

Financial Statements of

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

And Independent Auditor's Report thereon

Year ended December 31, 2022



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INDEPENDENT AUDITOR'S 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, 2022
- 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, 2022, 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 "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's 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.



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Other Information

Management is responsible for the other information. Other information comprises:

- the information, other than the financial statements and the auditor's report thereon, included in 2022 Annual Report document.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditor's report thereon, included in 2022 Annual Report document as at the date of this auditor's report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

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.



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 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.

- 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 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 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.



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- 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

June 3, 2023

GIRL GUIDES OF CANADA-GUIDES DU CANADA

Statement of Financial Position

December 31, 2022, with comparative information for 2021

	2022	2021
Assets		
Current assets:		
Cash (note 2)	\$ 36,280,547	\$ 59,752,057
Accounts receivable (note 14)	598,433	1,563,308
Investments (note 4)	1,160,411	159,772
Inventory (note 3)	1,163,276	1,142,753
Prepaid expenses (note 17)	1,317,969	1,708,957
Total current assets	40,520,636	64,326,847
Investments (note 4)	106,564,015	98,494,941
Capital assets (note 5)	10,251,180	10,865,753
Total assets	\$ 157,335,831	\$ 173,687,541

Liabilities and Net Assets


Current liabilities:		
Accounts payable and accrued liabilities (note 6)	\$ 3,062,652	\$ 4,493,559
Investments held on behalf of Area and District Councils (note 4)	2,021,919	2,260,669
Due to Area and District Councils and Units (notes 2 and 12)	25,852,490	26,462,300
Deferred revenue (note 7)	4,522,859	3,928,350
Total current liabilities	35,459,920	37,144,878
Deferred capital contributions (note 8)	28,814	39,516
Deferred contributions - programs/events (note 8)	22,382,570	22,276,302
Lease inducements	288,323	310,999
Total liabilities	58,159,627	59,771,695
Net assets:		
Unrestricted	82,132,410	95,532,110
Endowment funds (note 9)	1,886,341	1,941,274
Internally restricted (note 11)	4,935,087	5,616,225
Invested in capital assets	10,222,366	10,826,237
	99,176,204	113,915,846
Commitments, contractual obligations and contingencies (note 15)		
Total liabilities and net assets	\$ 157,335,831	\$ 173,687,541

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, 2022, with comparative information for 2021

	2022	2021
Revenue:		
Membership fees	\$ 6,215,132	\$ 5,285,181
Cookie fundraising sales	12,439,696	8,486,149
Camping, conference, and event fees	355,717	5,955
Merchandise sales	2,413,674	2,147,508
Net investment income (note 13)	4,069,351	6,103,654
Other income	1,398,268	1,135,975
Amortization of deferred capital contributions (note 8)	10,702	20,100
Gain on sale of real property (notes 12 and 17)	2,914,180	42,674,152
Government grants (note 14)	486,610	3,354,315
	<u>30,303,330</u>	<u>69,212,989</u>
Less:		
Cookie fundraising expenses	7,941,998	5,841,747
Merchandise expenses	2,222,528	1,960,431
	<u>10,164,526</u>	<u>7,802,178</u>
	20,138,804	61,410,811
Expenses:		
Girl experience:		
Program development	1,269,965	998,779
Subsidies and scholarships	230,872	177,249
Special experiences: camps, events, and travel	1,195,299	133,623
Camp properties and user space	1,222,413	876,470
Infrastructure and communications	1,286,341	568,902
Girl safety	493,401	495,431
Cookie fundraising allocation to Area and District Councils and Units	-	335,037
	<u>5,698,291</u>	<u>3,585,491</u>
Member services:		
Customer care centre	825,650	868,887
Guider development	431,935	173,378
Infrastructure	1,562,140	1,123,364
	<u>2,819,725</u>	<u>2,165,629</u>
Governance and operations:		
Finance	3,673,407	4,294,021
Operations	2,119,948	953,526
Administration	3,895,642	2,963,778
Information technology	2,041,677	1,856,815
Human resources	670,049	652,056
Governance	519,181	742,688
Amortization	589,194	808,805
	<u>13,509,098</u>	<u>12,271,689</u>
	22,027,114	18,022,809
Excess (deficiency) of revenue over expenses before the undernoted	(1,888,310)	43,388,002
Unrealized loss on investments (note 13)	(12,851,332)	(596,054)
Excess (deficiency) of revenue over expenses	\$ (14,739,642)	\$ 42,791,948

See accompanying notes to financial statements.

GIRL GUIDES OF CANADA-GUIDES DU CANADA

Statement of Changes in Net Assets

Year ended December 31, 2022, with comparative information for 2021

					2022	2021
	Unrestricted	Endowment funds (note 9)	Internally restricted (note 11)	Invested in capital assets	Total	Total
Balance, beginning of year	\$ 95,532,110	\$ 1,941,274	\$ 5,616,225	\$ 10,826,237	\$ 113,915,846	\$ 71,097,398
Excess (deficiency) of revenue over expenses	(13,697,115)	–	–	(1,042,527)	(14,739,642)	42,791,948
Interfund transfers	736,071	(54,933)	(681,138)	–	–	–
Purchase of capital assets	(438,656)	–	–	438,656	–	–
Endowment funds received	–	–	–	–	–	26,500
Balance, end of year	\$ 82,132,410	\$ 1,886,341	\$ 4,935,087	\$ 10,222,366	\$ 99,176,204	\$ 113,915,846

See accompanying notes to financial statements.

GIRL GUIDES OF CANADA-GUIDES DU CANADA

Statement of Cash Flows

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses	\$ (14,739,642)	\$ 42,791,948
Items not involving cash:		
Amortization of capital assets	589,194	808,805
Amortization of deferred capital contributions	(10,702)	(20,100)
Amortization of lease inducement	(22,676)	(31,135)
Unrealized loss on investments	12,851,332	596,054
Reinvested investment income	(3,283,167)	(6,103,656)
Deferred contributions realized	(413,574)	(246,329)
Gain on disposal of real property	(2,914,180)	(42,587,128)
Write off of capital assets	135,122	-
Non-cash rent on sale leaseback	627,000	156,750
	(7,181,293)	(4,634,791)
Change in non-cash operating working capital:		
Accounts receivable	964,875	2,034,994
Inventory	(20,523)	1,184,066
Prepaid expenses	(236,012)	399,297
Accounts payable and accrued liabilities	(1,430,907)	2,302,613
Investments held on behalf of Area and District Councils	(238,750)	312,587
Due to Area and District Councils and Units	(609,810)	5,343,138
Deferred revenue	594,509	640,313
Cash provided by (used in) operating activities	(8,157,911)	7,582,217
Financing activities:		
Endowment received	-	26,500
Additions to deferred contributions	519,842	9,746,884
Cash provided by financing activities	519,842	9,773,384
Investing activities:		
Net change in investments	(18,637,878)	(25,700,811)
Purchase of capital assets	(438,656)	(115,718)
Proceeds on sale of real property	3,243,093	43,663,170
Cash provided by (used in) investing activities	(15,833,441)	17,846,641
Increase (decrease) in cash	(23,471,510)	35,202,242
Cash, beginning of year	59,752,057	24,549,815
Cash, end of year	\$ 36,280,547	\$ 59,752,057

See accompanying notes to financial statements

GIRL GUIDES OF CANADA-GUIDES DU CANADA

Notes to Financial Statements

Year ended December 31, 2022

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:

For the purposes of these statements, the defined Organization is comprised of National Operations and Provincial Councils.

As the Board does not fully exercise control over the Local Councils and Units, with the exception of cash and investment balances that are held in comingled accounts, 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.

GIRL GUIDES OF CANADA-GUIDES DU CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2022

1. Significant accounting policies (continued):

(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.

Cookie fundraising revenue is recognized on an accrual basis based on the number of cases sold and is presented on a gross basis. For cases sold to retailers, the gross amount of the revenue is based on the sale price to the retailer or end consumer. For cases sold by Local Councils and Units in-person, the gross amount is revenue based on the amount collected from those related parties.

Merchandising revenue is recognized when merchandise is shipped to the customer.

Camp fees and Alberta Lottery and Gaming Corporation revenue are recognized on an accrual basis to the extent that persuasive evidence of an arrangement exists or the services are rendered, the amounts are reasonably estimated and collection is reasonably assured.

Unrestricted donations, included in other income, are recognized when received.

Investment income includes interest income and realized gains on sale of investments net of management fees. Restricted investment income is recorded in deferred contributions until the related expense is incurred.

Grant revenue and government assistance is recorded on the accrual basis. It is recognized as revenue when amounts are reasonably estimated, collection is reasonably assured, and if applicable, the terms of the grant have been met.

GIRL GUIDES OF CANADA-GUIDES DU CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2022

1. Significant accounting policies (continued):

External 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, unless otherwise set out in the terms of the endowment.

(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.

(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.

GIRL GUIDES OF CANADA-GUIDES DU CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2022

1. Significant accounting policies (continued):

(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.

(f) Asset retirement obligation:

The Organization recognizes a 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. 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.

(g) Leases and lease inducements:

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.

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

GIRL GUIDES OF CANADA-GUIDES DU CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2022

1. Significant accounting policies (continued):

(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.

(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 internal and external endowments. The annual investment income earned from these endowments is used for specific purposes, in a manner consistent with the endowment agreement or the decision of the Board in the case of internal endowment funds. 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.

GIRL GUIDES OF CANADA-GUIDES DU CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2022

1. Significant accounting policies (continued):

(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) 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 \$301,180 (2021 - \$307,997).

(k) 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) Investments held belonging to Local Councils:

Some Provincial Councils hold funds for various Local Councils in their investment accounts. Disbursements, receipts of funds and investment income earned are recognized on the statement of financial position with no impact on the statement of operations. Aggregate amounts of investments held on behalf of Local Councils are recorded as investments held on behalf of Area and District Councils and Units.

GIRL GUIDES OF CANADA-GUIDES DU CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2022

1. Significant accounting policies (continued):

(l) 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, the assessment of the sale leaseback transaction and net realizable value of inventory. Actual results could differ from those estimates.

2. Cash:

Cash includes \$25,852,490 (2021 - \$26,462,300) held on behalf of Local Councils and Units (note 12).

In addition, cash includes restricted cash of \$1,474,366 (2021 - \$20,310,257) for use in connection with the Outdoor Experience Fund (note 8) and \$55,251 (2021 - \$94,545) for use as specified by a grant from the Alberta Lottery and Gaming Corporation.

3. Inventory:

	2022	2021
Merchandise	\$ 60,101	\$ 487,181
Cookies	1,103,175	655,572
	<u>\$ 1,163,276</u>	<u>\$ 1,142,753</u>

The merchandise inventory recognized as an expense during the year amounted to \$1,238,349 (2021 - \$981,205). During the year, \$72,670 (2021 - \$16,369) was recorded as a write-down from cost to net realizable value to merchandising expenses. In addition, \$236,065 was reversed during the year relating to the inventory provision from previous years.

During the year, the Organization entered into an agreement to outsource the sale of most of its merchandise to a third party, beginning in 2023. In connection with that transaction, in 2022 approximately \$117,000 of inventory was sold to the third party.

GIRL GUIDES OF CANADA-GUIDES DU CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2022

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.

	2022	2021
Short-term:		
Guaranteed investment certificate, maturing July 21, 2023 (2021 - July 21, 2022), 2.40% (2021 - 0.40%)	\$ 160,411	\$ 159,772
Guaranteed investment certificate, maturing December 19, 2023, 4.94%	1,000,000	—
	<u>1,160,411</u>	<u>159,772</u>
Long-term:		
Mutual funds	355,403	350,581
Segregated and pooled funds	87,884,476	97,774,867
Guaranteed investment certificates maturing December 19, 2024, 4.83%	18,000,000	—
The Winnipeg Foundation managed fund	315,747	357,270
Common shares - Brookfield Asset Management Inc.	8,389	12,223
	<u>106,564,015</u>	<u>98,494,941</u>
Total investments	\$ 107,724,426	\$ 98,654,713

Investments include \$2,021,919 (2021 - \$2,260,669) invested on behalf of Area and District Councils.

Investments include \$19,000,000 (2021 - nil) restricted for use in connection with the Outdoor Experience Fund (note 8).

GIRL GUIDES OF CANADA-GUIDES DU CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2022

5. Capital assets:

			2022	2021
	Cost	Accumulated amortization	Net book value	Net book value
Land and commemorative rock	\$ 597,605	\$ –	\$ 597,605	\$ 638,705
Land improvements	16,693	6,053	10,640	11,821
Buildings	12,726,968	4,609,219	8,117,749	8,693,532
Leasehold improvements	1,007,654	567,246	440,408	494,878
Office equipment and furniture	2,338,623	2,063,226	275,397	354,607
Computer equipment	911,794	868,273	43,521	62,333
Computer software	3,046,726	2,370,866	675,860	514,877
Asset retirement obligation	100,000	10,000	90,000	95,000
Automobile	5,925	5,925	–	–
	\$ 20,751,988	\$ 10,500,808	\$ 10,251,180	\$ 10,865,753

Computer software includes \$388,098 (2021 - \$209,496) of projects in process. 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.

During the year, approximately \$135,000 of previously capitalized costs related to website development, which has been abandoned, have been written off.

6. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities as at December 31, 2022 are government remittances payable of \$5,550 (2021 - \$2,902) relating to harmonized sales tax, payroll taxes, employer health taxes and workers' safety insurance.

GIRL GUIDES OF CANADA-GUIDES DU CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2022

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:

	2022	2021
Membership fees	\$ 4,469,912	\$ 3,897,205
Camping and programs	52,947	31,145
	<u>\$ 4,522,859</u>	<u>\$ 3,928,350</u>

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:

			2022	2021
	Capital investment	Programs/ events	Total	Total
Balance, beginning of year	\$ 39,516	\$ 22,276,302	\$ 22,315,818	\$ 11,646,799
Contributions	–	191,124	191,124	266,508
Net proceeds from sale of camp properties	–	–	–	9,480,384
Investment income, inclusive of unrealized loss on investments (note 13)	–	328,718	328,718	1,188,556
Recognized as revenue	(10,702)	(413,574)	(424,276)	(258,626)
Recognized on sale of property	–	–	–	(7,803)
	<u>\$ 28,814</u>	<u>\$ 22,382,570</u>	<u>\$ 22,411,384</u>	<u>\$ 22,315,818</u>

The Ontario Council's deferred contribution balance includes the Outdoor Experience Fund amounting to \$20,558,904 (2021 - \$20,310,257). These funds are restricted by court orders 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 \$56,077 (2021 - \$94,781).

GIRL GUIDES OF CANADA-GUIDES DU CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2022

9. Endowment funds:

	2022	2021
External endowment funds:		
Norma Osler Education Fund	\$ 154,289	\$ 177,410
Daphne Sebag-Montefiore	30,000	30,000
Others	22,000	22,000
Internal endowment funds:		
Endowment fund - Capital reserve	1,216,319	1,248,131
Jean Youngson Fund	463,733	463,733
	<u>\$ 1,886,341</u>	<u>\$ 1,941,274</u>

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

(a) External endowment funds

(i) 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.

(ii) Daphne Sebag-Montefiore Fund:

The income from this fund provides financial support to members participating in international travel to Guiding world centres or member organization camps.

(b) Internal endowment funds

(i) Endowment fund - Capital reserve:

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. Approximately \$300,000 was donated to this fund, with the balance resulting from investment income reinvested in the fund.

GIRL GUIDES OF CANADA-GUIDES DU CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2022

9. Endowment funds (continued):

(ii) 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).

10. Endowment funds held by Vancouver Foundation:

The British Columbia ("BC") Council receives unrestricted contributions from an endowed fund controlled by the Vancouver Foundation of \$1,706,330 (2021 - \$1,932,460). As the funds are endowed, BC Council does not have rights to the capital, as such this endowed fund is not recorded in these financial statements. In 2022, distributions of \$81,918 were made to the BC Council (2021 - \$66,786).

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.

	2022	2021
National	\$ 1,682,251	\$ 2,042,479
Alberta	1,089,947	1,093,717
British Columbia	670,485	1,025,866
Ontario	515,931	213,687
Saskatchewan	363,122	371,761
Nova Scotia	149,669	383,798
New Brunswick	226,524	226,524
Manitoba	152,379	152,279
Newfoundland	84,779	106,114
	<hr/>	<hr/>
	\$ 4,935,087	\$ 5,616,225

GIRL GUIDES OF CANADA-GUIDES DU CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2022

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 and information of the Local Councils and Units, respectively. Thus, the amount within the due to Area and District Councils and Units comprises the cash held within the Provincial Council bank account on behalf of the Area and District Councils and Units.

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, \$11,922 (2021 - \$87,059) 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 \$433,278 (2021 - \$549,448), 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.

GIRL GUIDES OF CANADA-GUIDES DU CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2022

13. Net investment income:

(a) Net investment income:

	2022	2021
Dividends and interest	\$ 4,972,115	\$ 5,899,389
Realized gain (loss) on sale of investments	(5,137)	1,678,000
Management fees	(303,964)	(261,481)
Net realized investment income	4,663,014	7,315,908
Allocated to deferred contributions (note 8)	(512,710)	(998,088)
Allocated to Area and District Councils not included in these financial statements	(80,953)	(214,166)
Realized investment income recognized in the statement of operations	\$ 4,069,351	\$ 6,103,654

(b) Unrealized loss on investments:

	2022	2021
Unrealized loss on investments	\$ (13,341,910)	\$ (296,399)
Allocated to deferred contributions (note 8)	183,992	(190,476)
Allocated to Area and District Councils not included in these financial statements	306,586	(109,179)
Unrealized loss on investments recognized in the statement of operations	\$ (12,851,332)	\$ (596,054)

GIRL GUIDES OF CANADA-GUIDES DU CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2022

14. Government grants:

The Organization applied for the following COVID-19 related subsidy programs offered by the Government of Canada:

	2022	2021
Canadian Emergency Wage Subsidy	\$ –	\$ 2,853,160
Canadian Emergency Rent Subsidy	–	274,038
Canadian Hiring Recovery Program	171,552	76,829
	<u>\$ 171,552</u>	<u>\$ 3,204,027</u>

Of the amount claimed, nil (2021 - \$1,110,846) is included in accounts receivable.

The Organization also applied for and received the following grants: SPAR Alberta Government Grant and a Saskatchewan Lotteries Trust Fund Grant.

15. Commitments, contractual obligations and contingencies:

(a) Commitments:

The Organization is committed to various operating leases for office space and office equipment as well as outsourcing agreements related to sale of merchandise with the following minimum annual payments:

2023	\$ 646,000
2024	627,000
2025	636,000
2026	613,000
2027	599,000
Thereafter	1,456,000
	<u>\$ 4,577,000</u>

GIRL GUIDES OF CANADA-GUIDES DU CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2022

15. Commitments, contractual obligations and contingencies (continued):

(b) Contractual obligations:

The organization has entered into obligations related to the purchase, storage and distribution of cookies in the amount of approximately \$10,600,000 for 2023.

(c) 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.

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.

GIRL GUIDES OF CANADA-GUIDES DU CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2022

16. Financial risks (continued):

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 in 2021 and 2022.

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. Sale and leaseback transaction:

On September 27, 2021, the Organization closed the sale of the property and building at 50 Merton Steet, Toronto, Ontario for net proceeds of approximately \$40 million. The Organization has leased the entire property and building back for a term of two years at \$1 per year, expiring on September 26, 2023. An amount of approximately \$1.3 million was determined to reflect the difference between the stated rent and the market value of the rent, and is being recognized as rent expense ratably over the term of the leaseback. As of December 31, 2022, \$470,250 (2021 - \$1,254,000) is recorded in prepaid expenses.

On February 14, 2023, the parties agreed to extend the leaseback of the entire property and building until December 31, 2023 for \$2.

18. Comparative information:

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.