

Financial Statements of

**GIRL GUIDES OF CANADA-
GUIDES DU CANADA**

And Independent Auditors' Report thereon

Year ended December 31, 2020



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INDEPENDENT AUDITORS' REPORT

To the Members of Girl Guides of Canada - Guides du Canada

Opinion

We have audited the financial statements of Girl Guides of Canada - Guides du Canada (the Entity), which comprise:

- the statement of financial position as at December 31, 2020
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2020, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' 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 opinion.



Other Matter - Comparative Information

The comparative information as at and for the year ended December 31, 2019 is unaudited. Accordingly, we do not express an opinion on it.

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.

Auditors' 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 auditors' 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 the 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.



Page 3

- 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.
- 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 auditors' 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 auditors' 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.
- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

August 5, 2021

GIRL GUIDES OF CANADA-GUIDES DU CANADA

Statement of Financial Position

December 31, 2020, with comparative information for 2019

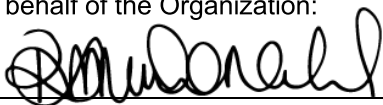
	2020	2019
		(Unaudited - note 19)
Assets		
Current assets:		
Cash (note 2)	\$ 24,549,815	\$ 10,900,140
Accounts receivable (note 14)	3,598,302	1,402,048
Investments (note 4)	533,868	407,334
Inventory (note 3)	2,326,819	1,770,854
Prepaid expenses	1,011,004	698,293
Camp properties held for sale (note 17)	1,603,106	597,187
Total current assets	33,622,914	15,775,856
Investments (note 4)	64,588,948	56,032,687
Capital assets (note 5)	12,289,320	14,679,431
Total assets	\$ 110,501,182	\$ 86,487,974

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 6)	\$ 2,190,945	\$ 2,679,072
Due to Area and District Councils and Units (note 12)	21,354,191	5,497,627
Deferred revenue (note 7)	3,288,037	6,883,258
Total current liabilities	26,833,173	15,059,957
Deferred capital contributions (note 8)	59,616	72,956
Deferred contributions - programs/events (note 8)	11,587,183	2,828,700
Lease inducements	342,133	348,461
Total liabilities	38,822,105	18,310,074
Net assets:		
Unrestricted	50,329,298	45,793,139
Endowment funds (note 9)	1,835,171	1,757,047
Internally restricted (note 11)	5,681,798	5,424,052
Invested in capital assets	13,832,810	15,203,662
	71,679,077	68,177,900
Commitments and contingencies (note 15)		
Subsequent events (note 20)		
Total liabilities and net assets	\$ 110,501,182	\$ 86,487,974

See accompanying notes to financial statements.

On behalf of the Organization:



Chair of the Board



Chief Executive Officer

GIRL GUIDES OF CANADA-GUIDES DU CANADA

Statement of Operations

Year ended December 31, 2020, with comparative information for 2019

	2020	2019 (Unaudited - note 19)
Revenue:		
Membership and registration fees	\$ 8,196,119	\$ 8,696,990
Camping, conference, and event fees	203,028	3,634,978
Fund development	7,033,874	13,668,176
Investment income (note 13)	5,681,297	7,148,180
Canadian World Friendship Fund	–	295,325
Other income	408,550	1,071,637
Amortization of deferred capital contributions (note 8)	13,340	4,504
Gain on sale of real property (note 12)	517,418	79,248
Government grants (note 14)	2,790,371	188,302
	<u>24,843,997</u>	<u>34,787,340</u>
Merchandising (Schedule):		
Sales	2,241,877	4,469,074
Expenses	2,782,511	3,768,220
	<u>(540,634)</u>	<u>700,854</u>
	24,303,363	35,488,194
Expenses:		
Girl experience:		
Program development	673,034	1,707,756
Subsidies and scholarships	483,984	690,191
Special experiences: camps, events, and travel	646,162	9,295,325
Camp properties and user space	1,252,224	1,746,410
Infrastructure and communications	791,888	1,228,087
Girl safety	402,869	682,057
	<u>4,250,161</u>	<u>15,349,826</u>
Member services:		
Customer care centre	718,844	185,466
Guider development	494,633	150,920
Infrastructure	1,096,243	2,539,193
	<u>2,309,720</u>	<u>2,875,579</u>
Governance and operations:		
Finance	3,729,448	3,257,045
Operations	2,745,831	3,320,500
Administration	2,395,698	2,575,281
Information technology	1,948,709	1,771,520
Human resources	700,420	476,614
Governance	504,535	985,616
Restructuring costs (note 18)	1,303,405	–
Amortization	914,259	912,467
	<u>14,242,305</u>	<u>13,299,043</u>
	20,802,186	31,524,448
Excess of revenue over expenses	\$ 3,501,177	\$ 3,963,746

See accompanying notes to financial statements.

GIRL GUIDES OF CANADA-GUIDES DU CANADA

Statement of Changes in Net Assets

Year ended December 31, 2020, with comparative information for 2019

					2020	2019
	Unrestricted	Endowment funds (note 9)	Internally restricted (note 11)	Invested in capital assets	Total	Total (Unaudited - note 19)
Balance, beginning of year	\$ 45,793,139	\$ 1,757,047	\$ 5,424,052	\$ 15,203,662	\$ 68,177,900	\$ 64,214,154
Excess (deficiency) of revenue over expenses	5,110,380	–	–	(1,609,203)	3,501,177	3,963,746
Interfund transfers	(335,870)	78,124	257,746	–	–	–
Purchase of capital assets	(248,351)	–	–	248,351	–	–
Decrease in asset retirement obligation	10,000	–	–	(10,000)	–	–
Balance, end of year	\$ 50,329,298	\$ 1,835,171	\$ 5,681,798	\$ 13,832,810	\$ 71,679,077	\$ 68,177,900

See accompanying notes to financial statements.

GIRL GUIDES OF CANADA-GUIDES DU CANADA

Statement of Cash Flows

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
		(Unaudited - note 19)
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 3,501,177	\$ 3,963,746
Items not involving cash:		
Amortization of capital assets	914,259	912,467
Amortization of deferred capital contributions	(13,340)	(4,504)
Amortization of lease inducement	(6,328)	(6,913)
Unrealized gain on investments	(2,630,452)	(2,423,353)
Realized investment income	(3,293,481)	(4,859,185)
Deferred contributions realized	(226,224)	(645,926)
Loss on disposal of capital assets	708,284	906
Asset retirement obligation	10,000	16,341
	(1,036,105)	(3,046,421)
Change in non-cash operating working capital:		
Accounts receivable	(2,196,254)	824,635
Inventory	(555,965)	(902,876)
Prepaid expenses	(312,711)	(105,872)
Accounts payable and accrued liabilities	(488,127)	(27,582)
Due to Areas and District Councils and Units	15,856,564	(1,075,133)
Deferred revenue	(3,595,221)	182,674
Cash provided by (used in) operating activities	7,672,181	(4,150,575)
Financing activities:		
Additions to deferred contributions	8,984,707	1,152,229
Cash provided by financing activities	8,984,707	1,152,229
Investing activities:		
Net change in investments	(2,758,862)	3,285,075
Purchase of capital assets	(248,351)	(768,217)
Cash used in investing activities	(3,007,213)	2,516,858
Increase (decrease) in cash	13,649,675	(481,488)
Cash, beginning of year	10,900,140	11,381,628
Cash, end of year	\$ 24,549,815	\$ 10,900,140

See accompanying notes to financial statements

GIRL GUIDES OF CANADA-GUIDES DU CANADA

Notes to Financial Statements

Year ended December 31, 2020

The mission of Girl Guides of Canada-Guides du Canada is to be a catalyst for girls empowering girls.

Girl Guides of Canada-Guides du Canada is a nationally incorporated charitable organization established by a Special Act of Parliament. The governing board of the Girl Guides of Canada-Guides du Canada is the Board of Directors (the "Board"). The Board delegates defined authority and responsibility to specific divisions of Girl Guides of Canada-Guides du Canada. National Operations is the head body and Provincial Councils, along with certain Area Councils, are internal divisions as described in guidance from Canada Revenue Agency ("CRA"). Along with Provincial Councils, all Area and District Councils (collectively, "Local Councils") are responsible for delivering guiding within a designated locality. Each Council bears the name of Girl Guides of Canada-Guides du Canada, along with its own local identifying name and all Councils bear certain fiduciary and administrative responsibilities as prescribed by the Board. All Councils, regardless of level, are focused on delivering the overall mission of Girl Guides of Canada-Guides du Canada. The Local and Provincial Councils deliver programs to members through units ("Units"). Units describe groups of age-similar members who participate in program experiences.

Girl Guides of Canada-Guides du Canada is exempt from income taxes under the provision related to charitable organizations, provided certain requirements under the Income Tax Act (Canada) are met. In the opinion of management, these requirements have been met.

1. Significant accounting policies:

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the Chartered Professional Accountants of Canada Handbook.

(a) Basis of presentation:

In 2019, the Board approved a project to combine the financial activities across the country, referred to as the Nation-wide Financial Management Project. In 2020, as part of this project the financial activities of National Operations, Provincial Councils, Local Councils, and Units transitioned to a centralized platform.

As a result of this project, Girl Guides of Canada-Guides du Canada now has the ability to present combined financial statements consisting of National Operations and Provincial Councils for the years ended 2019 and 2020. For the purposes of these statements, the defined Organization is comprised of National Operations and Provincial Councils.

GIRL GUIDES OF CANADA-GUIDES DU CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2020

1. Significant accounting policies (continued):

As the Board has not fully exercised control over the Local Councils and Units, the assets, liabilities, revenue, and expenses of the Local Councils and Units have not been combined nor reported in these financial statements, as they are comprised of a large number of individually immaterial organizations.

(b) Revenue recognition:

The Organization follows the deferral method of accounting for contributions. Specified donations, externally restricted monies, membership fees and event fees that relate to programs to be undertaken in future periods are deferred and recognized as revenue as the related expenses are incurred or related events take place.

National Operations collects the majority of the membership fees on behalf of Girl Guides of Canada, however only the Organization's portion is included in revenue in these financial statements.

Camp fees, Alberta Lottery and Gaming Corporation revenue and other income are recorded on an accrual basis to the extent that persuasive evidence of an arrangement exists or the services are rendered. The amounts that are to be received relating to the camp fees, Alberta Lottery and Gaming Corporation revenue and other revenue are only recognized when they are reasonably estimated and when collection is reasonably assured.

Fund development includes net proceeds on the sale of Girl Guide cookies. Cookie fundraising is presented net of the amount remitted to the supplier and allocated to Local Councils and Units. Cookie fundraising is recognized on an accrual basis based on the number of cases sold.

Fund development also includes general donations which are recognized when received.

Merchandising revenue is presented net of an allowance for estimated returns. Merchandising revenue is recorded when merchandise is shipped to the customer. The Organization's liability for sales refunds is recognized within accrued liabilities.

GIRL GUIDES OF CANADA-GUIDES DU CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2020

1. Significant accounting policies (continued):

Investment income, which is recorded on the accrual basis, includes interest income, realized gains on sale of investments and unrealized gains (losses) on investments net of management fees. Restricted investment income is recorded in deferred contributions until the related expense is incurred. Unrestricted investment income is recognized as revenue when earned.

Grant revenue is recorded on the accrual basis. It is recognized as revenue when amounts are reasonably estimated and collection is reasonably assured.

Endowments are recognized as direct increases in net assets and are required to be maintained on a permanent basis. Only the revenue derived therefrom is available to support the Organization's activities.

(c) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently measured at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Organization has elected to carry non-equity investments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year. If there is an indicator of impairment, the Organization determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Organization expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

GIRL GUIDES OF CANADA-GUIDES DU CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2020

1. Significant accounting policies (continued):

(d) Inventory:

Inventory is measured at the lower of cost, determined on a first-in, first-out basis, and net realizable value. Inventory consists of merchandise which is sold to support guiding programs as well as cookie inventory related to current fundraising campaigns. Cost includes all purchase costs. Net realizable value is the estimated selling price in the normal course of business less the estimated costs to make the sale. Cost of sales includes all costs of inventory recognized as expenses in the year.

(e) Capital assets:

Capital assets are stated at cost less accumulated amortization. Amortization is based on the estimated useful lives of the assets and is calculated on a straight-line basis as follows:

Land and commemorative rock	Indefinite
Land improvements	15 years
Buildings	20 - 40 years
Leasehold improvements	Over the term of the lease
Office equipment and furniture	5 - 10 years
Computer equipment	3 - 5 years
Computer software	3 - 5 years
Asset retirement obligation	Over the useful life of the underlying asset
Automobile	5 years

Capital assets are written down to fair value or replacement cost to reflect partial impairments when conditions indicate that the assets no longer contribute to the Organization's ability to provide goods and services.

GIRL GUIDES OF CANADA-GUIDES DU CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2020

1. Significant accounting policies (continued):

(f) Asset retirement obligation:

The Organization recognizes the liability for an asset retirement obligation that results from normal operations in the year in which it is incurred and when a reasonable estimate of fair value can be made. The amount recognized is the best estimate of the expenses required to settle the present obligation. The corresponding cost is capitalized as part of the related asset and is amortized over the asset's useful life. In subsequent years, the liability is adjusted for changes resulting from the passage of time and revisions to either the timing or the amount of the original estimate of the undiscounted cash flows. The accretion of the liability to its fair value as a result of the passage of time is charged to operations while changes resulting from the revisions to either the timing or the amount of the original estimate of the undiscounted cash flows are accounted for as part of the carrying amount of the related capital assets.

(g) Lease inducement:

Leases that the Organization enters into, which transfer substantially all benefits and risks associated with ownership of the property are recorded as capital leases. All other leases are accounted for as operating leases. Costs are expensed on a straight-line basis over the term of each lease.

The total amount of lease inducements, including rent-free periods, is amortized on the straight-line basis over the term of the respective lease.

(h) Net assets:

For financial reporting purposes, the net assets have been classified into the following categories:

(i) Unrestricted:

Unrestricted net assets include assets available for use by the Organization for program delivery and administrative activities.

GIRL GUIDES OF CANADA-GUIDES DU CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2020

1. Significant accounting policies (continued):

(ii) Internally restricted net assets:

These funds reflect assets designated by the Board or Provincial Councils to provide funds for operations and special purposes. These amounts are disclosed in note 11. Investment income earned on internally restricted net assets is recorded as unrestricted investment income when earned and as transfers to the respective programs within internally restricted net assets in accordance with the approved policies.

(iii) Endowment funds:

The Organization holds both internally and externally restricted endowments which are held in perpetuity. The annual investment income earned from these endowments is used for specific purposes, in a manner consistent with the endowment agreement. The unspent income amounts are reflected in endowment funds or deferred contributions on the statement of financial position, depending on the endowment agreement requirements.

(iv) Invested in capital assets:

Net assets invested in capital assets represent the unamortized portion of capital assets purchased with unrestricted resources, less related deferred capital contributions.

(i) Donated services:

The Organization's activities include time donated by a substantial number of volunteers. Since no objective basis exists for recording and assigning values to these services, they are not reflected in the financial statements.

(j) Government assistance:

The Organization has applied for financial assistance under available government incentive programs. Government assistance related to current expenses is recognized as revenue during the year.

GIRL GUIDES OF CANADA-GUIDES DU CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2020

1. Significant accounting policies (continued):

(k) Pension plan:

The Organization maintains a defined contribution pension plan for employees. The expense for this plan is equal to the Organization's required contribution for the year. Pension expense for the year was \$285,615 (2019 - \$318,519).

(l) Funds held for Local Councils and Units and related party transactions:

(i) Cash held belonging to Local Councils and Units:

The Organization holds funds for various Local Councils and Units for the purposes of day-to-day cash uses and investing activities.

The Provincial Councils pool the Local Councils' and Units' operating cash into bank accounts and disburse funds as directed by Local Councils and Units. Aggregate amounts of cash held on behalf of Local Councils and Units are recorded as due to area and district councils and units.

(ii) Funds held in investments:

Additionally, the Provincial Councils purchase investments with Local Council funds and allocate investment income, net of fees, to the Local Councils. Funds are disbursed from the investment portfolio for the benefit of the Local Councils to whom they belong, and as prescribed by written agreements. Disbursements, receipts of funds and investment income earned are recognized on the statement of financial position with no impact on the statement of operations.

GIRL GUIDES OF CANADA-GUIDES DU CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2020

1. Significant accounting policies (continued):

(m) Assets held for sale:

Assets classified as held for sale relate to assets in which management, having the authority to approve the action, commits to a plan to sell, the asset is available for sale in its current condition subject only to terms that are usual and customary for sales of such assets, an active program to locate a buyer and other actions required to complete the sale plan have been initiated, the sale is probable, and is expected to qualify for recognition as a completed sale within one year, it is being actively marketed for sale at a price that is reasonable in relation to its current fair value, and actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn. Assets classified as held for sale are measured at the lower of carrying amount and fair market value less costs to sell, are recorded as current assets on the statement of financial position, and are not amortized.

(n) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to estimates and assumptions include the useful life of capital assets and net realizable value of inventory. Actual results could differ from those estimates.

2. Cash:

Cash includes \$21,354,191 (2019 - \$5,497,672) held on behalf of Local Councils and Units (note 12).

In addition, cash includes restricted cash of \$15,060 (2019 - \$50,479) that consists of the Alberta Lottery and Gaming Corporation funds that are held for specified purposes.

GIRL GUIDES OF CANADA-GUIDES DU CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2020

3. Inventory:

	2020	2019
		(Unaudited - note 19)
Merchandise	\$ 1,248,125	\$ 1,766,138
Cookies	1,078,694	4,716
	<u>\$ 2,326,819</u>	<u>\$ 1,770,854</u>

The inventories recognized as an expense during the year amounted to \$1,103,688 (2019 - \$1,715,537). During the year, \$1,457,929 (2019 - \$122,252) was recorded as a write-down from cost to net realizable value to merchandising expenses and fund development revenue. There were no reversals of previously recorded inventory write-downs during the year.

GIRL GUIDES OF CANADA-GUIDES DU CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2020

4. Investments:

The Organization's investments are held in multiple types of financial instruments. Certain funds held are restricted for specific uses only. All investments are measured at fair market value as at December 31.

	2020	2019
		(Unaudited - note 19)
Short-term:		
Guaranteed investment certificate, maturing July 21, 2021 (2019 - July 21, 2020), 0.55%	\$ 158,898	\$ 156,396
Guaranteed investment certificate, maturing April 12, 2021, 2.23% to 2.24%	243,336	-
Guaranteed investment certificate, maturing June 7, 2021, 2.25%	131,634	-
Guaranteed investment certificate, matured April 27, 2020, 2.66%	-	21,348
Guaranteed investment certificate, matured June 5, 2020, 1.60%	-	100,916
Guaranteed investment certificate, matured July 24, 2020, 2.10%	-	128,674
	<u>533,868</u>	<u>407,334</u>
Long-term:		
Mutual funds	136,502	1,203,345
Segregated and pooled funds - CIBC The Winnipeg Foundation managed fund - Canadian equities	64,107,148	54,129,962
Common shares - Brookfield Asset Management Inc.	336,782	322,784
Guaranteed investment certificate, maturing April 12, 2021, 2.23% to 2.24%	8,516	8,136
Guaranteed investment certificate, maturing June 7, 2021, 2.25%	-	238,016
	-	130,444
	<u>64,588,948</u>	<u>56,032,687</u>
Total investments	\$ 65,122,816	\$ 56,440,021

GIRL GUIDES OF CANADA-GUIDES DU CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2020

4. Investments (continued):

In addition to the investments noted above, as at December 31, 2020 there are funds held in investments on behalf of the Local Councils of \$1,178,650 (2019 - \$1,121,704) and as a result are not shown in these financial statements.

5. Capital assets:

			2020	2019
	Cost	Accumulated amortization	Net book value	Net book value
				(Unaudited - note 19)
Land and commemorative rock	\$ 759,698	\$ —	\$ 759,698	\$ 1,725,724
Land improvements	16,693	3,689	13,004	13,353
Buildings	16,396,428	6,694,265	9,702,163	10,898,592
Leasehold improvements	1,000,141	442,217	557,924	620,295
Office equipment and furniture	2,469,760	2,025,960	443,800	532,437
Computer equipment	1,004,663	919,876	84,787	140,761
Computer software	2,723,047	2,095,103	627,944	638,269
Asset retirement obligation	100,000	—	100,000	110,000
Automobile	5,925	5,925	—	—
	<u>\$ 24,476,355</u>	<u>\$ 12,187,035</u>	<u>\$ 12,289,320</u>	<u>\$ 14,679,431</u>

COVID-19 has negatively impacted the Organization's ability to generate revenue from camp properties. Although there was a decline in revenue generation from camp properties in the short-term, management has concluded that the properties continue to have value in use and that there is no impairment of these or other fixed assets held by the Organization.

6. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities as at December 31, 2020 are government remittances payable of \$12,250 (2019 - \$32,522) relating to harmonized sales tax, payroll taxes, employer health taxes ("EHT") and workers' safety insurance.

GIRL GUIDES OF CANADA-GUIDES DU CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2020

6. Accounts payable and accrued liabilities (continued):

During 2014, the Ontario Council completed an environmental assessment of one of its premises. The assessment revealed an anomaly. Further assessments have determined that the anomaly impacted a neighbouring property and soil remediation is required. The Ontario Council had set up an asset retirement obligation in relation to this assessment. As at December 31, 2020 a provision of \$100,000 (2019 - \$110,000) exists for the premise related to the environmental remediation measures required. The Ontario Council paid \$93,043 (2019 - \$33,724) towards the liability during the year and increased the net provision by \$83,043 (2019 - \$17,383) for costs related to the matter.

7. Deferred revenue:

Deferred revenue consists of the following funds received for membership fees for the following fiscal year and future events which have not yet occurred:

	2020	2019
		(Unaudited - note 19)
Membership fees	\$ 3,286,077	\$ 6,078,362
Camping and programs	1,960	797,061
Prepaid rent	—	3,750
Other	—	4,085
	<u>\$ 3,288,037</u>	<u>\$ 6,883,258</u>

GIRL GUIDES OF CANADA-GUIDES DU CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2020

8. Deferred contributions:

Deferred contributions include externally restricted funds that relate to specific activities, either capital investment or programs/events of future periods. Deferred contributions as at December 31 include the following:

			2020	2019
	Capital investment	Programs/ events	Total	Total
				(Unaudited - note 19)
Balance, beginning of year	\$ 72,956	\$ 2,828,700	\$ 2,901,656	\$ 2,399,857
Contributions	–	570,439	570,439	394,497
Net proceeds from sale of camp properties	–	7,701,051	7,701,051	570,108
Investment income (note 13)	–	713,217	713,217	187,624
Recognized as revenue	(13,340)	(226,224)	(239,564)	(650,430)
	\$ 59,616	\$ 11,587,183	\$ 11,646,799	\$ 2,901,656

The Ontario Council's deferred contribution balance contains the Outdoor Experience Fund amounting to \$9,824,078 (2019 - \$1,522,833). These funds are restricted by a court order to be used for camping and other outdoor experiences for members in Ontario and Nunavut.

The Alberta Council's deferred contribution balance contains the contribution from the Alberta Lottery and Gaming Corporation amounting to \$15,415 (2019 - \$50,421).

9. Endowment funds:

	2020	2019
		(Unaudited - note 19)
Jean Youngson Fund	\$ 463,733	\$ 463,733
Joan Fiskken Fund	5,000	5,000
Norma Osler Education Fund	163,688	152,464
Internally restricted endowment funds	1,202,750	1,135,850
	\$ 1,835,171	\$ 1,757,047

GIRL GUIDES OF CANADA-GUIDES DU CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2020

9. Endowment funds (continued):

The income from the endowment funds is subject to the following restrictions:

(a) Jean Youngson Fund:

This fund covers the cost of guiders in charge who accompany girls to international events. Any remaining balance is available to augment donation income in the Canadian World Friendship Fund (CWFF).

(b) Joan Fiske Fund:

This fund assists girls from the Yukon, the Northwest Territories and Newfoundland and Labrador in covering the costs of attending events at Our Cabaña.

(c) Norma Osler Education Fund:

This fund will provide scholarships on an annual basis to a young woman who is pursuing a post-secondary degree with particular emphasis in the field of Education.

(d) Internally restricted endowment funds:

The Organization established an internally restricted fund to create a capital reserve to supplement the annual budget. Until the capital in the fund reaches \$1,000,000, all investment income will be reinvested in the fund. Thereafter, until the capital reaches \$2,000,000, up to 50% of the earned income will be available for special purposes. The Board can determine the usage of funds following the fund reaching \$2,000,000. The fund balance as at December 31, 2020 was \$1,185,750 (2019 - \$1,118,850). The British Columbia Council also maintains endowment funds for certain externally designated purposes. The value of these funds as at December 31, 2020 was \$17,000 (2019 - \$17,000).

GIRL GUIDES OF CANADA-GUIDES DU CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2020

10. Endowment funds held by Vancouver Foundation:

The Vancouver Foundation holds certain endowment funds for the benefit of the British Columbia ("BC") BC Council. As the funds are endowed, BC Council does not have rights to the capital as such receives contributions as unrestricted income. In 2020, distributions of \$66,786 was received (2019 - \$65,123).

11. Internally restricted net assets:

The Board and Provincial Councils have internally restricted amounts for future initiatives. The internally restricted amounts are not available without approval of the Board or Provincial Councils.

	2020	2019
		(Unaudited - note 19)
National	\$ 2,042,479	\$ 1,914,379
Alberta	1,093,067	1,095,067
British Columbia	859,936	859,970
Ontario	495,997	435,859
Saskatchewan	355,786	373,700
Nova Scotia	350,246	292,835
New Brunswick	226,524	229,721
Manitoba	152,279	149,442
Newfoundland	105,484	73,079
	<hr/>	<hr/>
	\$ 5,681,798	\$ 5,424,052

12. Related party transactions:

The Organization consists of National Operations and Provincial Councils within these financial statements. The Local Councils and Units are identified as related parties. Local Councils report to their respective Provincial Council. Each Provincial Council collects cash and pays for expenses on behalf of the Local Councils and Units. These transactions result in related party transactions, which are captured in the financial statements of the Local Councils and Units. Thus, the amount within the due to Area and District Councils and Units comprises all the transactions where the Provincial Councils collected or disbursed cash on behalf of a Local Council or Unit.

GIRL GUIDES OF CANADA-GUIDES DU CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2020

12. Related party transactions (continued):

Provincial and Local Councils are required to remit to National Operations a portion of net proceeds from the sale of real properties. During the year, \$370,029 (2019 - nil) was received from Local Councils and is included in the gain on sale of real property on the statement of operations.

Provincial Councils contribute to shared expenses through a cost recovery model. Certain Provincial Councils pass a portion of these costs onto Area Councils. Included in operations expense is a recovery of \$270,000, being the portion allocated to Area Councils.

These transactions are in the normal course of operations and are measured at the exchange amounts, which is the amount of consideration established and agreed to by the related parties.

13. Net investment income:

Net investment income is recorded as follows:

	2020	2019 (Unaudited - note 19)
Dividends and interest	\$ 3,712,659	\$ 4,907,400
Realized gains on sale of investments	294,039	139,409
Management fees	(242,636)	(134,358)
Net realized investment income	3,764,062	4,912,451
Unrealized gain on investments	2,630,452	2,423,353
Total net investment income	6,394,514	7,335,804
Allocated to deferred contributions (note 8)	(713,217)	(187,624)
Investment income recognized in the statement of operations	\$ 5,681,297	\$ 7,148,180

The funds held in investments on behalf of the Local Councils earned income of \$112,145 (2019 - \$135,217) during the year, which was allocated to the Local Councils and not included in these financial statements.

GIRL GUIDES OF CANADA-GUIDES DU CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2020

14. Government grants:

The Organization applied for the Canadian Emergency Wage Subsidy ("CEWS") program offered by the Government of Canada. The amount recognized as revenue for the year ended December 31, 2020 is \$2,554,192 with \$1,529,598 included in accounts receivable.

The Organization has also applied for the Canadian Emergency Rent Subsidy ("CERS") program offered by the Government of Canada. The amount recognized as revenue for the year ended December 31, 2020 is \$29,971, which is included in accounts receivable.

15. Commitments and contingencies:

(a) Commitments:

The Organization is committed to various operating leases for office space and office equipment with the following minimum annual payments:

2021	\$	636,066
2022		590,673
2023		561,529
2024		550,998
2025		550,295
Thereafter		2,588,164
	\$	<u>5,477,725</u>

(b) Contingencies:

From time to time, the Organization may be involved in legal actions, the outcomes of which are not within the Organization's complete control and may not be known for prolonged periods of time. The Organization records a liability in the financial statements when the loss is known or considered probable and the amount can be reasonably estimated.

In addition, the Organization guarantees any debt or lease obligation assumed by the Local Councils.

In the opinion of management, any liability which may arise from such contingencies or guarantees would not have a material effect on the financial statements of the Organization.

GIRL GUIDES OF CANADA-GUIDES DU CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2020

16. Financial risks:

The Organization manages its investment portfolio to earn investment income and invests according to a Statement of Investment Policy approved by the Board. The Organization is not involved in any hedging relationships through its operations and does not hold or use any derivative financial instruments for trading purposes.

The Organization believes that it is not exposed to significant interest rate, market, credit or cash flow risk arising from its financial instruments.

Additionally, the Organization believes it is not exposed to significant liquidity risk as all investments are held in instruments that are highly liquid and can be disposed of to settle commitments.

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in the Canadian and provincial governments enacting emergency measures to combat the spread of the virus. COVID-19 had an impact on the Organization's membership activity, fundraising efforts and merchandising sales.

The impact of COVID-19 is expected to negatively impact operations for a duration that cannot be reasonably predicted. The overall operational and financial impact is highly dependent on the duration of COVID-19, including the potential occurrence of additional waves of the pandemic, and could be affected by other factors that are currently not known at this time.

17. Camp properties held for sale:

On October 9, 2018, a court hearing was held with the Ontario Superior Court of Justice which resulted in two court decisions. One of the decisions granted the Ontario Council the right to sell 15 of the 17 camp properties. All held for sale assets in 2019 were sold in 2020.

During 2020, Ontario Council and the Board approved eight additional camp properties to be sold that are still on hand as at year end. Of the eight properties held for sale, all are sold or conditionally sold in 2021. The carrying value of these eight properties were classified as assets held for sale as at December 31, 2020.

GIRL GUIDES OF CANADA-GUIDES DU CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2020

17. Camp properties held for sale (continued):

			2020	2019
	Cost	Accumulated amortization	Net book value	Net book value
				(Unaudited - note 19)
Land	\$ 959,920	\$ –	\$ 959,920	\$ 40,203
Buildings	1,664,948	1,021,896	643,052	552,283
Office equipment and furniture	207,897	207,763	134	4,701
Automobiles	24,253	24,253	–	–
	\$ 2,857,018	\$ 1,253,912	\$ 1,603,106	\$ 597,187

18. Restructuring:

During the year, the Organization announced an involuntary restructuring plan that eliminated certain positions whose functions were impacted by the restrictions of the COVID-19 pandemic. Termination benefits were determined in accordance with employment agreements where termination language was specified and enforceable and otherwise in accordance with applicable provincial employment standards or common law.

19. Combination:

As described in note 1(a), the National Operations and the Provincial Councils combined effective January 1, 2020. The comparative figures have been presented on a combined basis for comparative purpose. These entities were previously independently audited, however, as the comparative figures have been combined only, the comparatives are disclosed as unaudited.

20. Subsequent events:

Subsequent to December 31, 2020, the Ontario Council closed the sale of six properties for proceeds of \$13,517,345 and conditionally closed the sale of the other two properties for \$730,000. In 2021, permission was received from Ontario Superior Court to sell two remaining camp properties named in a court order.

GIRL GUIDES OF CANADA-GUIDES DU CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2020

20. Subsequent events (continued):

In addition, the Organization has entered into an agreement to sell the property and building at 50 Merton Street, Toronto, Ontario. The sale is contingent on the Organization satisfying specified conditions as well as the contemporaneous sale of an adjacent property owned by an unrelated party. The agreement also contemplates a lease back of the building to the Organization for up to 24 months.

GIRL GUIDES OF CANADA-GUIDES DU CANADA

Schedule of Merchandising

Year ended December 31, 2020, with comparative information for 2019

	2020	2019 (Unaudited - note 19)
Sales	\$ 2,241,877	\$ 4,469,074
Cost of sales (note 3)	2,432,385	3,127,668
Gross margin (deficit)	(190,508)	1,341,406
Expenses:		
Human resources and administration	228,277	269,786
Shipping and postage	121,849	370,766
	350,126	640,552
Net (deficiency) contribution	\$ (540,634)	\$ 700,854