current assets</b>		
Equipment (note 7)	3,571	3,446
<b>TOTAL ASSETS</b>	<b>\$ 853,785</b>	<b>\$ 788,760</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 15,985	\$ 11,318
Deferred revenue (note 8)	83,889	106,312
	<b>99,874</b>	117,630
<b>Non-current liabilities</b>		
Loan (note 9)	40,000	30,000
<b>Total liabilities</b>	<b>139,874</b>	147,630
<b>NET ASSETS</b>		
Unrestricted	363,911	641,130
Internally restricted operating reserve	350,000	-
	<b>713,911</b>	641,130
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 853,785</b>	<b>\$ 788,760</b>

Subsequent event (note 14)

On behalf of the Board of Directors:



Director

The accompanying notes are an integral part of the financial statements.

**GIRLS INCORPORATED OF DURHAM****Statements of Changes in Net Assets**

			For the year ended December 31,	
	Unrestricted	Internally restricted operating reserve	2021	2020
				Restated (note 3)
<b>Net assets, beginning of year, as previously stated</b>	\$ 641,130	-	\$ 641,130	\$ 528,827
Prior period adjustment (note 3)		-	-	(7,676)
<b>Net assets, beginning of year, as restated</b>	641,130	-	641,130	521,151
Excess of revenues over expenditures	72,781	-	72,781	119,979
Transfer	(350,000)	350,000	-	-
<b>Net assets, end of year</b>	\$ 363,911	350,000	\$ 713,911	\$ 641,130

The accompanying notes are an integral part of the financial statements.

## **GIRLS INCORPORATED OF DURHAM**

### **Statements of Operations**

	For the year ended December 31,	
	<b>2021</b>	2020
		Restated (note 3)
<b>Revenue</b>		
Government grants	\$ 400,780	\$ 470,448
Community grants	164,900	54,474
Donations and fundraising	115,750	169,475
United Way	61,037	46,630
Bingo	29,465	20,039
Other revenues (note 10)	48,983	60,155
Canada Emergency Wage Subsidy (note 6)	28,477	90,186
Program revenue	13,314	17,451
Investment income	2,986	2,460
<b>Total revenue and other support</b>	<b>865,692</b>	<b>931,318</b>
<b>EXPENDITURES</b>		
Salaries and benefits (note 6)	\$ 576,567	\$ 624,286
Program costs	120,396	100,564
Rent, insurance and utilities	35,056	31,750
Fundraising costs	19,093	25,581
Professional fees	14,873	7,947
Conference and training	8,080	1,948
Communication costs	7,560	5,940
Equipment	4,804	5,705
Interest and bank charges	2,932	3,377
Amortization of equipment	1,845	2,621
Office and general	1,705	1,620
<b>Total expenses</b>	<b>792,911</b>	<b>811,339</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>\$ 72,781</b>	<b>\$ 119,979</b>

The accompanying notes are an integral part of the financial statements.

**GIRLS INCORPORATED OF DURHAM****Statements of Cash Flows**

	For the year ended December 31,	
	<b>2021</b>	2020
		Restated (note 3)
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenditures	\$ 72,781	\$ 119,979
Adjustments:		
Unrealized gains on investments	(2,449)	(2,775)
Forgiveness of loan	(10,000)	(10,000)
Amortization of equipment	1,845	2,621
	<b>62,177</b>	109,825
Change in non-cash working capital items		
Accounts receivable	220,730	(220,368)
Prepaid expenses	2,052	(1,486)
Government remittance receivable	(2,450)	2,840
Accounts payable and accrued liabilities	4,667	8,318
Deferred revenue	(22,423)	62,966
	<b>202,576</b>	(147,730)
<b>Cashflows from (used by) operating activities</b>	<b>264,753</b>	(37,905)
<b>INVESTING ACTIVITIES</b>		
Purchase of equipment	(1,970)	-
<b>Cashflows used by investing activities</b>	<b>(1,970)</b>	-
<b>FINANCING ACTIVITIES</b>		
Proceeds from loan	20,000	40,000
<b>Cashflows from financing activities</b>	<b>20,000</b>	40,000
<b>Increase in cash</b>	<b>282,783</b>	2,095
<b>Cash, beginning of year</b>	<b>529,963</b>	527,868
<b>Cash, end of year</b>	<b>\$ 812,746</b>	\$ 529,963

The accompanying notes are an integral part of the financial statements.

## **GIRLS INCORPORATED OF DURHAM**

### **Notes to Financial Statements**

**December 31, 2021**

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#### **1) NATURE OF ORGANIZATION**

Girls Incorporated of Durham (the “Organization”), incorporated under Letters Patents on January 21, 1986, inspires all girls to be strong, smart, and bold through advocacy, education and programs.

The objective of the Organization is to foster the development of young girls in need of assistance that they may grow up to become adults who are positive contributors to the community at large. The Organization provides girls across Durham Region of Ontario, Canada, with life-changing experiences and solutions, consisting of people, an environment, and programming that, together, empower girls to succeed.

The Organization is a non-profit corporation with no share capital and is exempt from income taxes under the terms of the Canadian Income Tax Act. As a not-for-profit charitable organization, it is not liable for income taxes provided it meets certain requirements established by Canada Revenue Agency.

#### **2) SIGNIFICANT ACCOUNTING POLICIES**

##### ***a) Basis of accounting***

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

##### ***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 amounts of assets and liabilities and the disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The principal estimates used in the preparation of the financial statements are the useful life of equipment, the collectability of accounts receivable, the amount of accrued liabilities and deferred revenue recognized.

##### ***c) Contributed services***

These financial statements do not reflect the substantial value of services contributed by volunteers and interested parties, as the fair value of these services cannot be reasonably estimated.

##### ***d) Equipment***

Equipment is recorded at cost less accumulated amortization. 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:

- Computer hardware - 5 years
- Computer software - 3 years

## **GIRLS INCORPORATED OF DURHAM**

### **Notes to Financial Statements**

**December 31, 2021**

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#### **2) SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### *e) Financial instruments*

The Organization recognizes financial instruments when the Organization becomes party to the contractual provisions of the financial instrument.

##### *Arm's length financial instruments*

Financial instruments originated/acquired or issued/assumed in an arm's length transaction ("arm's length financial instruments") are initially recorded at their fair value.

At initial recognition, the Organization may irrevocably elect to subsequently measure any arm's length financial instrument at fair value. The Organization has not made such an election during the year.

The Organization subsequently measures investments in equity instruments quoted in an active market at fair value. All other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in deficiency of revenue over expenses. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

##### *Financial asset impairment*

The Organization assesses impairment of all its financial assets measured at cost or amortized cost. When there is an indication of impairment, the Organization determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year.

Any impairment, which is not considered temporary, is included in current year deficiency of revenue over expenses.

The Organization reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in deficiency of revenue over expenses in the year the reversal occurs.

##### *f) Net assets*

The Foundation follows the deferral method of accounting for contributions and reports using fund accounting and maintains two funds: Unrestricted Fund and Internally restricted operating reserve Fund. Unrestricted Fund reflects the organization's operating activities. The Internally restricted operating reserve reflects funding for unforeseen increase in operating expenses or decreases in operating revenues.

## **GIRLS INCORPORATED OF DURHAM**

### **Notes to Financial Statements**

**December 31, 2021**

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#### **2) SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### ***g) 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.

Government assistance is recognized where there is reasonable assurance that the Association qualifies for such assistance and it will be received. Government assistance is recognized as revenue over the periods in which the expenses are incurred for which the assistance is intended to compensate.

Fundraising revenue is recorded when the event is held.

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

#### **3) PRIOR PERIOD ADJUSTMENT**

During the current year, the Organization determined that bingo revenue of \$27,532 had not been classified as deferred revenue at December 31, 2020. These funds are externally restricted in accordance with the bingo permit with the Ontario Lottery and Gaming Corporation. The bingo revenue had been incorrectly recorded as revenue in the year it was received in 2020 and prior. Deferred revenue was understated at prior year end revenue and net assets were overstated. The result of this correction to fiscal 2020 is as follows:

Increase in deferred revenue	\$ 27,532
Decrease in revenue	(19,856)
Decrease in net assets, beginning of year	\$ 7,676

## GIRLS INCORPORATED OF DURHAM

### Notes to Financial Statements

December 31, 2021

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#### 4) CASH AND CASH EQUIVALENTS

	<b>As at December 31, 2021</b>	As at December 31, 2020
Cash	\$ 626,024	\$ 342,272
Restricted cash	26,221	27,532
Savings account	160,501	160,159
	\$ 812,746	\$ 529,963

Restricted cash of \$26,221 (2020 - \$27,532) relates to Bingo activities, which restrictions do not prevent use of this cash for general purposes, but specify that it can be used for funding of certain expenses only.

Cash of \$160,501 (2020 - \$160,159) is held in an investment savings account with Toronto Dominion bank earning 0.25% per annum.

#### 5) INVESTMENTS

The Organization maintains an investment account with TD Waterhouse. The breakdown of the securities held is as follows:

	<b>As at December 31, 2021</b>	As at December 31, 2020
Cash	\$ 218	\$ 159
Mutual funds	2,054	1,928
Common shares	7,628	5,364
	\$ 9,900	\$ 7,451

#### 6) ACCOUNTS RECEIVABLE

	<b>As at December 31, 2021</b>	As at December 31, 2020
Human Resources and Skills Development Canada ("HRSDC")	\$ -	\$ 188,150
Government of Canada	-	26,696
YMCA of Greater Toronto	6,000	12,330
Other	4,193	3,747
	\$ 10,193	\$ 230,923

## **GIRLS INCORPORATED OF DURHAM**

### **Notes to Financial Statements**

**December 31, 2021**

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#### **6) ACCOUNTS RECEIVABLE (continued)**

##### *HRSDC*

For the year ended December 31, 2020, the Organization was granted \$267,602 from HRSDC to fund summer support staff for the Organization's summer camp programming, of which \$188,150 was a receivable as at December 31, 2020. The amount of \$188,150 was received from HRSDC during the current year.

##### *Government of Canada*

In fiscal years 2021 and 2020, the Organization applied for funding under the Government of Canada's Canada Emergency Wage Subsidy ("CEWS"), a wage subsidy program offered to qualifying employers who have seen a drop in revenue due to COVID-19.

For the year ended December 31, 2021, the Organization applied for CEWS subsidies totaling of \$28,477 (2020 - \$90,186) from the CEWS of which \$nil (2020 - \$26,696) was a receivable as at December 31, 2021. The total funding of \$28,477 (2020 - \$90,186) has been recorded as revenue in the Statement of Operations.

#### **7) EQUIPMENT**

				<b>As at December 31, 2021</b>	As at December 31, 2020
	<b>Cost</b>	<b>Accumulated Amortization</b>		<b>Net</b>	<b>Net</b>
Computer hardware	\$ 9,259	\$ 5,688	\$	3,571	\$ 2,670
Computer software	7,768	7,768		-	776
	\$ 17,027	\$ 13,456	\$	3,571	\$ 3,446

## GIRLS INCORPORATED OF DURHAM

### Notes to Financial Statements

December 31, 2021

#### 8) DEFERRED REVENUE

	As at December 31, 2021	As at December 31, 2020
		Restated (note 3)
Public Health Agency of Canada ("PHAC")	\$ 38,180	\$ 38,180
Bingo	26,221	27,532
Ministry of the Solicitor General	8,488	-
Ontario Trillium Foundation	7,000	10,600
Ontario Power Generation	4,000	-
United Way Durham	-	30,000
	\$ 83,889	\$ 106,312

##### *PHAC - Pre & Post Natal Nutrition Project Food 4 Thought*

Starting in April 1, 2017, the Organization received funding from the Public Health Agency of Canada for the "Pre & Post Natal Nutrition Project Food 4 Thought" project for the periods from April 1, 2017 to March 31, 2024 totalling \$1,069,040 (or \$152,720 annually). In April 2021, the Organization received the grant of \$152,720 (2020 - \$152,720) for the 12-month period commencing April 1, 2021, of which \$38,180 (2020 - \$38,180) relates to fiscal 2022 and has been reallocated to deferred revenue.

##### *Bingo*

Funds raised through bingo activities are externally restricted in accordance with the permit from the Ontario Lottery and Gaming Corporation ("OLG"). Of the total bingo proceeds received in 2021, \$26,221 (2020 - \$27,532) remains unspent and has been reallocated to deferred revenue. These funds are held in a separate bank account as required by the OLG (note 3).

##### *Ministry of the Solicitor General - Safer and Vital Communities*

In May 2021, the Organization received a grant of \$51,300 from the Ministry of the Solicitor General to fund programming in 2021 and 2022. Of the total funding received in 2021, \$8,488 relates to fiscal 2022 and has been reallocated to deferred revenue.

##### *Ontario Trillium Foundation*

In September 2021, the Organization received a grant of \$65,200 (2020 - \$32,600) from Ontario Trillium Foundation to support the Organization's growth programming into priority neighbourhoods. Of the total funding received in 2021, \$7,000 (2020 - \$10,600) relates to fiscal 2022 and has been reallocated to deferred revenue.

## **GIRLS INCORPORATED OF DURHAM**

### **Notes to Financial Statements**

**December 31, 2021**

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#### **8) DEFERRED REVENUE (continued)**

##### *Ontario Power Generation*

In November 2021, the Organization received a grant of \$4,000 from Ontario Power Generation to fund programming in 2022. The total funding received in 2021 of \$4,000 relates to fiscal 2022 and has been reallocated to deferred revenue.

##### *United Way Durham*

In December 2020, the Organization received emergency community support funding of \$30,000 from United Way Durham. Of the total funding received in 2020, \$30,000 related to fiscal 2021 and was reallocated to deferred revenue.

#### **9) LOAN**

The Organization applied for and received the \$60,000 Canada Emergency Business Account loan, which is an interest-free loan to cover operating costs. Repaying the balance of the loan on or before December 31, 2023 will result in a loan forgiveness of \$20,000, of which \$10,000 (2020 - \$10,000) was recognized in other revenue in 2021 (note 10).

#### **10) OTHER REVENUES**

	<b>As at December 31, 2021</b>	As at December 31, 2020
Girls Inc (USA) flow through funding	\$ 23,600	\$ 8,226
Forgiveness of loan (note 8)	10,000	10,000
Other funding	8,143	1,789
YMCA	6,000	19,120
Merchandise and other sales	1,240	1,020
Second Harvest Food Support	-	20,000
	\$ 48,983	\$ 60,155

## **GIRLS INCORPORATED OF DURHAM**

### **Notes to Financial Statements**

**December 31, 2021**

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#### **11) FINANCIAL INSTRUMENTS**

##### *Credit risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge their obligation. The Organization is exposed to credit risks on its account receivable from its various members and third parties. The Organization manages this risk through proactive collection policies.

In the current year, there was no significant concentration of credit risk. In the prior year, 93% of accounts receivable was due from government sources. The Organization considers credit risk from government sources to be low.

##### *Liquidity risk*

Liquidity risk is the risk that the Organization will not be able to meet a demand for cash or fund its obligations as they come due as a result of the Organization's inability to liquidate assets in a timely and reasonable manner. The Organization is exposed to liquidity risk with respect to its accounts payable and loan and mitigates this risk by preparing and monitoring detailed budgets and holding assets that can be readily converted to cash. There were no significant changes in this risk from prior year.

##### *Market risk*

Market risk is the risk that the value of an investment will fluctuate as a result of changes in market prices, whether those changes caused by factors specific to the individual investment or its issuer or factors affecting all securities traded in the market. Market risk comprises of three types of risk: currency risk, interest risk and price risk. The Organization is not exposed to significant price risk.

#### **12) UNCERTAINTY DUE TO COVID-19**

The duration and full financial effect of the COVID-19 pandemic is unknown at this time, as are the measures taken by governments, companies, and others to attempt to reduce the spread of COVID-19. Any estimate of the length and severity of these developments is therefore subject to significant uncertainty, and accordingly estimates of the extent to which the COVID-19 may materially and adversely affect the Organization's operations, financial results and condition in future periods are also subject to significant uncertainty.

The Board of Directors have been monitoring the effects of the pandemic on the Organization, including pivoting programming, delivery of services and fundraising activities wherever possible. The Organization does have sufficient cash resources to continue during the COVID-19 pandemic. To mitigate the impact of COVID-19, the Organization applied for and received government assistance through the Canada Emergency Business Account (CEBA) loan (note 9), the Canada Emergency Wage Subsidy (CEWS) and the 10% Temporary Wage Subsidy for Employers (note 6).

## **GIRLS INCORPORATED OF DURHAM**

### **Notes to Financial Statements**

**December 31, 2021**

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#### **13) COMPARATIVE FIGURES**

Certain prior year figures have been reclassified to conform to the current year's presentation.

#### **14) SUBSEQUENT EVENT**

Subsequent to year end, the Organization changed its year end to March 31, 2022, as approved by the Canada Revenue Agency.