

Girls Incorporated of Durham

Financial Statements

For the year ended March 31, 2023

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 March 31, 2023, and the statement of operations, changes in net assets and cash flows for the period 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 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 March 31, 2023, and its financial performance and its cash flows for the period 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 year ended March 31, 2023 and period ended March 31, 2022, or assets as at March 31, 2023 and March 31, 2022.

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.

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

August 31, 2023

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

MNP

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

	As at March 31, 2023	As at March 31, 2022
ASSETS		
Current assets		
Cash and cash equivalents (note 3)	\$ 559,357	\$ 845,257
Investments (note 4)	373,476	9,613
Accounts receivable (note 5)	4,800	9,864
Prepaid expenses	10,043	6,257
Government remittance receivable	10,041	3,022
	957,717	874,013
Non-current assets		
Equipment (note 6)	9,273	7,413
TOTAL ASSETS	\$ 966,990	\$ 881,426
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 34,438	\$ 29,058
Deferred revenue (note 7)	113,673	94,681
	148,111	123,739
Non-current liabilities		
Loan (note 8)	-	40,000
Total liabilities	148,111	163,739
NET ASSETS		
Unrestricted	468,879	367,687
Internally restricted operating reserve	350,000	350,000
	818,879	717,687
TOTAL LIABILITIES AND NET ASSETS	\$ 966,990	\$ 881,426

On behalf of the Board of Directors:

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Director

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

GIRLS INCORPORATED OF DURHAM

Statements of Changes in Net Assets

	Unrestricted	Internally restricted operating reserve	For the year ended March 31, 2023	For the three months ended March 31, 2022
Net assets, beginning of year	\$ 367,687	350,000	\$ 717,687	\$ 750,687
Excess (deficiency) of revenues over expenditures	101,192	-	101,192	(79,669)
Net assets, end of year	\$ 468,879	350,000	\$ 818,879	\$ 671,018

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

GIRLS INCORPORATED OF DURHAM**Statement of Operations**

	For the year ended March 31, 2023	For the three months ended March 31, 2022 (note 2(b))
Revenue		
Government grants	\$ 415,930	\$ 46,669
Community grants	393,174	50,670
Donations and fundraising	125,798	9,923
Program revenue	80,776	5,570
Bingo	58,025	38
Other revenues (note 9)	28,804	11,958
United Way	29,791	8,116
Investment income	11,051	95
Total revenue and other support	1,143,349	86,370
EXPENDITURES		
Salaries and benefits	\$ 720,113	\$ 106,018
Program costs	211,262	26,257
Rent, insurance and utilities	39,453	10,733
Conference and training	20,212	4,300
Fundraising costs	15,560	-
Professional fees	14,844	12,100
Communication costs	6,698	2,487
Equipment	5,974	1,549
Amortization of equipment	2,902	483
Interest and bank charges	2,882	581
Office and general	2,257	1,531
Total expenses	1,042,157	166,039
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 101,192	\$ (79,669)

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

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

	For the year ended March 31, 2023	For the three months ended March 31, 2022 (note 2(b))
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenditures	\$ 101,192	\$ (79,669)
Adjustments:		
Unrealized losses (gains) on investments	(1,562)	287
Amortization of equipment	2,902	483
	102,532	(78,899)
Change in non-cash working capital items		
Accounts receivable	5,064	37,105
Prepaid expenses	(3,786)	2,817
Government remittance receivable	(7,019)	5,279
Accounts payable and accrued liabilities	5,380	13,073
Deferred revenue	18,992	10,792
	18,631	69,066
Cashflows from operating activities	121,163	(9,833)
INVESTING ACTIVITIES		
Increase in investments	(370,000)	-
Proceeds from sale of investments	7,699	
Purchase of equipment	(4,762)	(4,325)
Cashflows used by investing activities	(367,063)	(4,325)
FINANCING ACTIVITIES		
Loan repayment	(40,000)	-
Cashflows used by financing activities	(40,000)	-
Decrease in cash and cash equivalents	(285,900)	(14,158)
Cash and cash equivalents, beginning of year	845,257	812,746
Cash and cash equivalents, end of year	\$ 559,357	\$ 798,588

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

GIRLS INCORPORATED OF DURHAM

Notes to Financial Statements

For the year ended March 31, 2023

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) Change in year-end

The Organization has changed its financial year-end to March 31, from December 31. The Organization’s transition period is the three months ended March 31, 2022. The new financial year will better align the Organization with its funding sources and applicable period of supports from such sources.

c) 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.

d) 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.

GIRLS INCORPORATED OF DURHAM

Notes to Financial Statements

For the year ended March 31, 2023

2) SIGNIFICANT ACCOUNTING POLICIES (continued)

e) 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

f) 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 expenditures. 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 expenditures.

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 expenditures in the year the reversal occurs.

GIRLS INCORPORATED OF DURHAM

Notes to Financial Statements

For the year ended March 31, 2023

2) SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Net assets

The Organization 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.

h) 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 Organization 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.

3) CASH AND CASH EQUIVALENTS

	As at March 31, 2023	As at March 31, 2022
Cash	\$ 206,839	\$ 654,789
Restricted cash	18,064	29,804
Savings account	334,454	160,664
	\$ 559,357	\$ 845,257

Restricted cash of \$18,064 (2022 - \$29,804) 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 equivalents of \$334,454 is held in an investment savings account with IG Wealth Management earning 4.25% per annum as at March 31, 2023 (2022 - \$160,664 held with Toronto Dominion bank earning 2.25% per annum).

GIRLS INCORPORATED OF DURHAM

Notes to Financial Statements

For the year ended March 31, 2023

4) INVESTMENTS

As at March 31, 2023, the Organization maintains investment accounts with IG Wealth Management. The breakdown of the securities held is as follows:

	As at March 31, 2023	As at March 31, 2022
Fixed income securities	\$ 250,797	\$ -
Equity securities	122,679	9,613
	<u>\$ 373,476</u>	<u>\$ 9,613</u>

5) ACCOUNTS RECEIVABLE

	As at March 31, 2023	As at March 31, 2022
Bingo	\$ 4,800	\$ 5,035
Second Harvest Food Support	-	3,019
Other	-	1,810
	<u>\$ 4,800</u>	<u>\$ 9,864</u>

6) EQUIPMENT

	As at March 31, 2023			As at March 31, 2022
	Cost	Accumulated Amortization	Net	Net
Computer hardware	\$ 18,345	\$ 9,072	\$ 9,273	\$ 7,413
Computer software	7,768	7,768	-	-
	<u>\$ 26,113</u>	<u>\$ 16,840</u>	<u>\$ 9,273</u>	<u>\$ 7,413</u>

GIRLS INCORPORATED OF DURHAM

Notes to Financial Statements

For the year ended March 31, 2023

7) DEFERRED REVENUE

	As at March 31, 2023	As at March 31, 2022
Ontario Trillium Foundation (a)	\$ 24,117	\$ 6,042
Ontario Trillium Foundation (b)	24,117	-
Bingo	22,863	34,839
Summer camp registration	16,520	-
The City of Oshawa	12,500	-
Membership and other fees	6,288	-
Other community grants	7,268	-
Ministry of the Solicitor General	-	53,800
	\$ 113,673	\$ 94,681

Ontario Trillium Foundation

- a) In September 2020, the Organization received a grant from Ontario Trillium Foundation to support the Organization's growth programming into priority neighbourhoods for the periods from September 2020 to September 2023 totalling \$195,200.
- For the period from September 2021 to September 2022, the Organization received \$65,200 from this funding of which \$6,042 relates to fiscal 2023 and has been recognized as deferred revenue as at March 31, 2022.
 - For the period from September 2022 to March 31, 2023, the Organization received \$58,700 from this funding of which \$24,117 relates to fiscal 2024 and has been recognized as deferred revenue as at March 31, 2023.
- b) In April 2022, the Organization received a grant from Ontario Trillium Foundation for "Girls thINC outside the box" pilot program in priority neighbourhoods for the periods from April 2022 to April 2023 totalling \$69,200.
- For the year ended March 31, 2023, the Organization received \$62,300 from this funding of which \$24,117 relates to fiscal 2024 and has been recognized as deferred revenue as at March 31, 2023.

Bingo

Funds raised through bingo activities are externally restricted in accordance with the permit from the Ontario Lottery and Gaming Corporation ("OLG"). Bingo funds of \$22,863 as at March 31, 2023 (2022 - \$34,839) remains unspent and has been reallocated to deferred revenue. These funds are held in a separate bank account as required by the OLG.

GIRLS INCORPORATED OF DURHAM

Notes to Financial Statements

For the year ended March 31, 2023

7) DEFERRED REVENUE (continued)

Summer Camp Registration fees

Registration fees of \$16,520 (2022 - \$nil) relates to summer camp programs to be delivered starting July 2023.

The City of Oshawa

In March 2023, the Organization received a funding of \$12,500 from The City of Oshawa to expand the Mind+ Body programming in 2024. The total funding received in 2023 of \$12,500 relates to fiscal 2024 and has been recorded as deferred revenue as at March 31, 2023.

Ministry of the Solicitor General - Safer and Vital Communities

In March 2022, the Organization received a grant of \$53,800 from the Ministry of the Solicitor General to fund programming in 2022 and 2023. Of the total funding received in 2022, \$53,800 relates to fiscal 2023 and has been reallocated to deferred revenue as at March 31, 2022.

8) 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 and \$10,000 were recognized in other revenue in fiscal 2021 and fiscal 2020. During the year, the loan of \$40,000 was repaid.

GIRLS INCORPORATED OF DURHAM

Notes to Financial Statements

For the year ended March 31, 2023

9) OTHER REVENUES

	For the year ended March 31, 2023	For the three months ended March 31, 2022
Girls Inc (USA) flow through funding	\$ 20,129	\$ 10,726
Other funding	6,023	1,132
Merchandise and other sales	2,652	100
	\$ 28,804	\$ 11,958

Flow through funding from Girls Inc. (USA) represents funding to support implementation of Piloting 6–8-year Healthy Sexuality Program, Investment Challenge funding to support implementation of Economic Literacy programming, and unrestricted funding to support the Organization with Mental Health Support.

10) FINANCIAL RISK MANAGEMENT

The Organization is exposed to various financial risks through transactions in financial instruments. The Organization manages these risks by maintaining a diversified portfolio of investments. The Organization’s exposure to and management of the risks is described below.

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 and prior year, there was no significant concentration of credit risk.

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 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.

GIRLS INCORPORATED OF DURHAM

Notes to Financial Statements

For the year ended March 31, 2023

10) FINANCIAL INSTRUMENTS (continued)

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 exposed to price risk in which the value of financial instruments will fluctuate due to changes in market prices on its portfolio investments consisting of equity funds. At March 31, 2023, the fair value of the Organization's portfolio investments in equity securities totaled \$122,659 (2022 - \$9,613).

In addition, the Organization is exposed to interest risk in which changes in interest rates will affect future cash flows or fair values of financial instruments on its portfolio investment consisting of fixed income securities. The Organization is exposed to fair value risk with respect to its portfolio investments in fixed income securities. At March 31, 2023, the fair value of the Organization's portfolio investments in fixed income securities totaled \$250,797 (2022 - \$nil).

The Organization is also exposed to cash flow risk with respect to its cash held in a saving account and earning interest at a variable rate. At March 31, 2023, the Organization had \$334,454 earning interest at prime less 2.45% (2022 - \$160,664 earning interest at prime less 2.25 %). Prime rate increased by 4% from March 31, 2022 to March 31, 2023.